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Contestation and Resource Bargaining in Zimbabwe

The Minerals Sector

Richard Saunders

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This paper is part of a series of outputs from the research project on the Politics of Domestic Resource Mobilization for Social Development.

The project seeks to contribute to global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. It examines the processes and mechanisms that connect the politics of resource mobilization and demands for social provision; changes in state-citizen and donor-recipient relations associated with resource mobilization and allocation; and governance reforms that can lead to improved and sustainable revenue yields and services. For further information on the project visit www.unrisd.org/pdrm.

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Acronyms

AMV	African Mining Vision
AMZ	Associated Mineworkers of Zimbabwe
APT	Additional profits tax
ASM	Artisanal and small-scale mining
CGT	Capital gains tax
CIT	Corporate income tax
COMZ	Chamber of Mines of Zimbabwe
CSOT	Community Share Ownership Trust
EITI	Extractive Industries Transparency Initiative
ESAP	Economic and Structural Adjustment Programme
ESOS	Employee Share Ownership Scheme
FDI	Foreign direct investment
FTLR	Fast-Track Land Reform
GDP	Gross domestic product
GNU	Government of National Unity
HRD	Human resource development
IEE	Indigenisation and Economic Empowerment Act
IMF	International Monetary Fund
IMR	Institute of Mining Research
KPCS	Kimberley Process Certification Scheme
MDC	Movement for Democratic Change
MIEE	Ministry of Indigenisation and Economic Empowerment
MMCZ	Minerals Marketing Corporation of Zimbabwe
MMD	Ministry of Mines and Mining Development
MOODCAAA	Moody's AAA corporate bond index rate
NIEEF	National Indigenisation and Economic Empowerment Fund
ODA	Official development assistance
PDRM	Politics of Domestic Resource Mobilization
R&D	Research & development
RBZ	Reserve Bank of Zimbabwe
RI	Revenue instrument
ROI	Return on investment
RRT	Resource rent tax
SADC	Southern African Development Community
SI	Strategy instrument
SML	Special mining lease

STERP	Short Term Emergency Recovery Programme
SWF	Sovereign Wealth Fund
UNDP	United Nations Development Programme
USD	United States Dollar
UZ	University of Zimbabwe
VA	Value addition
ZANU-PF	Zimbabwe African National Union – Patriotic Front
ZCTU	Zimbabwe Congress of Trade Unions
ZELA	Zimbabwe Environmental Law Association
ZEPARU	Zimbabwe Economic Policy and Research Unit
ZIM ASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
Zimdef	Zimbabwe Manpower Development Fund
Zimplats	Zimbabwe Platinum Mines (Private) Limited
ZIMPREST	Zimbabwe Program for Economic and Social Transformation
ZIMRA	Zimbabwe Revenue Authority
ZMDC	Zimbabwe Mining Development Corporation
ZMF	Zimbabwe Miners Federation
ZWD	Zimbabwe Dollar

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Summary

This paper explores the emergence and evolution of social contestation over mineral resources in Zimbabwe through three decades and successive models of state engagement around extractives, revenue mobilization and development planning. It investigates patterns of contestation and outcomes around core issues in the sector, including the mining fiscal regime, the participation of small-scale mining and communities, and the management of the labour market. In exploring the evolving role of stakeholders and constituencies, the paper weighs the origins and effectiveness of different resource mobilization models in terms of the space they provide for meaningful and effective contestation. If gains have been realized under a model, the study asks which constituencies have gained, proposing which vision of development, and under what circumstances of relational power among stakeholders. Similarly, the question of who may have lost—in rhetoric and in practice—is also posed. More broadly, the paper seeks to understand the dynamics of changing forms of state-citizen, state-market and state-donor engagement.

Policy practices have been successively dominated and primarily shaped by an elite-driven consensus of political and industry actors, as evidenced by historical patterns of resource mobilization and social development linked to the mining sector. Policy making has been disproportionately focused on the accommodation of "market imperatives" and industrial viability, and has been resistant to meaningful, transparent and sustained forms of social inclusion and redistribution. Recurrent macroeconomic vulnerabilities have resulted in strong donor influence, and have strengthened the capacity of foreign capital to obstruct policy implementation. The consequence has been a persistent and evolving weakness in the mobilization of fiscal resources from the minerals sector, representing a lost opportunity for mining's contribution to social development.

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Introduction

Since gaining independence in 1980, Zimbabwe's minerals sector has been an important source of state revenue, a generator of employment and skills development, a key target of foreign direct investment (FDI), a strong source of foreign exchange earnings, and a provider of upstream inputs to the broader economy. These multiple interfaces with Zimbabwe's political economy placed mining centrally in successive development strategies, from a model of state-directed, broadly social welfarism in the 1980s; to structural adjustment and liberalisation in the 1990s; to a period of increasingly *ad hoc* policy regimes for much of the 2000s, culminating in a period of resurgent nationalist politics and a form of 'resource nationalism'. Mining's relative significance as a component of GDP and provider of foreign exchange has deepened over time, in the wake of the episodic frailty of other leading sectors in the national economy, notably commercial agriculture, commerce and industry. But while its economic standing became more pronounced, mining's inclusion in debates over social development were less clear. Until the 2000s, contestation over resource mobilization policies and social outcomes in mining mostly involved a limited number of sector stakeholder actors and focused on issues directly engaged by them. Expansive contestation about mining's potential for contributing to broader issues of social development, and involving a wider range of social actors and constituencies, was rare until the political and economic crisis of the 2000s and government's renewed interest in pursuing populist nationalist politics.

This study, which is part of a multi-country research project on the Politics of Domestic Resource Mobilization (PDRM),[1] explores the emergence and evolution of social contestation over mineral resources through three decades and three models of state engagement around extractives, revenue mobilization and development planning. It considers patterns of contestation around core issues including mining's fiscal regime, labour relations, small-scale mining's participation and community benefits, and seeks to understand the role of dominant stakeholders and constituencies in different periods in shaping, redefining and establishing the social and distributive parameters of these issues and practices. It weighs the origins and effectiveness of resource mobilization models in terms of the space they provide for meaningful and effective contestation and their demonstrable contribution to advancing social development gains. If gains have been realized under a model, the study asks which constituencies have gained, proposing which vision of development, and under what circumstances of relational power among stakeholders. Similarly, the question of who lost—in rhetoric and in practice—is also posed. The paper seeks to understand the dynamics of changing forms of state-citizen, state-market and state-donor engagement.

One important component of the paper's arguments involves the linkages of the minerals sector to the broader national political economy and power relations within it. It is this broader terrain, including a changing array of social alliances and an evolving configuration of power, which helped to set the parameters for contestation within mining. A second element concerns mining sector-specific alignments of economic, political and social interests which have both reflected and uniquely mediated wider dynamics of contestation in the national political economy. Extractives have occupied an increasingly important role in contestation over the social objectives of resource mobilization as the mining sector's national economic contribution expanded in periods

[1] The project seeks to inform global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. For further information, see UNRISD 2012a and 2012b as well as www.unrisd.org/pdrm.

of crisis. A third set of arguments revolves around the changing nature of the Zimbabwean state, in terms of its political openness and autonomy. Here, several vectors condition the nature and direction of the state's engagement with stakeholders. These include aspects of institutional capacity, professionalism and integrity; but also issues of elite accumulation and class formation, and a growing crisis of legitimacy propelled by the securitization of the state. In this context, the paper investigates the complex impact of the political moment on contestation over the mobilization of resources and their social deployment. "Contestation" here is taken to involve diverse forms of claims-making, such as "protest, advocacy, lobbying, monitoring activities, naming and shaming, critical research, bargaining and negotiation" (UNRISD 2016: 25).

In its findings, the paper argues that historical patterns of resource mobilization and social development linked to the mining sector suggest that policy practices have been successively dominated and primarily shaped by an elite-driven consensus of political and industry actors. Policy making has been disproportionately focused on the accommodation of "market imperatives" and industrial viability, and has been resistant to meaningful, transparent and sustained forms of social inclusion and redistribution. Recurrent macroeconomic vulnerabilities have resulted in strong donor influence, and have strengthened the capacity of foreign capital to obstruct policy implementation. The consequence has been a persistent and evolving weakness in the mobilization of fiscal resources from the minerals sector, representing a lost opportunity for mining's contribution to social development.

Research hypothesis and investigative questions

This study hypothesizes that important opportunities for expanding resource mobilization and social development related to mining in Zimbabwe have been shaped by critical political, economic and institutional dynamics generated by both sector-specific features of mining, broader influences of accumulation and social contestation in the national political economy, and evolving conditions of state capacity, autonomy and political openness or aptitude for social inclusion. Priority factors framing and constraining the relationships among stakeholder interests in the extractives sector include:

- The relative balance of economic power, dependence and vulnerability among key stakeholders in the production and management of minerals
- The capacity, autonomy and political openness of state institutions for engagement around resource governance conflicts
- The extent and effectiveness of policy spaces for state-industry-community-citizen interactions, and the degree of equitable access to them by a range of social actors;
- The relative capacity of stakeholders to formulate, mobilize around and sustain coherent sets of claims on resources pursued through interactions with the state and other stakeholders.

The hypothesis suggests that unique combinations of actors and contestations emerge in successive periods of national economic models and mining regulation. In addressing the hypothesis, the paper examines conflicts under each model of resource regulation, and interrogates how contestations have contributed to redefining power relationships among actors and the outcomes of their engagements around resources. Challenges of inclusion, transparency and accountability and the selective exclusion or marginalization of some actors from equitable participation around resource governance are explored.

For each historical model, the following critical questions animate the empirical research:[2]

- What is the nature of contestation around resource mobilization in Zimbabwe's minerals sector and what kinds of domestic resources act as catalysts?
- Who are the actors involved in resource contestation? How have bargaining relationships and power shifted over different models of extraction, and where in processes of bargaining are these shifting relationships of power most apparent?
- Is the issue of resource extraction the main issue around which actors rally, or do others such as indigenous empowerment and rights, community rights, beneficiation (value added in minerals processing), environmental impacts of mining, mining governance, etc. play a role?
- Are claims made with regard to accountability/transparency, participation and inclusion in social policies, and if so, by whom?

Approach and methodology

This study explores how relationships among state, industry, civil society and donors have emerged in Zimbabwe's mining sector; why and how they have changed over time; and what factors have been critical in shaping contestations and outcomes over resources and their social impacts. To do this, it undertakes a comparative historical political economy approach, identifying three distinct periods of broad economic and political development that are reflected in, and have deep implications for, the structure of the mining and minerals sector. The historical models provide the basis for understanding the policy environment, socio-economic forces and power relations which interact to shape resource bargaining and outcomes in mining since independence. For each historical period, the discussion begins by assessing the broad contours of the political economy and related policy context, and proceeds by tracing the specific implications for the management of the mining sector. It then accounts for the positions and dynamics driving contestation among stakeholders, and examines the outcomes of restructuring of the sector and its revenue mobilization and redistributive implications.

The discussion begins with a brief overview of Zimbabwean mining, its policy context and regulatory framework and key mining stakeholder interests. The paper then turns to its three central comparative case studies of mining and its political-economic context in the 1980s, 1990s and 2000s. For each historical case, the mode, alignment and relationships of political-economic power defining the model are identified and their implications for mining considered; the defining market and production conditions of mining are accounted for, and relative roles of stakeholders explained; and defining instances of social contestation over resource mobilization are examined and assessed in terms of their implications for social outcomes, evolving power dynamics in the extractives sector around resource mobilization, and broader contestation among social actors over resource mobilization and social development. The discussion concludes with a comparative analysis of key factors and dynamics shaping these models and their redistributive outcomes.

The study draws its evidence from a range of sources, including: official policy documents, financial accounts, published reports and media statements of government and government officials; documents and interviews with leading stakeholder organizations and experts in industry and civil society; documents and interviews with donors; analyzes and reports by commercial media, research organizations and

[2] For an overview of the Zimbabwe PDRM case study, see UNRISD 2013.

independent researchers; and interviews with members of research organizations and independent researchers. Interviews were conducted off the record due to the sensitivity of issues raised, particularly when they involved past or current officials in the mining ministry and other public institutions. Several other challenges emerged in the course of data collection. First among them was the availability of reliable financial statistics pertaining to the mining sector beyond those provided by the industry. This problem was due partly to the impact of the hyperinflationary period of the mid-2000s. But political entanglements and sensitivities, along with episodic criminalized and “grey market” extraction in the diamond and gold sectors, were also significant. For some periods, data on the size, production and revenues of Zimbabwe’s extensive artisanal and small-scale mining sector was more speculative than definitive, and reliable accounts of revenue trends and likely fiscal losses were not available.

Mining in Zimbabwe: A Brief Overview of Industry, Policy, Actors

The mining industry

Mining has long featured as an important contributor to Zimbabwe’s foreign exchange earnings, foreign direct investment, and, at times and less prominently, GDP and employment. Modest deposits of a variety of base metals and industrial minerals fuelled the production of more than 40 minerals. The modern history of mining in the country extends back to at least the sixteenth century, when the Portuguese traded with gold producers in what is now Zimbabwe (Jourdan 1986: 13). Under colonial rule in the twentieth century, the scope of mining expanded dramatically, building upon ancient gold and copper mining sites but also broadening in scope to include diverse minerals. Gold and asbestos mining was prominent for much of the last century, with world-class nickel and ferrochrome deposits making important contributions in the 1970s and 1980s. In the 1990s important new platinum group metals operations began, and in the 2000s a major alluvial diamonds strike briefly placed the country in the top ranks of world diamond production.

From its early days, large-scale mining was dominated by a handful of transnational mining houses. The volume of capital required, and the absence of a strong technical, knowledge and skills base, precluded significant private domestic participation in all but the medium- and small-scale sectors, dominated by gold and ferrochrome. In the 1980s the government established state mining and marketing agencies in an attempt to counter-balance the influence of foreign-owned firms, with mixed results. With few exceptions, large-scale operations remained under foreign control, while domestic firms were more significant in medium- and small-scale production. In 2008, indigenization laws were introduced, and were designed to shift majority ownership of foreign and white-controlled companies into the hands of indigenous Zimbabweans. They became an important point of contention and bargaining between the state and large-scale miners. An increasingly important source of domestic engagement in the sector involved artisanal and small-scale mining (ASM). This sub-sector flourished from the 1990s, accounting for substantial if varying contributions to national gold output and most of alluvial diamond production during a brief period in 2006-2008. The ASM’s unstable legal and regulatory status presented challenges for the state in managing and fiscally benefiting from small producers’ productivity.

A related component of Zimbabwe’s dependence on international players involved the strong impact of international commodity markets on the sector’s development. Since the

early 1980s, commodity price fluctuations and markets' mostly unfavourable trends were reflected closely in local volume and earnings. Stagnant international prices in the 1980s and their recovery in the second half of the 1990s were matched by dampened growth and modest recovery in the 1990s (Hawkins 2009). In the early 2000s, however, the convergence of world prices and domestic production and investment diverged sharply, due to severe local political and economic distortions. As a result, Zimbabwe almost entirely missed out on the "commodity super cycle" of the 2000s. Paradoxically, however, mining would play an increasingly prominent economic role in this period. This was reflected in its rising proportional contributions to export earnings and GDP, as other sectors contracted sharply and the value of local goods and services were eroded by high and hyperinflation. Therefore, despite an overall decline in most mineral outputs and a rising concentration ratio in mineral production, mining's share of total exports doubled between 2000 and 2008 from 27 percent to 53 percent (Hawkins 2009: 1).[3] Most of this growth was accounted for by foreign-owned mines.[4]

While Zimbabwe had not previously been understood as a mineral-dependent economy, the growing relative contributions from mining brought increasing attention by government, donors and business in the 2000s, particularly in the wake of chronic budget deficits and shortages of foreign exchange. The stage was set for contestation among a variety of interests, each with unique points of leverage underpinning their claims. For government, the enclavist, foreign-dominated and comparatively concentrated nature of large-scale mining presented multiple economic and political incentives for intervention. New regulatory measures would target mining with the aim of expanding fiscal space and encouraging greater valued-added through industrial beneficiation. They would also strengthen the ruling party's political legitimacy by demonstrating its determination to discipline foreign capital for the purposes of redistribution. For mining companies, leverage with government emerged from the latter's growing dependence on fiscal receipts and foreign exchange earnings from large-scale mining, and the prohibitive capital costs that pre-empted exploration and larger mine development by domestic actors. ASM gold producers, faced with the options of selling their output legally to government or illegally via the parallel market, also represented a challenge for government. Finally, donors, key to unlocking access to renewed official development assistance (ODA) and other international financial support, wielded considerable influence in policy reform processes for the sector as space opened for state-donor engagement in the 2000s.

The mining fiscal regime and structures pertaining to regulation of the industry were complex, uneven, costly and difficult to navigate, and became increasingly so since independence (Mupamhadzi et al 2014). The accumulation of old and new fiscal measures, applied unevenly and often unpredictably with large shifts of magnitude, made the terrain of taxation an increasing challenge, particularly for smaller producers. The main mining tax measures included royalties, surface fees, additional profit taxes (windfall taxes), licensing fees, a minerals marketing commission, local authority charges and a collection of other taxes both broadly cast and sector specific for mining, including different scales of mining (Appendix A). Special mining leases (SML), established in the 1990s, created a specialized regime for large-scale players on a case-by-case basis. Fiscal instruments were administered under several Acts by a diverse and fragmented array of government departments, payment schemes and processes, operating on different phases

[3] Concentration ratio refers to the ratio of the top minerals by value to the total value of mineral production. Higher concentration ratios indicate greater dependence on a smaller variety of minerals, and greater risk of exposure to commodity price fluctuations.
[4] During 2009-2013, mining's share of export earnings would rise further, to 65 percent (Hawkins 2014: 33).

and using variant forms of cost calculation (Appendix B). The complicated structure of taxation and implementing authorities proved difficult to fathom, particularly for newcomers and smaller mining operations. Information on taxation schedules, rules and procedures for miners was not collected or codified in one place, and the learning curve for dealing with taxation and licensing demands was steep. Along with the burden of rising costs of taxes, fees and levies, the complexity of the fiscal and regulatory regime's processes represented significant barriers to entry for many miners.

Stakeholders and interests

Three decades of contestation around fiscal and social arrangements in mining underscored the critical role of leading stakeholders in the sector. Key actors included multiple factional and institutional interests within the state; diverse foreign and domestic mining players; a large group of civil society constituencies and organizations; and an array of multilateral and bilateral donors.

After independence, a wide array of **public institutions** emerged with competing jurisdictional claims over mining. These included the Ministry of Mines and Mining Development (MMD) and its parastatal entities, the Zimbabwe Mining Development Corporation (ZMDC) and the Minerals Marketing Corporation of Zimbabwe (MMCZ); the Presidency; the Ministries of Finance, Labour and Public Services, and Environment; the Reserve Bank of Zimbabwe (RBZ); and more recently, the Zimbabwe Revenue Authority (ZIMRA) and the Ministry of Indigenisation and Economic Empowerment (MIEE). These institutions reflected contradictory and competing visions of the sector's development, and helped generate confusion and uncertainty around policy processes and outcomes. Successive periods of state restructuring would compound this problem, contributing to frequent shifts in the policy terrain and regulatory environment.

With the exception of gold, the large- and medium-scale sectors of the **mining industry** were dominated by foreign-owned mining houses since independence. While the specific ownership and minerals concentration shifted over time, foreign capital was unchallenged as the lead player in terms of production volume, value and investment in exploration, plant and beneficiation. Large players were typically linked with the state and non-state actors through the **Chamber of Mines of Zimbabwe** (COMZ), a body established through an Act of Parliament.[5] A longstanding and well-resourced organization, the COMZ was accorded several statutory roles including managing labour relations, mining research and skills training, and participating in transacting and marketing minerals, among other activities. For most of the independence years, the COMZ was structured in ways that ensured the strong influence of larger mining houses.[6] However, an expanding array of players with distinct interests and policy priorities emerged within and outside the COMZ. A large ASM sector, numbering perhaps more than 500,000 miners in the 2000s, contributed significantly to gold output and more briefly to rough diamond extraction (COMZ 2013). In contrast to the COMZ, the Zimbabwe Miners Federation (ZMF), the umbrella organization for all regional and national ASM associations, was not a statutory body and struggled to achieve the recognition and status enjoyed by the COMZ and its sub-structures. Among miners, fissures along fault lines of size, mineral type and origin contributed to evolving forms of engagement with state and civil society, for example around ASM production (particularly in gold); indigenization and empowerment affecting large- and medium-scale operations; and civil society claims concerning transparency, community benefits and human rights.

[5] Chamber of Mines of Zimbabwe Incorporation (Private) Act (Chapter 21:02) 1939.

[6] Control was maintained in the hands of the larger mining houses into the 1980s by means of a complicated system of voting structured in their favour (Dansereau 2000: 225 fn35).

Civil society voices in the extractive sector were slow to develop in the first years of independence, in part because of the ruling party's effective domination of the realm of non-state organizations in the period immediately following independence. In the 1980s, the emerging national labour movement represented by the **Zimbabwe Congress of Trade Unions** (ZCTU) and its mineworker affiliate, the Associated Mineworkers of Zimbabwe, were the key points of contact for civil society around extractive resources. Most of the focus of engagement in this early period was around issues of wages, workers' rights, skills grading and training, the sustainability of mineworker communities, and related labour relations issues. However, in the 1990s the organizational terrain of civil society and its engagement in national political debates expanded, particularly in response to social and economic crises. Issues of social equity, unemployment, and community sustainability—and later, challenges presented by the growing ASM sector, environmental concerns and the transparency of state management—became critical matters of intervention. As the economic and social crisis deepened in the 2000s alongside controversial new mining ventures and in the context of new enabling environmental legislation, civil society activity grew in strength and scope. Local organizations' links with international regulatory and social justice initiatives around mining issues became prominent, notably active participation in the Kimberley Process Certification Scheme (KPCS).[7] This raised new challenges to the state and industry, and substantially inflected the forms of civil society's engagement with the state and mining companies.

Since the 1980s, leading international **multilateral and bilateral donors** engaged with government to influence policy making around mining in both general and specific interventions. Donors would move from an initial focus on growing export earnings in the 1980s, to concerns around the liberalization of investment and land access in the 1990s. In the 2000s, attention shifted increasingly to questions of mining fiscal regime reform, resource governance and the formalization and inclusion of small-scale gold production. After disruption in formal engagement with government during 1998-2009, donors would return to occupy an influential role in consultations around mining policy reform.

Policy contexts

Three decades of state engagement around mining, revenue extraction and development planning saw the elaboration of at least three models of resource management with corresponding forms of state-citizen engagement, donor interventions and institution building. In the first decade of independence, the government maintained the considerable regulatory and operational presence inherited from the Rhodesian regime in the mining sector, expanding the role of its mining and minerals marketing arms while encouraging the return of foreign investors following the end of the war and international sanctions on Rhodesia. Underpinning this model was a broader political vision of growth with redistribution, which would be confronted by pressures of austerity leveraged by donors and business in the context of economic vulnerabilities.

In the 1990s, structural adjustment policies shifted government's agenda towards market-driven approaches to social development. Liberalisation in the mining sector led to dramatic growth in exploration and new investment, but also weakened its linkages to the

[7] The KPCS is the organization established in 2003 by governments, the diamond industry and civil society to establish minimum standards for the mining and trade of conflict-free diamonds. Participation in the KPCS is voluntary. However, because KPCS member countries are barred from trading either with non-KPCS members or those that have been suspended due to serious non-conformance with the minimum requirements, the scheme has the effect of being mandatory for diamond exporting countries. As a diamond-producing nation, Zimbabwe was an early KPCS member.

social sector as the power of business and donors was strengthened and that of social actors eroded. By the beginning of the 2000s, a new approach by government emerged, provoked by a political and economic crisis fuelled by the failure of structural adjustment. The viability of the minerals sector was first compromised by rising costs and production bottlenecks, but later rejuvenated by new finds of alluvial diamonds and platinum. State regulation and policy formulation became erratic, buffeted by the sector's operational crisis and a broader, profound economic and political crisis of the regime. A series of *ad hoc* mining project deals mediated by the state underpinned new investments amid a sector terrain characterized by a crisis of traditional players. More broadly, issues of contestation expanded in scope and intensity, as mining emerged as the leading source of growth, export earnings, foreign direct investment and potential new fiscal inflows.

Since the early years of independence, mining was accommodated incompletely and unevenly within other national planning frameworks, beginning with 1981's *Growth with Equity* and 1983's *First Transitional National Development Plan*. These modestly redistributionist strategies would be sidelined in the late 1980s and then fully discarded with the introduction in 1991 of the *Economic and Structural Adjustment Programme* (ESAP), a comprehensive neoliberal strategy. ESAP was succeeded in the late 1990s and first years of the 2000s by a series of neoliberal modifications and short-term recovery plans, for example, the *Short Term Emergency Recovery Programme* (STERP) of 2009. For the most part, however, these remained unimplemented. If reform packages like STERP saw natural resources as a central pillar of market-led growth, the precise means by which the sector would be restructured and mobilized for broader sustainable development was typically left open to interpretation. Zimbabwe mining's heavy dependence on foreign capital for expansion left it vulnerable to international pressures on host countries to lower rates of taxation, loosen restrictions on capital controls and relax conditionalities relating to ancillary social investments by mining companies. The result was a gaping hole in the funding available from natural resources for government social development expenditure.

The shifting, increasingly volatile nature of the state's engagement with mining stakeholders was reflected in and exacerbated by the absence of a clearly articulated set of principles outlining government's vision of mining in national development. Despite the sector's strategic significance for state revenues, export earnings, employment, inter-sectoral linkages and the broader trajectory of national social development, the state failed to develop a comprehensive policy for minerals. It was only in the 2000s that government formally initiated a mining policy initiative, alongside moves to substantially revamp the main enabling legislation, the Minerals and Mining Act. However, neither process was brought to completion by mid-2017. In the absence of formal policies, multiple and contradictory regulatory frameworks emerged.

This policy environment was rendered more complex and volatile after 2007 with the enactment of the *Indigenisation and Economic Empowerment Act* (IEE). The IEE, hallmark legislation of a new nationalist approach to development, envisioned new growth through the domestication and indigenization of asset ownership in the leading economic sectors.[8] For the mining sector, government subsequently introduced specific terms and conditions for the transfer of majority control in mining companies. A chaotic and controversial period ensued, catalyzing extensive debate on mining indigenization, resource mobilization and the shape of viable development of the mining sector. It was

[8] As will be discussed below, indigenization is distinct from domestication. The former refers to the empowerment of Zimbabweans who had been previously disadvantaged, directly or indirectly, by racially-determined discrimination; the latter refers only to the placement of control in the hands of nationals of a country.

only some years later, after a resolution of political tensions among leading political parties with the formation of a Government of National Unity (GNU) in 2009, that the state actively re-engaged with donors and business, and pursued a more measured approach to resource governance. Its STERP (Short Term Emergency Recovery Programme) featured a prominent role for minerals in Zimbabwe's recovery. This approach would be reflected and extended in ZIM ASSET (Zimbabwe Agenda for Sustainable Socio-Economic Transformation), the state's official five-year development programme launched in October 2013, which identified mining and minerals as a key source of finance for stabilization and growth. With a focus on boosting fiscal receipts, employment and industrial linkages, it opened new spaces for engagement and contestation among mining sector stakeholders. A new round of conflict among competing economic and political interests, strategies and objectives soon emerged.

Points of contestation

Contestation over resource mobilization in mining since independence reflected patterns of both continuity and change. Key points of engagement included mining's fiscal regime; the regulation and inclusion of small-scale producers; foreign investment, local participation and empowerment, and indigenization; issues of labour relations and conditions of work; and more recently, the elaboration and pursuit of rights (human, community, environmental) and greater accountability and transparency of the state around them.

Mining's **fiscal regime** was at the centre of contention among government, industry and donors throughout the whole period under study. The foundations of the fiscal (and regulatory) regime as inherited from the colonial era remained intact or were subjected to only slight modification for an extended time after independence. Following liberalization in the 1990s, the 2000s saw more intensive engagement around the fiscal regime, first through *ad hoc* interventions by the state in a period of crisis, and later through more extended, if syncopated, dialogue with industry and donors as part of government's re-engagement in a period of recovery and growth-seeking policy development.

The participation and formalization of the **ASM sector** was a second point of engagement and conflict among stakeholders. Lines of difference shifted over time, driven by government's changing politics of inclusion, its evolving approaches to local government and decentralization, and the oscillating contributions of the sector to state revenues. As new complex engagements inflected by political and economic crisis emerged in the 2000s, an expanded collection of stakeholders came to include civil society organizations and players active around ASM issues.

Another point of contestation involved regulation of **investment**, local ownership and empowerment, and more recently, indigenization. In the 1990s, liberalization of investment and financing regulations, as well as new forms of exceptional preference accorded larger foreign investors, reflected shifts in power balances over issues of mining domestication, side by side with new forms of small-scale inclusion and initiatives supporting black economic empowerment in mining. There were further shifts in the 2000s, as empowerment was formalized under terms of indigenization, the legal and political basis of continuing foreign dominance of larger mining entities was challenged, and policies for mining's restructuring were directly linked by government to issues of redistribution, social development and a progressive platform for national growth.

A suite of issues associated with the pursuit of **rights**—human, socio-economic, community and traditional authority, environmental—emerged in the 1990s and especially the 2000s as an important point of engagement led by civil society, local and traditional authorities, and ASM miners. In the 1980s and 1990s, labour relations, working conditions and labour participation in the mining sector were key points of contestation. Conflict with mine operators, government and donors influenced restructuring of the labour and mining regime after independence. But labour's leverage in mining receded under ESAP and further in the 2000s, as crisis led to labour force contraction, and government and business sought to restrict labour's participation. In the 2000s, new environmental legislation, declining government transparency, resurgent civil society voices and the heightened economic importance of and conflict around ASM production, brought multiple issues of rights to the foreground in all-stakeholder engagements around the sector.

1980s: Growth and Redistribution in Theory and Practice

The mining sector inherited in 1980 posed a number of critical economic and political opportunities and challenges to the new government of independent Zimbabwe. On the one hand, mining's strong contribution to export earnings and provision of inputs for local industry and agriculture placed it naturally at the heart of any development programme led by the state. On the other hand, the foreign-dominated ownership structure of the industry, generally declining international mineral prices, investor wariness of the new administration, and an uncertain labour market characterized by mineworkers' high expectations of improved wages and conditions, weighed heavily on government's options for reform and resource mobilization.

Mining sector trends in the 1980s

In 1980, large-scale mining was overwhelmingly dominated by foreign capital, as were the main markets for mining's products. A handful of larger international players accounted for the bulk of mineral output, investment, employment and skills development: according to some estimates, mining had a 90 percent concentration of foreign capital ownership in 1981, far outstripping other productive subsectors (Davies and Burdette 1987:78).[9] The large majority of minerals (by value) were exported in raw form. However, there were important cases of local beneficiation and linkages into industry that had been established in the Rhodesian era, and which set Zimbabwe apart from many of its neighbours.[10] Limited in scope and beset by production constraints, these linkages nonetheless represented important foreign exchange savings in both directions of trade, and suggested opportunities for employment expansion and strengthened local autonomy.

A post-independence mineral "mini-boom", the direct consequence of the lifting of international sanctions against minority white-ruled Rhodesia in the 1960s and 1970s, was important but short-lived. Poor prices, declining output overall and sharply rising production constraints soon erased early gains. Falling and unsteady minerals prices,

[9] Citing UNIDO (1985), Davies and Burdette observed that 48 percent of manufacturing was owned by foreign enterprises or individuals.

[10] Linkages included, for example, an iron and steel complex, world class ferrochrome smelters, and a thermal power generating installation (Hawkins 2009:3). International sanctions against minority white-ruled Rhodesia in the 1960s and 1970s had been a catalyst for small-scale import substitution mining and processing. As a result, by 1980 the country's metals sector had established both downstream links to local industry (for example, wire and cable manufacturing, fertilizer production and engineered steel and metals), and upstream links to the mining sector (including provision of components such as ball mills, rail and rolling stock, pumps and electrical equipment) (Jourdan 1986:14).

beginning in the early 1970s and lasting into the second half of the 1980s, were a key factor in dampening investor enthusiasm.[11] This situation was compounded in the 1980s by an unfavourable and worsening production environment, which reduced mining's cost competitiveness. Part of the problem was the result of unavoidable conditions inherited from the previous colonial dispensation; but policy choices by the new government also contributed to the emerging crisis. In the first instance, electricity and fuel costs skyrocketed in the wake of power generation shortfalls, particularly during a severe drought in 1981-1982, increasing three-fold during 1980-85. There were severe shortages of vital skills, as many of the whites who had dominated higher skilled positions had emigrated after independence. Meanwhile, less-skilled workers mobilized to demand improved pay, better conditions of work and access to training and skills upgrading. More broadly, logistical challenges associated with Zimbabwe's landlocked status and growing dependence on apartheid South Africa's ports implied costly and unreliable access to export routes (Jourdan 1986:20-1).

Policy choices by the new government also contributed to mining's increasingly challenging production environment. While the mining fiscal regime inherited from Rhodesia was retained without significant modification and was generally seen as being industry-friendly, government's shifting policies on foreign exchange, local finance and investment proved more problematic. The latter would feature critically in the cooling off of investor interest in mining. Tight restrictions on access to foreign exchange limited companies' access to imports and created production bottlenecks, and controls on the raising of capital in local financial markets constrained operations and led to suppressing production expansion. Uncertainty over the new government's foreign investment policy dampened prospects further. Despite a few modest investments in the second half of the 1980s, the overall trend was one of declining investment and deepening capital shortages for most of the decade, particularly in the crucial area of exploration.[12]

The combined impact of these production constraints, compounded by a drought-fuelled economic slowdown beginning in 1982, was the onset of crisis in the mining sector. Production volumes and total US dollar values of minerals fell by 22 percent between 1979 and 1984 (Jourdan 1986:14).[13] By 1982, four of the five leading mining houses reported losses and rising debt loads, with the latter exploding in subsequent years up to the mid-1980s.[14] Industry, supported by donors, appealed to government for emergency relief, which was delivered in a variety of short and medium-term measures including loans, subsidies, price support mechanisms, foreign currency retention schemes, export incentives and taxation relief. Wage and input cost restraints were also conceded by government. Yet through to the end of the 1980s, growth was stagnant on the back of troubled markets, an FDI drought and low local investment.

For the first decade of independence, then, mining loomed large as both opportunity and challenge in state efforts to mobilize new revenue to fuel development. On the one hand, the minerals sector held potential for growing foreign exchange earnings, employment levels, the skills base and inter-sectoral industrial linkages; on the other, its skewed pattern of foreign ownership, dependence on international commodity markets, and

[11] Between 1970 and 1983, price in real US dollar terms fell sharply for several key metals (54 percent for copper, 64 percent for nickel), only stabilizing in the mid 1980s; see Jourdan (1986:20).

[12] New ventures included the Freda Rebecca gold mine, opened in 1988, and feasibility work on the Hartley Platinum Mine by Delta Gold; see Kanyenze et al (2011:160). A senior MMD official in this period noted the importance of new geological survey information and government flexibility in negotiating the terms for new investments, and in enabling an aggressive overseas marketing campaign of the country's mineral potential in the second half of the 1980s.

[13] Jourdan (1986) noted a 24 percent decline in copper production over this period, as well as declines of 30 percent for nickel, 36 percent for asbestos and 23 percent for iron ore.

[14] See Table 10 B Evolution of selected company debt and profit, Jourdan (1986: 31).

deteriorating production environment pointed to its critical fragility. Together, these contradictory tendencies would underpin the emergence of competing demands from a variety of divergent stakeholder interests.

Interests, processes, outcomes

In the early 1980s, the new post-independent ZANU-PF government led by Robert Mugabe established a development policy framework based on the notion of "Growth with Equity", winning the broad support of key social stakeholders and international donors.[15] In important ways, this redistributive approach echoed ideological and policy principles developed by the nationalist liberation movements during the armed struggle against Rhodesian white minority rule. The rapid expansion and reorientation of the state towards meeting the urgent needs of the black majority (notably in the areas of education and health for the bulk of the population living in the sorely neglected rural areas), and the undertaking of large-scale land redistribution and resettlement benefiting peasants displaced by white settler colonialism, were key ideological pillars of African nationalism in Zimbabwe in the decades leading up to independence. Another was a broadly socialist orientation, which aligned leading wings of the liberation movements to the ideologies of their Soviet and Chinese backers. ZANU-PF, for example, officially adopted scientific socialism as its underlying ideology in the 1970s, and alluded to the socialization of production as part of its revolutionary strategy. In power, however, the leaders of the new ruling party soon dispensed in practice with the more radically socialist components of the liberation movements' proposed reforms, even as they continued to use militant rhetoric to articulate more moderate policy innovations.

Under ZANU-PF, a consensus emerged around the priority of state-led recovery and reconstruction. In this arrangement, state-mediated redistribution and private sector-led market expansion were mutually accommodated under the close watch of both international donors and business, which sought stability and assurances around the protection of property rights; and social constituencies, which were eager for the kinds of social reforms and redistribution envisioned by the liberation movements during the struggle. The first ZANU-PF administration, which briefly included members of the main opposition parties in a "unity" government, proved mostly adept at weaving together such disparate social interests under this redistributive regime.[16] However, government's commanding role in driving policy reform was soon sharply eroded, raising questions about the comparable strengths and influence of leading social actors in the new political dispensation. The early post-independence crisis in the mining sector (and beyond, in other key sectors of the national economy), the residual economic power of larger mining houses and government's growing dependence on donors, figured prominently in the shaping of policy in practice in the 1980s. So, too, did the relative weakness of autonomous civil society voices outside of the governing party, and the labour movement's political dependence on the ruling ZANU-PF for much of the 1980s (Saunders 2000, 2007; Raftopoulos and Phimister 1997).

In the 1980s, government adopted a dual strategy of reform for mining. On the one hand, growth would be encouraged to help generate revenue in support of broader national development goals; on the other, restructuring would seek to improve labour and working

[15] From 1980 to 1987, Robert Mugabe served as Prime Minister and head of government. In 1987 constitutional reforms established the position of executive President, which was occupied continuously by Mugabe until late 2017.

[16] An important exception to ZANU-PF's leading role in formulating a governing consensus was its hostile and destructive relationship with its erstwhile nationalist partner in the struggle for independence, the Zimbabwe African People's Union led by Joshua Nkomo. From the early 1980s through to the awkward merger of Nkomo's party with ZANU-PF in 1987, the ZANU-PF government prosecuted a low-intensity war against the opposition party and its supporters, accusing it of sponsoring armed dissidents in their resistance to the new government; unknown thousands were killed and brutalised as a result (CCJP and LRF 1997).

environments, accelerate participation access by previously marginalized players, and enhance the state's direct developmental impact (Dansereau 2000:240). In principle, an unfolding portfolio of reforms revealed a multi-pronged strategy developed with the consultation, if not active cooperation, of key stakeholders. New and expanded investment in larger-scale operations were encouraged via an industry-friendly taxation environment, guarantees of property security and concessions around the retention of foreign exchange earnings. Government committed to maintaining or expanding its pre-independence provision of mining services to large- and small-scale operators, while maintaining its consultative relations with industry through the COMZ, which retained its membership on several regulatory and advisory bodies. Government announced a wide-ranging restructuring of labour relations which saw important new protections for mineworkers involving pay and conditions of service, retrenchment restrictions, training and skills grading initiatives, and other provisions addressing critical equity gaps across the sector. Finally, the state moved to intervene directly in mining by the establishment of two new parastatal bodies: The Zimbabwe Mining Development Corporation (ZMDC), designated as the state's mining operator and mine developer; and the Minerals Marketing Corporation of Zimbabwe (MMCZ), the entity given responsibility for marketing most of Zimbabwe's minerals overseas. In sum, a suite of reforms in the early 1980s appeared to establish the institutional and political basis for mining as a more equitably managed sector, with greater opportunities for social participation and revenue mobilization.

In practice, however, government's new policies were heavily mediated by economic and institutional constraints which slowed the pace of reform and aligned its trajectory with the interests leading mining companies inherited from the previous political dispensation. Significantly, mining's fiscal regime changed very little as a result of opposition from industry and volatile commodity markets. Important support mechanisms and incentives lobbied for by the COMZ were maintained. For example, the RBZ, the sole official buyer of gold through its wholly owned subsidiary Fidelity Printers and Refiners, put in place a gold price stabilization scheme, which provided a buffer to producers during periods of low prices and enabled continued production in the hostile environment of 1984-88.[17] Modest adjustments to taxation levels and allowances in the first two years of independence, which industry had seen as unfavourable and demanded be scrapped, mostly reverted to previous levels after the financial crisis hit in 1982. As a result, the direction of financial flows from mining was reversed, as mining houses successfully lobbied government for emergency financial assistance to keep them operational and protect employment (Dansereau 2000).[18] At the same time, with the encouragement of donors and in the context of the latter's lean in the direction of export growth, the Zimbabwe dollar was devalued in an attempt to boost receipts from mineral and agro-industrial exports.

Meanwhile, government deepened its working relationship with leading mining firms, even as it argued that companies were engaged in transfer pricing and benefiting from low taxation. While some privileges previously enjoyed by the COMZ were removed—for example, the private marketing of most minerals—other important forms of influence were retained. The Chamber continued to sit on the powerful Mining Affairs Board,

[17] The *Gold Trade Act* (Chapter 21:03) specifies the RBZ, through Fidelity, as the sole legal gold buyer. Zimbabwe is one of only six countries with a fully state controlled gold market (PACT 2015). Typically, the RBZ paid producers 75 percent of sales above the agreed upon floor price, retaining 25 percent to deploy if market rates fell below the floor rate (Kanyenze et al 2011:163). For a detailed discussion of policy innovations and continuities during this period see Dansereau (2000).

[18] Government funding came in the form of direct and indirect guaranteed loans beginning in 1982, of which many of the larger, foreign-owned base metal miners were the primary beneficiaries. Dansereau notes that loans were advanced on favourable terms, repayable over a five-year lifespan and were convertible into government equity at par. In 1984 additional loans were made to help miners cope with rising electricity costs.

responsible for the issuance of an Exclusive Prospecting Order. Mining houses maintained an influential presence in public training and research facilities like the School of Mines, Institute of Mining Research, and Departments of Mining Engineering and Metallurgy at the University of Zimbabwe. The COMZ's participation in public institutions also included roles in the MMCZ and ZMDC, the new parastatal institutions created under the Ministry of Mines. Dansereau notes that through multiple forms of engagement and cooperation, the Chamber "maintained its access to the highest levels of policy making" and was regularly consulted in the development of legislative amendments to the governing Act (Dansereau 2000: 231).

In contrast, the important gains seemingly won by popular interests during the early process of reform were rapidly undercut by the evolving, market-centric orientation of mining management. Labour's early advances around wages and conditions of employment were quickly unwound, a fact reflected in mining's employment and real wage trends in the 1980s. Despite job security protections contained in the Labour Relations Act of 1985, employment in the sector fell sharply, stagnated and declined again in the second half of the decade.

Gains made by workers when government took over control of skills training, upward certification and job grade reclassification from the COMZ (which had previously managed most training and grading schemes) were soon eroded. Stagnant growth, declining real wages and the increasingly hostile hand of government inside labour relations (including veto power over Collective Agreements) contributed to deteriorating employment conditions and the weakening of labour's bargaining voice (Dansereau 2000:233-4). For many commentators, the labour movement's lack of autonomy in the 1980s—stemming from its having been reconstructed after independence in the form of the ZCTU under the leadership of the Ministry of Labour—was a key factor in its comparatively weak engagement with an increasingly market-friendly, growth-oriented state (Saunders 2007b; Sachikonye 1986, 1995).

A parallel dilemma emerged with ASM players, another constituency initially identified as a target beneficiary of mining reform.[19] Although policy innovations like the expansion of public training facilities and extension services, the provision of low-cost loans and equipment for ASM producers, and the opening up of ground helped nurture new players, such initiatives were also seized upon by established mining houses. In reality, as the fiscal crisis of the state worsened, the centre of gravity of many finance support measures shifted from small-scale to large-scale producers. Bigger players obtained disproportionate access to bridging loans, rights to retain foreign exchange earnings, and other state concessions designed to aid industry (Kanyenze et al 2011:161-4). The unbalanced distribution of these kinds of benefits in favour of larger export-oriented mining companies increasingly brought into focus the resurgent power of established mining by the late 1980s.

Another reflection of the challenges faced by government were the experiences of the MMCZ and ZMDC. The MMCZ, established in 1982 to assume monopoly responsibility for minerals marketing (gold and silver excepted), was primarily established to prevent fiscal losses due to transfer pricing and other tax-avoidance schemes. At the time, many

[19] ASM operators working in gold, chrome, semi-precious stones and emeralds, among others, emerged in the 1980s with the encouragement of government and development organizations like the Intermediate Technology Training Group. Government funding instruments including the Mining Continuation Reserve and Mining Projects Fund, the former designated for importing operating inputs and the latter for capital projects, were especially targeted at small and non-exporting producers. By 1983 these instruments were severely underfunded and allocations were very low. Other platforms for assistance, including the ZMDC, which government mandated to assist and register mining cooperatives, also suffered weak capacity for delivering support to the ASM sector (Kanyenze et al. 2011).

saw government's concerns as legitimate against the backdrop of the mining industry's long history of sanctions-busting and irregular trading practices during the Rhodesian period. For government, the MMCZ was a mechanism to ensure both private sector transparency and the maximization of returns from extractive resources. It would be self-funded and a net contributor to state revenue on the basis of a commission (effectively, a royalty) of .875 percent on mineral sales.

Despite reports of miners' wariness about the implications of government's broader redistributive agenda for mining, the new state marketing agency was soon accommodated by dominant players (Herbst 1990). While the COMZ complained of mining houses' loss of minerals selling rights, industry agreed to participate in the MMCZ via institutional links (including membership on the MMCZ Board) and practical collaboration. Larger mining houses soon worked in close consultation with the MMCZ (for example, in joint marketing trips abroad), providing vital technical and other advice.[20] As weak funding and poor budgetary controls contributed to declining institutional capacity at MMCZ, the participation of industry in the body's core marketing activities provided important backstop support. The MMCZ's budget soon outstripped its value added contribution to marketing and development, and the organization became a net consumer of revenue. Meanwhile, its inexplicably large staff complements, high operating expenses and low levels of transparency fuelled speculation by industry observers about the role of patronage and state capture in the MMCZ's declining professionalism, and its top management's seemingly unorthodox if not irregular practices. [21]

The ZMDC provided another example of key policy innovation thrown off track by a challenging working environment and hesitant strategic commitment by the state. The parastatal was established in 1982 as the state's mining arm, and mandated with promoting exploration and investment, assisting in the development of cooperatives and small-scale mining, and undertaking mining operations directly. Government's strategy for the ZMDC's entry into the industry was bold in principle but modest in practice: it would have the first right of refusal to take a 51 percent joint venture stake in new projects through equity purchase. In practice there was very little new investor interest in the first decade of independence. Moreover, the ZMDC was woefully undercapitalized, and its role soon became that of investor of last resort for failing and unviable mines. Therefore, while industry initially questioned the need for a publicly owned mining house, it soon welcomed the ZMDC's bailouts which aimed to maintain operations and protect employment in the wake of the early 1980s crisis. By late 1982, the failing copper assets of Messina (Transvaal) Development Company had been taken over. The acquisition of other marginal mining operations would follow, contributing to the ZMDC's declining margins (Jourdan 1986; Kanyenze et al. 2011:163).[22] As a result, the parastatal's focus quickly shifted to one of operational rescue, leading to the rapid fading of its initially positive fiscal and growth opportunities.[23]

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[20] Richard Saunders interview with former senior MMD official, 2014. According to the official, MMCZ staffers rarely went overseas without representatives from mining houses whose minerals were being sold. This ensured both access to the companies' expertise and relative transparency to the industry.

[21] Dansereau notes that MMCZ General Manager Mark Rule, a former sanctions buster during the period of the Rhodesian UDI regime, had maintained links with sanctions busters into late 1980s and allegedly at the expense of better deals with more profitable players (Dansereau 2000:239).

[22] The purchase of Kamitivi Tin in 1986 amidst collapsing tin prices was another example of politically-directed purchases with high long-term costs to the ZMDC. Wankie Colliery, control of which was taken as part of government's energy autonomy strategy, was another notable and costly investment.

[23] Richard Saunders interview with former MMD official, 2014.

Key dynamics shaping outcomes in the 1980s

Important reforms in the mining sector in the 1980s were sharply constrained by prevailing market conditions in commodity markets and the national economy, and heavily influenced by the interests and capacities of established, well-organized and foreign exchange-generating industry players. Government's policy interventions were also generally weakened by its growing financial and capacity vulnerabilities as it coped with a severe economic downturn, limited fiscal space and costly development challenges arising from its multiple political commitments to reconstruction and redistribution. In practice, key redistributive components of new policies were undermined, concessions to established private sector players and donors were deepened, and key institutional innovations were knocked off track. The state's strategic thrusts were increasingly mediated by engagement with the developmental agendas of its industry and donor partners.

While government strategy for the mining sector was to boost production and employment, increase equitable participation and thereby raise new revenues for developmental and other social spending, the emerging conditions of policy implementation eroded state autonomy in shaping policy outcomes. Among these conditions, the severe economic crisis of the early 1980s proved decisive. In its wake, mining houses' practical leverage over policy implementation expanded, buttressed by the role of donors. The COMZ's focus on issues of productivity, competitiveness, flexibility and cost control, and donors' growing emphasis on production for export, commodities and fiscal responsibility, combined to erode the redistributive underpinnings of new mining policies. The status of the COMZ as a technically capable, internally funded, strategically focused platform for larger mining houses—even if it remained a minority, white-controlled preserve for most of the 1980s—proved especially significant in the further elaboration of regulatory practices. In contrast, labour and civil society voices proved far less effective in extracting concessions in the face of industry's and donors' positions and the comparatively weak technical capacity and political autonomy of labour and civil society. Beyond government and the ruling party, there were few organizations, interests and voices pressing the state to lead a meaningful strategy of natural resources-fuelled development. While new opportunities for minerals beneficiation were identified by researchers, little was done to take advantage of them by means of policy-driven interventions (Jourdan 1995:50-52).

The ambiguous experiences of important institutional innovations such as MMCZ and ZMDC were illustrative of wider trends, in which industry and donor concerns were increasingly integrated within and helped shape state policy practices. Government's focus on export earnings amid declining commodity markets and its growing proximity to large-scale mining and donors resulted in currency devaluations, producer subsidies and other industry support measures. It also increased pressure for containment of labour costs and social demands, and for relaxation of the mining fiscal regime, largely unchanged since independence, to increase the attractiveness of Zimbabwe to potential investors. The culmination of these kinds of forces was seen in the 1990s, with government's formal adoption of structural adjustment and new initiatives aimed at restructuring mining—and the broader economy—from above and below.

1990s: Neoliberal Restructuring, Mining Resurgence and Crisis

The adoption by government in 1991 of the Economic Structural Adjustment Program (ESAP) was in some ways a culmination of policy and strategic shifts already evident in

the late 1980s.[24] ESAP confirmed the transition from a modestly redistributionist approach to a market-friendly, export-oriented strategy aiming to grow through competitive industrialization backed by strengthened commodity exports and improved inter-sectoral linkages. It also underpinned a shift in the centre of gravity of policy influence and target beneficiaries, from a pro-poor, welfarist and somewhat paternalist state-led development regime, to one more deeply rooted in pro-market interests. The ZANU-PF government's new development agenda restructured the economic and social order but in ways that left it fractured and highly polarized politically.

ESAP marked a rupture and explicit reconfiguration of social and economic interests and stakeholders within and outside the state. Donors and local finance markets exerted greater influence, and social and economic policies were increasingly tailored to the needs of capital, particularly foreign interests. Conversely, labour as a social partner came under attack, and popular social constituencies previously allied with and patronized by the ruling party steadily distanced themselves from government's agenda and began staking out independent positions that included critiques of the state's declining commitment to social programmes (Bond and Saunders 2005). The labour movement started to develop autonomous positions critical of ESAP, empowered by a wave of labour militancy in the public and private sector (Dansereau 1997). More broadly, civil society witnessed a rapid growth in local non-governmental organizations and grassroots initiatives focused increasingly on issues of poverty, social and economic rights, social justice, and public sector accountability (Saunders 2001, 2007). The business sector also saw new constituencies emerge in the face of the promises offered and challenges posed by ESAP. These included indigenous business empowerment associations, which lobbied for preferential support by government, donors and private sector players. In different ways, these emerging interests would be challenged in their pursuit of concessions from the state by the neoliberal framework implemented through ESAP, and by donor and leading private sector voices aligned with it. Through liberalization of the labour market, cuts to social service spending, changes to monetary policy (including a sharp rise in interest rates) and other measures, the influence of donors and large capital became deeply inscribed in government's new development policy initiatives.

ESAP's success rested on an optimistic target of 5 percent annual GDP growth which assumed a rapid expansion of manufacturing production through infrastructural renewal, a liberalized regulatory environment and substantial new investment. But there was also a role accorded to the extractive sector as a destination for capital inflows, a source of expanded foreign currency earnings and an upstream linkage for new production. As it happened, the industrial sector suffered and mining grew under the new order. Manufacturing, beleaguered by a surge of competitive imports, rising input costs, high real interest rates, shrinking domestic markets, and spiralling private and public debt, slumped precariously towards deindustrialisation.[25] In areas where manufacturing had previously been successful as a local supplier to other industries under conditions of a highly regulated, protected market—for example, in supplying tools, parts, plant equipment and infrastructure to the local mining sector—the devaluation of the

[24] ESAP was initially planned to run until 1995 and was effectively extended until 1997. ESAP included several standard components of adjustment, including: trade and currency de-regulation, rapid movement towards high real interest rates, relaxation of price controls and most basic consumer subsidies and slashing of social expenditure and removal of consumer subsidies. Government accepted in principle the recommendations of World Bank and IMF consultations concerning deficit reduction, civil service reform and the shedding of public enterprises. Donor assistance included provision of several large loans and credit facilities for balance of payment support.

[25] The shock of initial adjustment policies on industry were exacerbated by the severe drought of the early 1990s - the worst in decades. By 1993, after two consecutive poor rainy seasons, the economy had contracted by at least 7.5 percent, with all sectors in Zimbabwe's agriculture-based productive sector affected. Particularly affected were new and established indigenous entrepreneurs, a key ESAP target for industrial and commercial expansion funded by loans and incentives, who were buffeted by intense competition, large start-up costs and high real interest rates.

Zimbabwe Dollar and the resulting high cost of foreign currency, along with stiff competition from low-duty imports, led to several key suppliers shutting or downgrading production (Kanyenze et al. 2011:166). In contrast, and somewhat precariously, mining emerged as a growth sector for investment and new production on the back of expanded exploration and several new large-scale projects late in the decade.

Mining's fractured resurgence

ESAP liberalization measures, for which manufacturers and donors had led the way in lobbying government since the late 1980s, were critical in laying the foundations for mining's expansion. The elimination of duties on capital goods importation and loosening of rules on foreign investment stakes in strategic sectors were important benchmarks for import-dependent, capital-intensive investment. The introduction of an export retention scheme, which enabled exporters to retain a 5 percent share of their foreign exchange earnings (increased to 30 percent in December 1992), replaced the previous exchange rationing regime that had been the source of occasional upheaval and bottlenecks in mining in the 1980s. Remittance regimes were also relaxed substantially, and by 1995 100 percent of net after-tax profits could be repatriated overseas. At the same time, restrictions on borrowing in local finance markets by foreign-owned companies, a damper on mining investment in the 1980s, were also loosened and enabled more flexible, lower-risk access to capital for exploration, new projects and expansion.[26] In recognition of the generative impact of foreign exchange access and the vulnerabilities of smaller outfits, government strengthened measures enabling hard currency provision; for example, the MMCZ borrowed foreign currency for lending on to exporters, at a total value of USD 80m via three tranches of lending during 1991-93, though in practice only small amounts were available to non-exporters (Kanyenze et al. 2011:166).

Government's willingness to bend to the fiscal demands of large-scale mining and donor insistence was underscored by the introduction of an entirely new regulatory mechanism mid-decade. Special Mining License (SML) regulations of 1994[27] were put in place to seal the USD 500 million commitment of Australia's BHP for the new Hartley platinum project, the second-largest foreign direct investment since independence.[28] The SML included provisions for a 25-year tenure and transfer rights to potential new owners, and bestowed unique fiscal and operational conditions highly favourable to investors. The package offered companies reduced corporate income tax rates (15 percent instead of other miners' 25 percent standard), duty exemption for five years, the option of managing project funds in offshore foreign currency accounts, and the right of miners to market their own minerals (rather than having the MMCZ oversee offshore sales) (Mupamhadzi et al. 2014). An additional profit tax of 42.5 percent was also part of SML deals, but in practice this tax did not feature significantly.[29] While the terms of the BHP SML would be renegotiated under new owners and growing political and financial pressure in the 2000s, the core of the deal remained intact and symbolized the power of large-scale export-oriented miners to extract lucrative concessions from government. The BHP SML would be used as a benchmark leverage for similar concessions in the future by prospective foreign investors.

[26] After easing of restrictions, foreign-owned companies were permitted to borrow up to 25 percent of total shareholder funds on local markets without tax or other penalties; see Kanyenze et al. (2011:133).
[27] SMLs were incorporated as an amendment to the governing *Mines and Minerals Act*, and were available to projects valued at USD 100 million or more.
[28] Investment in the project would reach nearly USD 1.1 billion under new ownership in the early 2000s, with further expansionary plans considered of approximately USD 500 million more.
[29] While the additional profit tax—effectively a windfall tax—was unique to the SMLs, it was to be invoked only after agreed rates of return had been recouped by mining houses. This presented companies opportunities for avoiding payment by writing down capital costs, depreciation and other investments.

For a time, liberalization achieved important growth results in the mining sector. Several foreign mining companies responded positively to the new opportunities, even as some of the established larger players left the scene through divestment.[30] Exploration spending exploded, new interest in ferrochrome emerged and investments in the gold sector lifted Zimbabwe into third place among African gold producers and into the world top ten. Reflecting the new optimism, plans for other major investments in coal and thermal power generation were promoted. Industry commentators spoke of Zimbabwe being on the verge of a "mining breakthrough" in the second half of the 1990s (BusinessMap 1999).

Table 1: Mining investment in Zimbabwe (1990s)

Investment	Source Company	Source Country	USD m	Year
Hartley Platinum Mines	BHP	Australia	500	1998
Turk Mine	Casmyn Corporation	Canada	30	1995
Eureka Gold Mine	Delta Gold	Australia	24	1998
Indarama Gold Mine	Trillion Resources	Canada	15	1998
Jena Gold Mine	Trillion Resources	Canada	12	1991
Rio Tinto Zinc Corporation	Rio Tinto	UK	5	1994
Chaka Processing Plant	Delta Gold	Australia	3	1998
Bubi Gold Mine	Anglo American	SA	2	1997

Source: BusinessMap SADC FDI Database 1999 (Johannesburg). Figures are for new investment and do not include follow-on commitments of capital.

Growth and investment disproportionately benefited larger foreign players (Table 1); other players were often negatively affected, including small-scale and non-exporting producers, the ZMDC and mining ministry services, mining labour, and mining communities. Rising cost of capital and production inputs, increased prominence of foreign investors, and the withering of state support and supervisory services in the wake of budget austerity contributed to mounting pressure on smaller and new local miners. The small-scale sector and informal "tribute" ferrochrome mining on the Great Dyke were particularly challenged, with larger companies significantly dominating access to large tracts of land by their holding rights through Exclusive Prospecting Orders (Spiegel 2015).

At the same time, liberalisation of ASM activities created new opportunities. In 1991 government legalized and formalized alluvial panning, decentralizing the licensing of alluvial panners to the local government level of Rural District Councils (Government of Zimbabwe 1991). In what many argued was a cutting edge approach to ASM regulation, decriminalization was employed to encourage compliance with and monitoring of sound environmental practices (Spiegel 2015; Kanyenze et al. 2011). At the same time, government showed a greater willingness to engage with ASM miners more broadly, and invited donors and civil society to support ASM with training and other assistance aimed at higher levels of legalization and formalization. The result was an explosion in ASM mining, with some estimates suggesting 600,000 or more gold panners alone were active by the early 1990s. Most observers agreed that ASM increasingly represented a significant form of livelihood support, as recurrent droughts undercut rural household economies and ESAP's decimation of the formal sector economy deepened (Kanyenze et al. 2011:167). While there were weaknesses and bottlenecks, including under-investment in local government structures responsible for administering panning licenses,

[30] The divestments of several large mining houses, including Anglo American from nickel, Union Carbide from ferrochrome and Lonrho from gold, reflected more a realignment of strategic priorities within each company rather than a souring on doing business in Zimbabwe in the 1990s. Richard Saunders interview with former MMD official.

Zimbabwe's experiment with ASM reform was considered a model of sector transformation for much of the 1990s (PACT 2015). [31]

Other voices with a history of influence in the sector were sidelined under the new mining dispensation. Labour was directly weakened through reform of trade union bargaining roles and rights, erosion of the right to strike and the withering of real wages and employment growth. Nominal wage increases approved by the state in the context of rising inflation were devastating for workers and their organizations. The impact of declining real wages was compounded by mining houses' demands for labour concessions in the face of rising operating costs. These included successful efforts to slow the upward movement of pay scales for the bulk of mineworkers who were classed as low-skilled. Labour market liberalization also opened spaces for capital intensification and new forms of precarious employment, leading to greater job insecurity. While government had redressed important aspects of workers' livelihood and living standards in the 1980s, the programmatic demands of adjustment in the 1990s undercut these in a variety of ways. Observed by Dansereau, a leading chronicler of this period:

Miners no longer live in single-sex hostels at the mine site, nor work on temporary contracts as they did during the days of forced labour. Families are present at the mine site and schools and clinics are usually nearby. Yet problems of low wages, insecure mine housing as well as periodic retrenchment, loss of work because of injury and inadequate pensions continue to require miners and their families to engage in a complex family economy that includes circulation between the mine and rural areas as well as the generation of additional revenue through the sale of agricultural products and a vast array of other market activities (Dansereau 2000:246).

Parts of the state were also casualties of reform. Government's mining arm, the ZMDC, was weakened by state austerity and encouraged to refocus its activities away from developmental interventions and towards commercially sustainable investments. By these means its original envisioned role as mine developer, investment procurer and employer of last resort was subsumed under the rubric of a leaner, more market-oriented approach. Under ministerial direction, the ZMDC effectively withdrew from mining promotion and other developmental activities, refocused its portfolio of mostly under-performing debt-beleaguered mining assets, and moved to commercialise their operations in preparation for privatization (Dansereau 2000). Reduced ministry funding resulted in the severe weakening of key support and supervisory activities that had direct, negative impacts on operating conditions, reflected, for example, in rising rates of death and serious injury among mineworkers. Meanwhile the ZMDC's reduced provision of support helped to endanger the viability of service-dependent smaller mines (Dansereau 2000:248-9).

Economic and Structural Adjustment Programme's endgame: Crisis, retreat and restructuring

Neoliberal reforms both established the conditions for mining's resurgence in the 1990s and contributed to the spiralling economic and social crisis that prompted its abrupt downturn near the end of the decade. In contradictory ways, ESAP codified new power relations among key social actors by opening government policy to greater influence by donors and larger fractions of domestic and foreign capital while exacerbating tensions and stoking conflict with labour, popular constituencies and later, elements of the

[31] In the case of the panning statutes, there was insufficient consultation and resourcing of the Rural District Council structures tasked with overseeing a system of special grants for stream bed mining, and consequently strong resistance from both councils and panners. The decision by the RBZ in 1996 to buy gold only in amounts of 50grams and above was also seen as forcing ASM producers to trade with parallel market dealers; see Kanyenze et al. (2011:167-8).

business community. By the end of the 1990s, the polarized conflicts emerging from neoliberal reforms provoked new organized political challenges to the governing party in the wake of a worsening socio-economic crisis, and declining confidence on the part of leading business voices in government's management of the economy. The mining sector would serve as a lens which brought into sharp focus ESAP's impacts on the restructuring of economic and social interests, and the changing power relations among them in the realm of resource contestation and social outcomes.

The decline of workers' living standards, labour rights and workplace job security under ESAP fuelled new waves of labour contestation, particularly in the second half of the decade, while deepening social hardship and inequalities nurtured the emergence, growth and networking among a broad range of civil society organizations focused on making claims around social and economic rights (Saunders 2000). In this burgeoning civil society movement, the ZCTU played an increasingly important leadership and convening role, particularly as the unemployment crisis deepened and organized labour's relations with government and business grew more conflictual. The mid-1990s saw a rising tide of organized and wildcat labour actions, touching most productive sectors and significantly affecting key sections of the public sector, where employees defied legal bans on stoppages in essential services and directly linked declining real wages and conditions of service with adjustment austerity. As the labour movement became a centre point of challenge to government, non-labour civil society constituencies also mounted increasingly vocal critiques of ESAP and the decline in living standards of most Zimbabweans. Church-based constituencies organized against austerity and its poverty outcomes; NGOs contributed evidence-based policy critiques of social cutbacks while moving to fill in service provision gaps created by the state's departure; students, urban residents, lawyers, doctors and other professionals formed rights-targeting groups, or reoriented or revived their associations in this direction. A constituency of business leaders and entrepreneurs lobbying for indigenization—the enabling of strengthened participation by black Zimbabweans in key sectors of the economy—also grew in the wake of liberalization, seeing both opportunities in the liberalization of capital and trade, and challenges by hostile competition which would lead to increasing calls for state patronage and protection. In many instances, networks among these constituencies developed around specific common themes, for example, the NGO Human Rights Forum, and most importantly, the National Constitutional Assembly. All took as key principles notions of equity, participation, and the right to make development claims upon the state and the donors who funded it.

In engaging with its critics, government's response was initially halting, involving both attack and concession. It veered little from the path of market-centric solutions: on the one hand it threatened and legislated against its civil society and labour critics;[32] on the other, it proposed to reengage via tripartite and parallel consultative structures, but in ways which were uneven, contradictory and conflictual.[33] At the same time, it pursued a strategy of re-incorporating disparate partisan allies, notably liberation war veterans who had become disaffected as a result of their economic marginalization in the 1990s amid

[32] For example, in 1995 government introduced the Private Voluntary Organisations Act, legislation widely seen as draconian in its provisions for the supervision, closure and otherwise arbitrary control of civil society organizations by the responsible minister (key provisions of the Act were later overturned by a decision of the Supreme Court on the grounds that it violated constitutional rights to freedom of assembly and expression). This period also saw repeated interventions against trade unionists and others undertaking labour actions, particularly in the public sector.

[33] For example, government sought to engage social partners through both statutory bodies like the Tripartite Negotiating Forum and less formalized institutions like the National Economic Consultative Forum. The ZCTU saw the latter organization as dominated by business and perceived allies of ZANU-PF, and rejected its stipulation that participants attend as individuals rather than as mandated representatives of social partner organizations. Resisting pressure to engage via the Consultative Forum, the ZCTU sought to strengthen engagement via the statutory Tripartite institution.

revelations of elite corruption in the state. In 1997 protesting war veterans were awarded an unbudgeted payout of more than USD 4 billion in gratuities, pensions and other benefits following secret negotiations with the Executive. This created a gaping financial hole in the budget overnight. The crisis was exacerbated when government announced plans to compulsorily acquire commercial farmlands. On Black Friday, November 14 1997, the Zimbabwe dollar collapsed by 75 percent for several hours, finance markets were thrown into turmoil, and government's relations with the private sector, donors and important social sector players were sent hurtling towards crisis.

The culmination of this period of crisis-driven realignment involved a quick succession of decisive breaks between the governing party and its erstwhile social partners. Beginning in December 1997 a series of national "stay-aways" organized by the ZCTU and involving a wide range of business, civil society and other social partners, sought to reverse new taxes and levies imposed to pay for the budget deficit. Apex business organizations in the agricultural, industrial, commerce and mining sectors called for government to reconsider its abandonment of the adjustment agenda; donors demanded greater transparency in government budgeting and financing; however, the state's engagement with both sets of stakeholders fell further into crisis.

Government's publication in early 1998 of its follow-on to ESAP, the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST), promised to reorient development priorities to be more inclusive of employment concerns, income redistribution and indigenous economic empowerment. Yet there was little evidence of a shift in state priorities. Instead, in 1998, government embarked on an unbudgeted and costly foray into the regional conflict in the Democratic Republic of the Congo, sending its army to help defend President Kabila against an armed rebellion. This unexpectedly diverted resources from spending on national recovery and debt management. With government having effectively frozen repayment of its foreign debt and fallen short on pledges of greater fiscal transparency and accountability, international financial institutions suspended engagement with Zimbabwe in 1999, and a long donor boycott began.

In the mining sector, the social and economic contradictions of the 1990s which played out in the broader economy were increasingly in evidence. Sharp differences emerged between the expanded role of foreign capital and the increasingly marginalized position of parastatal operators, and small-scale, non-exporting and indigenously managed operations. Declining social standards and rising dissatisfaction fuelled militancy among mineworkers and their communities, and this was complemented by new civil society agents voicing concerns around the distribution of resource income and development benefits. At the same time, indigenous mining entrepreneurs struggled to make inroads in the context of resistance from larger mining players. In contrast to the boom in foreign-dominated exploration and new projects, state-operated mining ventures performed poorly or were closed, and there was no significant new investment.[34]

For the main players in the mining sector, the short-term upswing in mining interest and investment was severely undermined by the wider downturn in the economy, rising social and political tensions, and government's increasingly survivalist responses in managing both. ZANU-PF's abandonment of adjustment and shift to a crisis mode of management at the end of the 1990s curtailed further investor interest, raised the cost of securing new investment funds and posed questions about operational viability in the face of steeply rising production costs. The RBZ's move in early 1998 to pay gold producers in local

[34] See Jourdan et al (2012) and ZMDC (2017).

currency at increasingly unviable exchange rates raised alarms for miners, as production costs soared, foreign exchange shortages worsened and mineral prices stagnated.[35] After the donor boycott of 1999, access to external mining finance was effectively blocked. Local financing crumbled and the risk premium for projects skyrocketed. New questions around government's commitment to property rights, arising with government's patronage of war veterans and insistence on ownership restructuring in commercial agriculture and beyond in industry and commerce, further dampened the operating environment and led to concerns expressed by apex industry organizations.

The crisis was directly reflected in mining's dramatic U-turn in performance. After successive years of mineral production increases, there was a 5 percent decline in 1999, marking the beginning of a new and disturbingly sharp downward trend. Very quickly, a significant collection of mostly medium and smaller operations was pushed towards unviability, for example, Delta Gold's USD 24 million Eureka gold mine, commissioned in 1998, which was expected to become the country's second largest gold producer but was mothballed after only one year in production (Saunders 2008:70). In spite of new concessions to larger gold producers in the form of higher retention rates of foreign exchange earnings, at least 21 medium sized mines were closed or placed on care and maintenance between 1998 and 2001 due to "viability problems" (Kanyenze et a. 2011:178).[36] Many mines which remained open appealed for financial relief, access to foreign currency for operational spending, and exemptions from paying labour at rates agreed by the National Employment Council for the sector (Kanyenze et al. 2011:177). It was estimated that more than 10,000 jobs were lost in the large-scale sector (BusinessMap 2001:30) while several hundred small-scale producers were pushed to the margins and closure.

Gold production plummeted, with critical implications for the broader economy. With the collapse of commercial agriculture in the early 2000s, gold mining alone accounted for one-third of foreign currency earnings and more than 50 percent of mineral production, before it too fell off sharply. Other mineral sectors also fell back, affected by the same combination of rising production costs, materials shortages, degraded infrastructure, skills flight and low realized returns due to distorted exchange rates.[37] The key indicator of new exploration spending by foreign players, which had peaked in 1996, had dried up by 2001 (Chamber of Mines 2007).

ESAP's legacy: Restructuring and resistance, without resolution

In the short term, ESAP helped consolidate a formal reconfiguration of power, voice and preferred interests in the public sphere: the 1980s' mildly welfarist, state-led, redistributional development framework was displaced by a market-centred, donor-funded set of structural adjustment reforms that provided the main context for resource mobilization and social spending strategies. The new approach both valorized the claims of business and donor allies, and by refocusing on an austerity approach undercut the existing narrative of redistributional claims supported by popular constituencies, including the labour movement, the landless, and poor and rural Zimbabweans. ESAP proved a success, initially at least, in consolidating parts of the economy under the

[35] In 1998, the RBZ compensated gold producers for their product at an artificially low exchange rate of USD 1:ZWD 55 in the context of exploding producer input costs and a parallel market exchange rate of close to 100:1.

[36] In August 2000, in response to miners' petition for release from rising production costs, government allowed gold producers to retain 20 percent of foreign earnings, which soon proved ineffective in the face of a rising tide of production costs and other challenges. See Dansereau (2005:54).

[37] For example, copper output fell 86 percent during 1990-2000, to 2,000 tonnes in 2001. See Zimbabwe Chamber of Mines (2007).

leadership of established players and some foreign investors; it was far less sustainable as a framework for social development.

The shifting of official policy frameworks, and beneath them, the nature of the dominant alliance of leading socio-economic forces and interests, was reflected directly in a new set of relations among key social actors around issues of resource mobilization and social development. These included a state which was: more pliant to the priorities of capital and particularly more established business and potential foreign investors, as well as to the demands of donors; more vulnerable, after the loosening of capital controls and trade protections, to the performance of local and foreign markets; and less institutionally resourced to intervene with a degree of autonomy in regulating and participating in productive activities. The priorities of larger business and foreign capital was typically privileged, underscored in the conditions and advice set by donors and served as the foundational bases of engagement around resource mobilization. In contrast, social constituencies contesting the new agenda were legally and politically assaulted, harassed and threatened with marginalization; such constituencies were confronted both directly by onerous fiscal measures of resource mobilization, and indirectly by the increasing undermining, rejection or abrogation of redistributive claims.

In mining, government's sector growth strategy focused on private sector led expansion, and especially the enabling of foreign direct investment as a means to boost exploration and new projects. This approach, which was actively encouraged by international donors, helped to reshape the relative powers of key stakeholders over issues of resource mobilization and access. Threats by mining capital to withhold expansion or new investment as a form of extracting concessions from government frequently proved successful; for example, BHP's winning the significant concession of an SML for its large platinum project. But while there were short-term gains in the form of investment and new production there would also be long-term costs. In the BHP case, fiscal inflows remained comparatively low twenty years after the project's initiation, largely due to SML tax concessions granted at the outset (Jourdan et al 2012).[38]

Restructuring of state mining operations and services under ESAP also withered the ZMDC's and mining ministry's developmental role. The parastatal was choked of funding, and ministry's capacity as regulator, supervisor and provider of support services was severely undercut. This reorientation of the state's participation in mining created opportunities for fiscal leakages from both large players and the growing ASM sector, and reduced space for other stakeholders like mining communities to make claims around resource access. The unwinding of protections for labour, including provisions related to health and safety and other conditions of work, wage scales and bargaining rights, reflected similar negative dynamics of engagement with the state. If ESAP had promised growth opportunities for business entrepreneurs and employees alike, and nurtured expectations of economic and social participation on a wide scale, these hopes were dashed by the end of the decade. Instead, the main beneficiaries of mining growth narrowed to include large-scale players and, fleetingly, a few indigenous-led operations.

In the medium term, the uneven reconfiguration of power under neoliberalism led to a surge in social claims and contestation against the state and its austerity programme by those left behind by ESAP's devastating impacts on the social sector and local business. The increasing marginalization of labour, civil society and small business from economic

[38] In 2011, despite platinum gaining the highest revenues of the top three earning minerals (USD 921 million in gross revenues, as against USD 711 million for gold and USD 450 million for alluvial diamonds), fiscal revenues from platinum were the lowest, at USD 64 million (16 percent of total minerals fiscal revenue), against USD 125 million for gold (32 percent) and USD 118 million for alluvial diamonds (30 percent); (Jourdan et al 2012:22).

policy processes, and their disproportionate shouldering of the resulting social and economic burdens, shattered the possibility of shared consensus around ESAP. The result was a worsening political crisis of legitimacy and by extension, an economic crisis of wide ranging proportions that swept aside the developmental pretence of neoliberal reform and led to a wholesale restructuring of the state. ZANU-PF's management of the ensuing "crisis of hegemony"—which included a retreat from formal adjustment, the increasing *ad-hoc* management of fiscal and monetary policy, and resorting to a highly partisan restructuring of key state institutions with a view to containing the growing political challenge—marked the transition to a substantially new set of power arrangements inside and outside the state in the 2000s (Saul and Saunders 2005).

2000s: Crisis and Reconfigurations of Power

The collapse in the late 1990s of the neoliberal consensus established the foundations for a new set of political and economic arrangements characterized by severe tensions, decline and state restructuring, a period which some observers came to refer to as the "Zimbabwe Crisis" (Raftopoulos 2009). In response to this crisis, the primary components of the economy were remodelled in the early 2000s, including mining and industry, but particularly commercial agriculture. The state and its key policy-making and regulatory institutions were also transformed, and along with it Zimbabwe's relationship with international donors and markets.

ZANU-PF's deteriorating relations with leading domestic social partners as a result of adjustment's social and economic failures were a primary catalyst for these shifts. On the one hand, popular demands for increased social participation led to the formation of a new opposition political party in 1999 in advance of national elections in 2000. On the other hand, growing pressures from established business, empowerment activists, foreign companies and donors squeezed government's room for manoeuvre. Both developments were met with increasing resistance from ZANU-PF, raising tensions further. The ruling party abandoned adjustment and embarked on a political programme which was nominally nationalist and populist. This initially focused on the unresolved issue of land reform, and later embraced wider concerns of economic sovereignty, empowerment and indigenization.

This shift implied fundamental ruptures and reorganization of the fabric of the national political economy including the state itself. Key actors who had enjoyed various degrees of favour in the 1980s and 90s found their access to the state subordinated to the ruling party's shifting political calculus of reform. State institutions also underwent a process of restructuring and transformation, unevenly accommodated within a new policy dispensation. As a result, government's relations with stakeholders were destabilized and its capacity for coherent policy formulation and implementation was weakened.

In the mining sector, the emerging nationalist programme paradoxically resulted in government's growing fiscal dependence on large foreign investors. A severe economic downturn, rising production costs and an increasingly erratic mining fiscal regime pushed many operators to slow or shutter operations, particularly in the key gold sector. While government insisted on the centrality of mining in national development and local empowerment, powerful production and investment undercurrents called into question the coherence of this new approach, and revealed the fragile foundations of the state's engagement with stakeholders around resource mobilization priorities.

Political challenge and state restructuring

By the beginning of the 2000s, the worsening social and economic crises had catalysed important organizational realignments in civil society and the business sector (Saunders 2000). A major new political party was founded in 1999. The Movement for Democratic Change (MDC), led by nationally prominent trade unionists and social justice activists, and established with the backing of the ZCTU and a number of other larger national civil society groupings, would campaign around a redistributionist development agenda. Its initial programme also sought the reform of state institutions to render them more accountable and transparent. At the same time, the MDC joined a broad alliance of civil society groupings to campaign against ZANU-PF's plans for the inauguration of a new Constitution developed by a commission hand-picked by President Mugabe, a move that sought to marginalize a pre-existing process which had been organized independently of government by a national civic coalition.[39] The strength of the MDC and its civil society allies was demonstrated in February 2000, when government was defeated by 54/46 percent in the Referendum it called to approve its proposed Constitution. This was the ruling party's first defeat in a national vote since independence. The loss presaged a serious opposition challenge in the impending parliamentary elections, which were summarily postponed to June 2000 by a presidential order. Despite documented widespread violence and intimidation and numerous electoral irregularities, the MDC swept the larger cities and most towns, nearly matching ZANU-PF's share of the vote. However, ZANU-PF retained a majority of parliamentary seats given its organizational advantages in the rural areas of the country.

This unprecedented political challenge in a period of social and economic decline prompted ZANU-PF to embark on a radical programme of internal political realignment. The result was a profound restructuring of the party, state and economy. This shift was first signalled by the "Fast-Track Land Reform programme" (FTLR), launched in early 2000 in the aftermath of the Referendum defeat and in advance of the parliamentary elections (Saunders 2011). It was consolidated by the subsequent rapid militarization of the state, its administrative institutions and the realm of competitive politics. [40] Already weakened by ESAP austerity measures in the 1990s, bureaucratic professionalism and autonomy were compromised further through processes of state capture.

The FTLR, which began as a succession of state-encouraged "spontaneous" occupations of white-owned commercial farms in early 2000, rapidly escalated with government's facilitation and resulted in the comprehensive restructuring of commercial agriculture through state-mediated resettlement.[41] With the key enabling logistical role of state security forces and ruling party-aligned war veterans and militia, FTLR provided the foundations for these actors to disrupt and undermine the integrity of state bureaucratic structures and their decision-making processes. Government bureaucrats, judicial system officials and other state personnel and structures were threatened, harassed, removed from their positions and sometimes targeted with violence. Key decision-making authority was increasingly displaced from the realm of bureaucratic management structures into a parallel space dominated by senior ruling party officials, underpinned by the

[39] The National Constitutional Assembly (NCA) brought together a wide range of labour movement, NGO and civic activists along with individual citizens. After 1999, the MDC developed links with the network; many of the party's senior officials were also officials of the NCA.

[40] 'Militarization' refers to the heightened presence and role of state security agencies and personnel, as well as paramilitary interests linked to ZANU-PF, in the senior ranks of the party, the state bureaucracy and other government institutions including the judiciary and parliament. The term also conveys the increasing role of legal and extra-legal violence and partisan intimidation outside state politics, notably in the state's relations with civil society and business.

[41] There are important debates in the large and growing literature concerning the degree of 'spontaneity' and autonomy exercised by landless people in the FTLR, and the instrumentalization of land resettlement by political and security elites. Key contributors include Alexander (2006), Hammar et al (2003), Moyo (2011), Scoones et al (2010), and Rutherford (2012).

organizational and coercive capacity of the security agencies. Some observers referred to the rise of a "securocrat state" and the parallel deprofessionalisation of public sector administration (Mandaza 2016). This restructuring process, moreover, was an uneven and complex one: as competing factional interests *within* the ruling party sought to embed themselves in different branches of the state, new forms of institutional competition and policy conflict emerged.

Under these conditions, the ZANU-PF government responded with hostility to demands for participation from social partners. Consultative processes were abandoned as ZANU-PF developed a new, nationalist and populist discourse which placed social justice before the rule of law and privileged equity and empowerment ahead of growth. While the FTLR was the initial focus of this reformulation, the argument was extended to the reassertion of sovereign rights over all businesses, including strategic natural resources. Indigenization became a central pillar of a new development approach codified in legislation in 2007, and a defining component of ZANU-PF's electoral platform in 2008, when the party confronted a significant challenge from a resurgent opposition. Linking local ownership with the empowerment of marginalized domestic interests and a strategy of economic expansion, government's indigenization policy called for the rapid transfer of majority control of all foreign-owned business and many white-owned local firms into the hands of indigenous Zimbabweans.[42] Businesses were compelled to specify the means by which 51 percent of their equity would be ceded to black Zimbabweans or government institutions set up to hold and manage the newly acquired stakes. Following formal ministerial approval of a company's indigenization plan, a quick transfer of control was required. By these means, ZANU-PF argued, the legacy of colonialism's dispossession of the majority of Zimbabweans could be redressed without being weighed down by the constraints of a market-mediated approach to equity acquisition. The redistribution of economic power would inject new energy into the productive sector, new opportunities for local savings and investment would emerge, and black incomes and livelihoods would be buoyed. At a time of worsening economic and social crisis and deepening disenchantment with ZANU-PF by a range of social actors, "indigenization and economic empowerment" provided new opportunities for the ruling party to reach out to disaffected constituencies by using the promise of greater economic participation, wrapped in the language of nationalist assertion. In reality, indigenization operated most directly as a means of patronage and ideological mobilization, and less clearly as a consistent, coherent economic strategy. As elaborated in more detail below, indigenization's deeply partisan origins shaped the arc of its implementation and severely eroded its developmental and empowerment potential.[43]

Together, FTLR, the rise of the securocrat state and the emerging campaign around indigenization strongly undermined opportunities for greater political participation and governance, and severely destabilized business viability and investor confidence. An economic downturn was immediate and pronounced. Production and exports in most industrial and commercial agricultural sectors fell sharply in the wake of the 2000-2002 land resettlement exercise. Domestic and business confidence crashed in the wake of questions about property rights, the rule of law, and government's macroeconomic priorities. Rising inter-party political tensions and state-orchestrated violence generated uncertainty about the stability of state institutions. As foreign currency reserves dwindled amid continuing draw-downs for fuel, electricity, plant and spare parts, production

[42] Indigenous Zimbabweans were defined as those whom had been previously disadvantaged, directly or indirectly, on the basis of race. Therefore, white Zimbabweans were classified as "non-indigenous" under the formal terms of indigenization, with the consequence that businesses under their control were also targeted for restructuring by indigenization.
[43] See page 44.

dropped precipitously. A seven percent fall in GDP in 2000 was compounded by increasingly dramatic drops in following years. By 2006 the economy had contracted by as much as 60 percent and was slipping towards a ruinous period of hyperinflation.[44]

The deteriorating macroeconomic environment set the context for successive rounds of political challenge to government led by the MDC and civil society critics. In 2007 government replied with severe violence, prompting domestic and international condemnation. Amid rising political tensions and plummeting economic indicators, a regionally-mediated political agreement was struck between ZANU-PF and the MDC, which paved the way for a new round of national elections aimed at restoring legitimacy and stability to the state and economy. The resulting 2008 parliamentary and presidential elections were won by the opposition, albeit inconclusively in the face of mounting state and paramilitary violence, and irregular management of the electoral process by ZANU-PF partisans and allied security agencies. This scenario further exacerbated state-society conflict, and set the stage for a new cycle of violence-tinged political negotiations between the MDC and ZANU-PF. An internationally brokered political "solution" led to the establishment of the Government of National Unity (GNU) in 2009 (Raftopoulos 2013a). This power-sharing arrangement brought the MDC into government alongside ZANU-PF.[45] Ministerial portfolios where divided among the signatory parties, Robert Mugabe remained in place as President, and MDC leader Morgan Tsvangirai was appointed to the post of Prime Minister, created especially for the purposes of co-administration. It was agreed that these arrangements would remain in effect until elections in 2013, by which time a new democratic constitution developed under GNU supervision would be in place.

The GNU ushered in immediate and compelling changes. The scale of political violence was sharply reduced, evidence of power-sharing at executive level emerged, and re-engagement with donors and business led to rapid stabilization of the economy. The finance and social service ministries came under the control of MDC ministers, but key security related ministries and the strategically critical mining, agriculture and indigenization departments remained firmly in ZANU-PF hands (Matyszak and Reeler 2011). Acknowledging the political transition, donors reopened consultations with government on short-term stabilization assistance and longer-term development planning, and became critical players in the first years of the GNU. Donors facilitated credit and opened discussions around debt management, provided technical support to government and supported policy engagements with social stakeholders. The ruinous period of hyperinflation was brought to an end in early 2009 with the adoption of a multi-currency regime dominated by the US Dollar. Sector reform and recovery studies were undertaken with the support of multilateral and bilateral assistance.

At the same time, the mechanisms by which power was shared within the GNU would soon call into question its political and administrative viability. In practice, partisan divisions among ministries and disagreements over keystone policies such as indigenization severely handicapped the emergence of a coherent policy framework. These tensions were exacerbated by ZANU-PF's growing domination of executive decision making, which was facilitated by the extensive powers retained—procedurally

[44] Inflation exploded past 700 percent in 2005 and then sharply worsened in the wake of hugely expanded money supply and a series of currency revaluations. When the Zimbabwe Dollar finally went out of effective circulation in 2009, annual inflation had reached over 225 million percent.

[45] In reality, two MDC entities entered into the arrangement independently. The MDC had split into two parties in 2005 following disputes within the top leadership (Raftopoulos 2006). The parties were subsequently commonly labeled MDC-T (for the main rump of the party, led by Morgan Tsvangirai) and MDC-Mutambara (for the breakaway section, led by Arthur Mutambara). MDC-T remained the dominant opposition party after 2005, winning the plurality of opposition seats in 2008 and 2013.

or not—by President Mugabe. ZANU-PF, accustomed to navigating state structures which it had unilaterally built and renovated since 1980, leveraged its proficiencies systematically, aided by divisions within the MDC partners and their lack of institutional experience (Raftopoulos 2013a). In practice, power in the GNU was distributed and wielded unevenly, and the influence of the MDC and non-state stakeholders within government was increasingly diminished. As a result, consultation and policy reform processes were deeply stifled and state administration was bifurcated along partisan lines. Power-sharing reached a practical impasse.

At the core of the problem was ZANU-PF's contradictory interests in participating in the GNU (Saunders 2011). Institutionalized power sharing had been necessary to avert the party's political defeat. The GNU compromise had also been necessary to assuage donors and business, elicit new flows of donor aid and investment, and pre-empt further macroeconomic deterioration. Yet at the same time, power-sharing threatened the party's unilateral access to the levers of state power, patronage and accumulation. The MDC was both a necessary and problematic partner. ZANU-PF's strategy was to maximize the benefits of the MDC's leverage and legitimacy with donors while limiting the party's access to power and influence in the management of government affairs.

In this unbalanced and contradictory mix of actors and objectives, the MDCs' interests often aligned with those of donors, while ZANU-PF both welcomed donor support and bristled at the policy and governance concessions required to obtain it. Other stakeholders for whom the GNU seemed initially to present opportunities for inclusion in policy making proved less effective in the longer term in pressing their claims. Rights-focused civil society organizations, a labour movement diminished by the economic crisis, small business and others initially gained greater access to the state via political interests in it with which they were aligned or allied. But their claims would become increasingly vulnerable (and sometimes too easily amenable) to mediation at the hands of dominant players in government, especially as the MDC's influence in government decision making waned in the face of ZANU-PF's skilled navigation of GNU structures (Alexander and McGregor 2013; Raftopoulos 2013a). In exchange for the legitimacy afforded the state by the MDC's participation in the GNU, there appeared to have been few sustainable policy gains. In contrast, it became clear that ZANU-PF had mobilized more effectively in seizing the opportunities presented by the return of donor support and economic stabilization. At the same time, the party had focused closely on promoting its populist empowerment programme, and building ideological and tactical inroads to constituencies deeply marginalized during the 2000s economic crisis.

The full expression of these contradictory and imbalanced forces came to light as the GNU neared its end in 2013. ZANU-PF's institutional domination in the state, bolstered importantly by President Mugabe's wielding of executive power, proved decisive. This was evident in two critical processes: the drafting of a new Constitution in advance of its approval in a March 2013 Referendum, and the holding of national elections in July which resulted in the MDC's comprehensive defeat and departure from government. In the first instance, ZANU-PF control over the trajectory of constitutional reform was tightly held and carefully guarded through the coordinated efforts of party structures, its negotiating team and the executive (Raftopoulos 2013b). While important gains were achieved by groups in the realm of human and social rights, including community rights to participation in natural resource governance, these would require extensive follow-up on statutory and institutional interventions to bring them to fruition, a scenario which implied the need for continuing political commitment to reform. An early barometer of such commitment was government's management of the 2013 elections. The results were not

promising. Violating electoral standards agreed to by all parties in the political settlement of 2008 leading to the GNU, ZANU-PF orchestrated a new round of elections without the MDC's agreement under conditions widely seen as skewed in ZANU-PF's favour (SPT 2013).[46] The result was a dramatic reversal of the 2008 outcome. President Mugabe and ZANU-PF gained a substantial majority and the MDC's participation in government ended.[47]

Despite controversy surrounding the electoral process, the results were widely accepted by the international community. This affirmation of ZANU-PF's political legitimacy under the terms of a new Constitution were taken by most donors, business associations and civil society organizations as the basis for renewed and wide-ranging engagement with government. ZIM ASSET, the development plan approved for 2013-2018, reflected core notions of empowerment and transformation which were modelled on ZANU-PF's 2013 campaign platform. The plan became the foundation for government's interactions with donors and business as it sought to boost revenues, improve investment flows, restructure state services, and nurture new finance linkages and options (Government of Zimbabwe 2013b).[48] Unencumbered by political competition from the MDC and given a freer hand to manage government, ZANU-PF showed signs of openness to engaging with business, civil society and donors. A series of International Monetary Fund (IMF) Staff Monitored Programs were entered into, though by early 2014 government was falling short of quantitative targets and structural and policy benchmarks; a declining macroeconomic situation was compounded by uneven state policy implementation (IMF 2014), and a very large debt overhang was dominated by external debt (World Bank 2017a).[49] Together with FDI shortfalls and growing shortages of foreign currency, they provided strong incentives for extending cooperation with donors. But by 2016, renewed commitments to contain deficits and address arrears were shattered by new rounds of fiscal expansion. Efforts to normalize relations with donors and business had been effectively derailed by resistance from the restructured state of the 2000s and the faction-ridden, rent-seeking elite which dominated it. The lingering effects of state capture and elite predation, an unresolved economic crisis, and continuing business and donor leverage (and scepticism), would shape the politics of resource mobilization throughout this period. Nowhere were the complex dynamics of this restructured political terrain more in evidence than in the mining sector.

Multiple mediations of mining contestation in the 2000s

The political-economic crisis of the 2000s was inscribed in the mining sector through multiple means. First, state capture led to the rapid partisan restructuring of bureaucratic

[46] Analysts stressed that in addition to electoral manipulation and an unfair playing field, ZANU-PF had proved adept at adapting its organizational capacity, patronage networks and ideological production to avoid meeting the MDC challenge and avoid repeating the shock of its 2008 electoral defeat. Splits and fragmentation within the MDC in 2005 and after also played a role in the MDC's diminished organizational capacity and appeal (Raftopoulos 2013b and 2006; SPT 2013).

[47] Official results had Robert Mugabe defeating the MDC's Morgan Tsvangirai, by 61.1 percent of votes to 33.9 percent, with ZANU-PF taking 196 seats in parliament to the MDC's 70. This represented a dramatic change from the previous national election, with ZANU-PF increasing its share of the vote by 83 percent (or approximately 1 million votes). While registration and voting irregularities likely played a part, the party's intense registration drive, conducted alongside its control of the responsible authority, the Registrar-General's office, was a factor as well (SPT 2013).

[48] The document identified a number of financing mechanisms for new development, including, "tax and non tax revenue, leveraging resources, Sovereign Wealth Fund, issuance of bonds, accelerated implementation of Public Private Partnerships, securitization of remittances, re-engagement with the international and multilateral finance institutions and other financing options, focusing on Brazil, Russia, India, China and South Africa (BRICS)" (Government of Zimbabwe 2013b:11).

[49] By 2016 Zimbabwe's total public debt stock reached 70 percent of GDP; two-thirds of which was accounted for by external debt. While token repayments were made on arrears to the IMF, significant amounts were outstanding to the African Development Bank (USD 610 million), World Bank (USD 1.2 billion) and European Investment Bank (USD 212 million) (World Bank 2017a: ix). Most debt was funded domestically due to continuing restricted access to international finance markets, resulting in growing pressure cash shortages which reached a crisis point by mid 2016 (World Bank 2017a).

institutions and the weakening of state capacity and policy coherence. Secondly, the deteriorating macroeconomic situation, and particularly the compression of foreign reserves, sharply diminished access to and flexibility around mining project finance; new large-scale investors were privileged as a result. Thirdly, concentration of production in the hands of few players exacerbated vulnerabilities to both international markets and political actors, notably in the diamond sector, where links between international regulatory bodies and local civil society strengthened the previously weak leverage of the latter in making claims upon the state. The convergence of these dynamics reset the parameters of bargaining around mining's restructuring.

Several parallel and contradictory changes within the state were decisive in establishing a new context for contestation. First, the professional capacities and administrative coherence of public sector mining institutions were weakened in a number of ways. In the early 2000s, the negative impacts of ESAP austerity in the 1990s was exacerbated by the state's growing fiscal crisis, particularly in the wake of the inflationary spiral in 2005-06. Policy and regulatory institutions, as well as research, training and skills development, were severely affected by declining real wages and the rapid contraction of minerals production. A wave of departures of key personnel from the leading training and research centres at the University of Zimbabwe and Bulawayo School of Mines sharply diminished skills capacity. Industry, noting an unprecedented number of vacancies in strategic skilled positions in mining operations, raised questions around mining's sustainability.[50] Within the ministry, staff departures and rising partisan pressures disrupted information gathering, record keeping and supervision of mining operations. "Cadastre" systems, vital in keeping track of mining claims and tenure rights, unravelled precipitously.

Politicization and in some instances militarization of strategic parts of the mining bureaucracy were profoundly disruptive and compounded the degrading of bureaucratic coherence. Decision-making authority in mining became centralized and clustered around the minister, resulting in the sidestepping or rejection of standard administrative protocols set out by the ministry itself. [51] At the same time, instructions from senior officials outside the mining department could result in sudden shifts in the implementation policy, or the redirection of strategy. Multiple claims to jurisdictional and policy-making authority were generated from diverse locations inside the government and ruling party. These unpredictable and ultimately destructive dynamics were reflected in—and greatly exacerbated by—government's management of Marange's alluvial diamonds after 2006.

Marange, a world-class diamond strike, became a target of intense elite predation and conflict following the violent intervention of state security agencies in 2006-2008 aimed at bringing the fields under the secretive control of the state and ruling party.[52] With access to several billion dollars' worth of alluvial diamonds as a catalyst, heated contestation erupted among rent-seeking elites and their respective institutional bases in the state. Standard policy processes, institutional oversight mechanisms and management coherence withered under the pressure of predatory and secretive interests pursuing diamond wealth. The formalization of diamond mining in 2009, with the licensing of commercial entities by the ministry of mines, institutionalised the state's irregular and chaotic management of Marange, rather than fixing it. Weak accountability, institutional capacity and policy autonomy became further embedded in key institutions like the ZMDC; many millions of dollars of revenues would be unaccounted for, and the

[50] Richard Saunders interview with a senior official in a mining training and research institution, 2014.
[51] These were among the findings of a report by Parliament's portfolio committee on mining and energy, chaired by ZANU-PF Member of Parliament Edward Chindori-Chininga (Parliament of Zimbabwe 2013).
[52] See Saunders (forthcoming) for an account of resource bargaining and contestation surrounding the exploitation of the Marange diamond fields after 2006. For a comprehensive account of Marange, see Saunders and Nyamunda (2016).

coherence of state regulation of a key sector shredded (Sibanda 2014). While the vast wealth and parallel trading markets surrounding Marange diamonds constituted a special case, the same destructive dynamics of competing elites and institutional fragmentation were in evidence more broadly across leading mineral subsectors and helped to corrode the coherence and stability of state management of mining.

A further consequence of state capture was the censuring of the ZANU-PF political elite by key international donors. In response to the flawed Presidential election of 2002, the European Union, US administration and other western governments imposed targeted sanctions on those officials and institutions identified as having undermined the course of democracy through violence, unrest and other means. The ZMDC and MMCZ were included on the sanctions list. The measures also threatened foreign companies that did business with sanctioned entities, precluding the resort to joint venture partnerships and other forms of engaging local players.[53] Sanctions had critical repercussions for mining. With local finance markets floundering and foreign currency proceeds from minerals in decline, offshore finance and investment represented the singular path to the sector's survival. Even after dollarization in 2009, the gradual selective lifting of sanctions on some individuals and institutions (including the ZMDC) and the improving prospects for new private financial flows under the GNU, the volume of capital available for aspiring local mining projects was low. This situation pre-empted the emergence of homegrown mining projects of a significant size. In contrast, large-scale investors—with deep pockets of finance, established lines of credit and various forms of political risk guarantees—were uniquely empowered to take advantage of the opportunities arising from the commodity super-cycle of the 2000s.

Therefore, paradoxically, for the first half of the decade, government pursued new expatriate mining investment while simultaneously advancing claims for indigenization and black empowerment in other sectors, notably commercial agriculture. In the climate of rising uncertainty around property rights, appealing to mining investors meant significant concessions, the details of which were rarely made fully transparent. In the years of Zimbabwe mining's deepening crisis, 2001-8, when output declined by as much as 55 percent, the exceptional concessions embodied in the SMLs of the 1990s were consolidated and extended to become a benchmark for new large-scale investors, particularly in platinum (BCZ 2011:65).

In this context, an important consequence of the 2000s crisis was the significant shift in asset ownership of large-scale mining production into foreign hands. In the first half of the decade, a wave of foreign investment led by large South African mining houses and regional black empowerment actors saw significant new projects, and the transfer of important assets into new foreign hands in the large- and medium-scale mining sector. Given the high risk profile of these investments, this process implicitly involved the political protection of South African and regional elites (Saunders 2008:71-73). Chinese investors would also come to feature prominently, similarly backed by deep financial and political resources. A 2012 survey noted a significant shift in mine ownership. During 1994-2011, at least thirteen large-scale operations were transferred into new foreign hands, including mines responsible for the majority of gold, chrome and iron output (Table 2). New investments in platinum and diamonds, the leading contributors to mineral earnings in the 2000s, were overwhelmingly dominated by foreign players (Jourdan et al 2012:145).

[53] The EU and American sanctions imposed a ban on capital flows to targeted entities and individuals in Zimbabwe. Those under sanction were barred from trading in international markets, and companies which did business with the sanctioned entities were also subject to censure (Saunders 2007a).

Table 2: Investment in a time of crisis: Key deals after 2000

Investment	Source Company	Source Country	USD m	Year
Mimosa Platinum Mine	Implats, Aquarius	SA, Australia	30	2001
Zimplats Selous Mine	Implats	SA	225	2002-05
Independence Gold Mines	Metallon	SA	15	2002
Unki Platinum Mine	Anglo Platinum	SA	300	2003
Bindura Nickel Corporation	Mwana Africa	UK/SA	8	2003
Murowa Diamonds	Rio Tinto plc	UK	61	2004
Freda Rebecca Gold Mine	Mwana Africa	UK/SA	2.5	2005
Eureka Gold Mine	Mmakau Mining	SA	6	2005
Zimplats Expansion	Implats	SA	340	2007
Zimasco	Sinosteel	China	200	2007

Source: BusinessMap SADC FDI Database (Johannesburg), and Media, Mining House, Chamber Reports; USD m are approximates for original currency amounts.

The economic and fiscal importance of these foreign operators and government's growing dependence on them was reflected in earnings and taxation data from the first years of the GNU and the beginning of mining's recovery in 2010-2011. Whereas in the decade 1993-2003 mining accounted for approximately 20 percent of exports and earned about USD 800 million annually, the decline of manufacturing and agriculture in the 2000s boosted mining's share of exports to more than 40 percent in 2004-2011. In 2009, large-scale mining earned about USD 1.5 billion, rising to USD 2.3 billion in 2011 and about USD 2.6 billion in 2012.[54] By then, large-scale mining comprised more than half of all export earnings, not including alluvial diamond exports (data for which was more difficult to obtain and less reliable). Mining rose from contributing about 4 percent of GDP in the 1990s to more than 8 percent in 2009, with its share rising further in subsequent years. Earnings growth was reflected in increases in mining fiscal receipts. In 2009 miners (excluding the diamond sector) paid USD 57.8 million in tax to government, contributing 5.78 percent of total government revenue; the following year the amount paid nearly trebled to USD 167.5 million (7.2 percent of revenue), and in 2011 it rose sharply again to approximately USD 340.3 million (12 percent of revenue) (Jourdan et al. 2012: 137).[55] As Table 3 illustrates, data for 2011 pointed to the economic and fiscal importance of mining, but also the concentration of value and fiscal contributions in a handful of minerals including gold, platinum and diamonds.

[54] Citing Ministry of Finance and RBZ data, compiled in Jourdan et al (2012: 135-136).
[55] In 2011, fiscal contributions totalling USD 340.3 million from the mining sector came from VAT, local authority payments and other taxes (USD 97.2 million), payroll tax (USD 87.4 million), royalties (USD 83.4 million), corporate tax (USD 45.6 million), and customs (USD 26.7 million). Together these comprised 12 percent of total government tax revenues. Tax payments were 17 percent of mining's total revenue, with profits making up 11 percent. See Jourdan et al.'s calculations using Deloitte (2012) and COMZ statistics (Jourdan et al. 2012: 137).

Table 3: Production, exports, taxes and employment by main minerals: 2011

	Production (000)	Gross Revenues (USD m)	% of Total Gross Revenues	Exports (USD m)	Fiscal Revenues (USD m)	% of Total Fiscal Revenues	Employment
Gold (oz)	418	711	26	71	125	33	8600
PGM (oz)	670	737	27	73	64	17	8115
Diamonds, Kimberlite (ct)	367	64	2	64	10	2	330
Diamond, alluvial (ct)	9,000	450	16	450	118	30	1000
Coal (t)	4,564	274	10	27	43	11	3400
Chrome (t)	609	136	5	13	4	1	
Ferro-Chrome (t)	161	403	14	403	23	6	2865 (inc. chrome)
Total		27 75	10 0	252 8	387	10 0	24,310

Source: McMahon et al (2012: 11)

If government's *ad hoc* engagement of mining houses resulted in new and expanded foreign investments, it also brought challenges for fiscal expansion and investor interest. In the first case, the SMLs granted new producers in the platinum sector secured large investments but reduced tax revenues at a time of strong markets. While platinum earned 103.6 percent of gold production in 2011, its tax contributions were only about half of gold's. Alluvial diamonds, which earned about 61 percent of platinum's income, paid more than 1.8 times as much to government. Therefore, case-by-case deals like those for platinum locked in a few large projects but also limited their fiscal benefits, and significantly dampened investor interest by creating uncertainty with respect to different mineral products, differently sized operations and companies of different nationality. Moreover, the arbitrary nature of contracting expanded opportunities for rent-seeking in negotiations between government and investors, resulting in non-transparent state management and opening the door to corruption (Hawkins 2009:50).

There were further impacts for the struggling domestic sector. While the new scenario of minerals management unambiguously favoured large foreign operators, it also provoked a crisis in the domestic small-scale sector. Local miners suffered from inconsistent access to foreign exchange, punitive exchange rates set for small gold miners by the RBZ, sharply rising costs, and the withering of support structures at the ministry, University of Zimbabwe and other public institutions.[56] The result was a vast contraction of mechanized small-scale mining operations in the early 2000s and, according to one report, "their replacement either by inefficient, low technology, low-productivity artisanal operations responsible for far-reaching environmental degradation, or by larger foreign owned operators" (Hawkins 2009:51). In the 2000s, this uneven and jarring restructuring of the sector critically exacerbated the problem of leakage as ASM gold went to the parallel market, whose centre of gravity was across the border in South Africa. Official data on gold production reflected the severity of the problem: with most medium and larger gold mines shut down and informal gold miners selling into the black market, gold production

[56] Observed Hawkins (2009:50): "It is the larger companies that are able to negotiate preferential exchange rates for export proceeds sold to the Reserve Bank; it is the largest companies that have been able to secure more reliable electricity supplies by paying the Zimbabwe Electricity Supply Authority in hard currency; and it is the larger players that are better able to retain skills by agreeing remuneration packages, partly or wholly in foreign currency."

plunged from a peak of 27.1 tonnes in 1999 to just 3.5 tonnes by 2008.[57] Allegations concerning networks of criminal gold smuggling with links to politically influential actors and security force personnel were commonplace.

By 2009 and the beginning of macroeconomic stabilization and recovery under the GNU, the bulk of Zimbabwe's export earnings were accounted for by a handful of foreign mining houses. Large-scale mining's disproportionate contribution to growth and export earnings had contradictory implications for industry and donor engagement with the state and civil society. On the one hand, it provided leverage on policy reform; on the other, it made larger profitable mines a primary target of indigenization and empowerment politics in the second half of the decade. With the establishment of the GNU and the opening of space for public engagement around policy reform, the scope of bargaining among mining stakeholders widened. While questions concerning Zimbabwe's dependence on foreign miners remained important, debates also focused on how to transform the mining fiscal regime to incentivize investment and boost state revenues; and how to include and regularize ASM production to reduce leakages and expand output. Meanwhile, concerns about state transparency and elite rent-seeking became the centre point of debates over government's management of Marange diamonds. The issues of engagement for stakeholders also included the structure and functions of the GNU itself: with ZANU-PF retaining firm control of the mining ministry, state management of mining became increasingly partisan and unpredictable. Discord within the GNU deepened existing fractures among state institutions. Crucial information on and decision making around alluvial diamond mining was kept secret from ZANU-PF's MDC partners and non-state stakeholders, and inter-ministerial discussions on fiscal and regulatory reforms were combative, producing contradictory policies.

In this highly charged yet more open political context, and against the backdrop of pressing economic needs, donors, large-scale miners and civil society emerged to play a pivotal role in inflecting state mining reform. They would exert influence by furnishing technical inputs, developing demonstration projects, consulting closely on policy recommendations and making influential inputs on policy frameworks, regulatory strategies and proposed legislative amendments to the mining law. Key points of engagement were the reform of the mining fiscal regime; initiatives aimed at regularizing the ASM sector; and the question of indigenization and empowerment. Another crucial area of often hostile engagement between the state, civil society and donors, revolved around the Marange diamond find, and issues of transparency, accountability, corruption and human rights abuses (Saunders forthcoming). The trajectory of contestation in each of these areas reflected deeper dynamics of power in the mining sector as it re-emerged from years of crisis in the early 2000s. Tracing these paths, the contradictory nature of the GNU's underlying political and economic dynamics would come into view; so would the uneven power relations among leading mining stakeholders, mediated through the fraught mechanism of bargaining with the state.

The mining fiscal regime

In the early 2000s, falling production of most minerals, worsening foreign exchange shortages and government's deepening fiscal shortfalls had seen the calamitous *ad hoc* management of fiscal measures in mining aimed at recouping revenue without nurturing or maintaining production, particularly on the part of vulnerable medium- and small-scale gold miners. This had resulted in the choking of funds to most medium mechanized producers, prompting their closure, and the pushing of small-scale producers to the

[57] Citing Chamber of Mines data on monthly minerals production for 1998-2008.

parallel market in search of fair prices denominated in foreign exchange.[58] While there had been large-scale investments, notably in platinum, these had been leveraged by significant tax concessions to investors, which in turn constrained prospects for resource mobilization in the medium term.

The GNU, which arrived in the midst of a boom in commodity prices and saw re-engagement with donors and economic stabilization through dollarization, brought new incentives for reviving closed mines and attracting fresh investment. The opening was seized upon by industry (led by the COMZ) and donors, who identified reform of the mining fiscal regime as a key step forward in unlocking new investment in exploration and production. While mining houses remained “reasonably satisfied” with Zimbabwe’s mining policy regime, according to business and donor sources, the complexity, volatility and rising levels of taxes and fees remained a concern and were sharply undermining investor confidence (McMahon et al. 2012). From 2009, business, leading donors and development agencies engaged government through direct consultation and provision of research and other technical inputs. The mining fiscal regime was a focal point. A flurry of research was sponsored by the World Bank, United Nations Development Programme (UNDP) and bilateral donors (including the US, UK, Norway and Canada, among others), typically in close cooperation with the COMZ and some of the larger established mining houses.[59] The outcomes of this process were uneven and contradictory, and would increasingly reflect the negative implications of government’s conflicting priorities for mining development.

A series of tax and fee increases imposed by the ZANU-PF-controlled mining ministry starting in 2009 helped to catalyse engagement between government and business and donors. Business saw the tax hikes as a cash-grab by a state constrained by urgent fiscal needs in an environment of high commodity prices, and was concerned that mining’s recovery would be dampened without greater sensitivity by state regulators to the sector’s needs. The cooling off of commodity markets in 2011 added to these worries. The more open space for policy engagement provided by the GNU soon ushered in a period of intensive stakeholder consultation. While new “unworkable” fiscal changes were a focal point of discussion for the COMZ (Chamber of Mines 2012:11), miners and donors also engaged government on a wide range of issues, including investment regulations, infrastructure development, the labour market, environmental management provisions, skills gaps and a new indigenization policy.

A 2009 UNDP study identified the urgent need for rationalization, regularization and alignment of fiscal measures, taking into account the widely different constraints and operating conditions of differently sized mining firms and different mineral markets. It noted the importance of strengthened state capacity and institutional coherence in the laying out of a strategy for the sector’s recovery (Hawkins 2009). A World Bank study amplified this view, identifying the benefits of a shift in direction that was focused on incentivizing and enabling new investment and expanded production (McMahon et al 2012). It argued that if government implemented modest fiscal reforms of the kind sought by industry, explosive growth was possible in the mining sector—in production (293 percent), export earnings (287 percent) and fiscal revenues (344 percent) (McMahon et al 2012:26). Research by a government-associated think tank extended these arguments,

[58] An example is the system of exchange controls introduced after 2007, which saw increasing proportions of small miners’ export earnings surrendered to the RBZ, exchangeable at highly unfavourable rates, and increasingly, the failure of the state to compensate producers in a timely manner with cash payments. See BCZ (2011:66).

[59] Among the important technical and policy-focused contributions were Hawkins (2009), Jourdan et al. (2012), McMahon et al. (2012), Deloitte Zimbabwe (2012), African Union (2009), ZELA (2012), Mupamhadzi et al. (2014), and Chamber of Mines (2012a).

identifying the revenue and developmental gains achievable with a fiscal mining regime tailored to encourage beneficiation and forward and backward linkages to local industry (Jourdan et al 2012). A COMZ-sponsored audit of fiscal regulations and the hurdles faced by miners focused on the need for a developmental, incentivizing strategy in revising the regime of taxes and levies. It recommended a more flexible, holistic approach by the state, including reconsideration of royalty structures and rates; harmonization and consolidation of taxes, levies and fees; and the rationalization of existing diverse collection institutions (Mupamhadzi et al. 2014).[60]

The COMZ advanced the argument that mining's recovery necessitated the balancing of industry demands for "reasonableness" and predictability, with government's need to raise resources to serve broader development needs. Competing dynamics of industry investment incentives and state fiscal gains in mining were portrayed as resolvable through a consultative process of policy recalibration based upon industry best practices. Here, the framework of the AU's African Mining Vision and complementary approaches elaborated by the World Bank and UNDP were cited as exemplary (UNDP 2012; McMahon 2010).[61] Industry and donors argued that fiscal reform should have two core objectives: in the short term, to resuscitate medium and larger production, and bring small-scale gold sales back into the public sphere; and in the longer term, to lay the foundations for diversified linkages to local industry and facilitate greater participation by indigenous operators. Government's need for strengthening revenues and foreign exchange income was acknowledged; however, its efforts should take stock of the mining sector's sensitivity to regulatory signals, particularly around taxation and investment rules. In particular, government needed to recognise and respond appropriately to the fact that nearly all new capital investment in exploration and production in the medium term would come from offshore (Hawkins 2014a). While there was need to strengthen the state's developmental role, it was also critical to recognise the leading place of private sector players as drivers of recovery and expansion (McMahon 2010). Tax reform that was not sensitive to this reality would likely lead to a recovery period that was slower, more narrowly focused and less resonant for the wider economy (Mupamhadzi et al. 2014).

Extensive stakeholder engagement around these issues lasted for the duration of the GNU. There were signals that government was willing to respond positively to stakeholder interests. Business, donors and civil society were invited to participate in a consultative process around government's newly drafted Mining Policy, the first policy paper for the whole mining sector produced since independence. [62] Government acknowledged the importance of stakeholder collaboration in moving the policy forward, and tacitly accepted commonly held goals like the need to address environmental protections, recognise and regulate ASM producers, strengthen transparency, and move Zimbabwe towards accession to the Extractive Industries Transparency Initiative (EITI) (Mtisi 2013; ZELA 2010). However, stakeholder convergence remained largely confined to the level of broad strategic goals and principles; the benefits of enhancing sectoral linkages, beneficiation and secondary industrialization were acknowledged by government. But more urgent challenges around mining taxation, constraints on investment and

[60] The study argued that over-reaching on short-term revenue mobilization stood the risk of choking existing growth and shutting down new investment in exploration and development by larger players, while disproportionately overburdening small-scale miners and barring potential entry through an onerous regime of levies and fees.

[61] McMahon, a senior mining specialist with the World Bank's Oil, Gas and Mining Policy Division at the time, would also co-author a Bank-supported technical paper (McMahon et al. 2012) at a critical period of policy discussion during the GNU.

[62] See Government of Zimbabwe (2013a). Paul Jourdan, a South Africa-based mining expert with many years of experience in Zimbabwe, was an important contributor to the draft. He was also a co-author of a major 2012 study of the mining sector (Jourdan et al 2012), a leading voice in South African debates on mining reform.

operational bottlenecks were less easily dealt with, and the mining ministry demonstrated little taste for integrating business' fiscal reform recommendations into the heart of the Policy.[63] Yet for non-state stakeholders, getting the basics right around taxation, production constraints and capital shortages was an urgent priority. Without first restoring the sector's stability through the elaboration of a more sensitive fiscal regime, government was unlikely to win the mining industry's participation in a broader developmental strategy for the future.

In the key area of mining fiscal regime the consultative interventions of business and donors were mostly rejected. New and costly fees were introduced for prospecting, registration and ground rental, and there were exorbitant rate increases for other taxes, levies and fees, underscored by large royalty hikes (Table 4). Business media noted the likely "crippling" impact of the fee hikes on mining players and potential investment (Reuters 2012). Meanwhile, additional barriers to entry were placed in the way of smaller operators, as industry warned of a chilled environment for larger projects.[64]

Table 4: Changes made to fees in 2011-2012 and COMZ recommended fees

PROVISION	Fees at December 2011 (Strategy instrument 13 of 2011) USD	Fees at January 2012 (Strategy instrument 11 of 2012) USD	COMZ Recommended Fees USD
PRESCRIBED FEES			
Application fee for registration as an Approved Prospector	1500	5000	3000
Application for renewal as an Approved Prospector	250	1000	500
Fee for Duplicate Certificate of registration as an Approved Prospector	1500		1500
Prospecting Fees			
Fee for a Prospecting License:			
Ordinary	100	500	300
Special	150	1000	450
Duplicate	150		150
Fees for Application to register claim			
Fees for application for registration of blocks:			
Precious metal or Precious stone block	200	100,000 precious stones 1,000,000 diamonds 500,000 platinum	300
Base mineral block - Ordinary	300	2,000	300
Base mineral block - Special	500	4,000	300
Site Fees			
Site Registration Fee	100		100
Duplicate certificates of registration	300		300
Application for revocation of forfeiture	500	5,000	2,500

63 An insightful critique of the conceptual misstep represented by the draft policy document is Hawkins (2014a). Civil society critics including Mtisi (2013) lamented the exclusion of community and artisanal mining voices in the process of developing the draft policy, and observed that the document fell short on specific strategies, mechanisms and awareness of existing relevant policy commitments, such as those emerging around revenue transparency championed by civil society.

64 Large increases and new fees for exploration, claim application and registration, and ground rental, among others, were particularly dampening of investor interest in exploration; that is, in non-earning activities that were nonetheless crucial for mining's continuing growth (Jourdan et al 2012:42).

Fee for Special Grant application under Part XIX	1,000	10,000	5,000
Annual fee for renewal Special Grant under Part XIX (USD per Ha per year)	20	100	20
INSPECTION FEES			
Fee for inspection by declaration of work registered blocks:			
First Inspection USD per 5 claims	5	1,000	10
Subsequent inspections USD per 5 claims	10	1,000	20
Mining lease:			
First Inspection USD per 5 Ha	5	1,000	10
Subsequent inspections USD per 5 Ha	10	1,000	20
Inspection by production:			
Precious metal blocks USD per 5 claims	2,000	1,000	1,000
Chrome tonnes for every 5 claims	24 tonnes		24 tonnes
Iron Ore tonnes for every 5 claims	60 tonnes		60 tonnes
Limestone tonnes for every 5 claims	60 tonnes		60 tonnes
Fee for inspection by survey USD for every 5 claims	10	1,000	20
Fee for inspection of precious metal block without development work USD per 5 claims or part thereof	10	1,000	20
Fee for inspection of base mineral blocks by payment USD per 5 claims	20	2,000	20
Protection Fee for claims	10	1,000	20
Annual fee for Precious stone blocks USD for every 5 claims	10	1,000	20
Annual fee for Mining leases USD for every Ha	10	1,000	20
Fee for inspection of mining leases by making up deficient work by payment USD per 5 Ha	10	1,000	20
Annual fee for alluvial, alluvial, rubble or dump precious metal claims USD per 5 claims	10	1,000	20

Source: Jourdan et al. (2012).

These developments prompted concerted lobbying by the COMZ, as it struggled to prevent further deterioration of the fiscal regime's competitiveness on a range of fronts (Jourdan et al. 2012; Mupamhadzi 2014).[65] An influential study sponsored by the Zimbabwe Economic Policy and Research Unit (ZEPARU) think tank was underpinned by extensive consultations with local stakeholders. As illustrated in Table 5, the ZEPARU survey recommended the fine-tuning of the fiscal regime in order to maximise its impacts on the primary objectives of revenue mobilization, minerals beneficiation (value addition) and strategic development in the sector (Jourdan et al 2012).

Table 5: Summary of fiscal proposals: ZEPARU study (2012)

Fiscal Instrument	Current	Proposed	
CIT	25% (SMLs 15%)	25% (all)	RI
Royalties	1% - 15% (by mineral)	1-2% (all)	RI
RRT (APT)	0% (2 SMLs only- 42.5%)	50%; ROI > 20% (all)	RI
RRT advance	0%	30% @ MOODCAAA plus x%[66]	RI
Mineral Export Tax	0%	1-5% (if VA shown to be viable)	VA
Marketing	0.875% (ex. gold)	0,875% (ex. gold)	SI
Fiscal Stabilisation Fund	0	30% of RRT (locked offshore fund)	SI
National HRD levy	1% of payroll (Zimdef)	1% of payroll (Zimdef levy)	SI
Minerals HRD/R&D spend	0%	5% of payroll	SI
Withholding Tax (foreign)	20%	15%	SI
Withholding Tax (local)	10%	10%	SI
Withholding tax – tax havens	20%	30%	SI
Retention Fees	Variable, high: USD/claim	0	SI
Forensic Tax Self-Audit	None	5 yearly (Mine revenue > USD 200 m, financed by Mine, under ZIMRA)	SI
Expl. License transfer CGT	0%	50%	SI
Indigenization	51% by year 5	25% by year 10; 51% by year 25	SI
VA: value addition; RI: revenue instrument; SI: strategy instrument; CIT: corporate income tax; RRT (APT): resource rent tax (additional profit tax); ROI: return on investment; MOODCAAA: Moody's AAA corporate bond index rate; Zimdef: Zimbabwe Manpower Development Fund; HRD: human resource development; R&D: research & development; CGT: capital gains tax.			

Source: Jourdan et al 2012.

In the medium term, there was little movement by government in response to these interventions and the accompanying stakeholder consultations informed by them. As a result of successive regulatory changes, the mining taxation rates were pushed substantially above those found in neighbouring countries, diminishing Zimbabwe's attractiveness to investors in a highly competitive environment (Hawkins 2014a).

[65] Civil society organizations also became increasingly active participants in public discussions around reform to the fiscal minng regime; see ZELA (2012).
[66] Jourdan et al suggest that the percentage imposed by the government for the RRT tax is negotiable and should depend on the revenue and developmental strategy of government for the particular mineral and mining project; the "x" therefore indicates a deliberately unspecified value, which can differ from one project to another.

Mineral royalties, an important if imperfect indicator of a country's mining investment profile, provided a stark example of how recent changes had distanced Zimbabwe from the norm. In the pivotal gold and platinum sectors, for example, royalties were raised five times during 2009-2013, increasing by more than 100 percent and 200 percent respectively.[67] Most donors and mining analysts agreed with government that royalties were easy for the state to collect, and pre-empted the dangers of transfer-pricing and companies' writing-down of taxable income and benefits. But they also held that royalties were corrosive of investor commitments to exploration, mine development and production, particularly in situations like Zimbabwe where start-up costs were high and the investment climate was seen as hostile to new foreign players (Mupamhadzi et al 2014:27). Influential mining researchers argued that royalties in Zimbabwe effectively amounted to double-taxation, as they were based on pre-profit, pre-tax mineral revenues; typically, this had resulted in the sterilizing of ground with low-grade ores, a common occurrence in the local gold sector (Jourdan et al. 2012). The high unpredictability of royalty rates and considerable discrepancies in the royalties for different minerals compounded the perceived risk in the 2000s. Most researchers and stakeholder policy papers in 2012-2014 therefore argued that royalties should be reduced in the short to medium term, if not eliminated altogether, as a means of encouraging new investment and reducing perceived risks. Some proposed instead a "resource rent tax"—effectively a tax on earnings in excess of agreed rates of return in a given case—as a fiscal instrument more sensitive to production and earning realities on the ground, and more flexible as a point of revenue generation across mineral sectors and production levels (Jourdan et al 2012).

These research findings on the mining fiscal regime were entertained in discussion by government—and mostly rejected in practice. On the key issue of royalties, for example, government introduced a succession of rate hikes that made Zimbabwe's royalty regime the least competitive in southern Africa (Table 6).

[67] Gold royalties rose from 3 percent in 2009 to 7 percent in 2012; platinum went from 3 percent to 10 percent over the same period (Mupamhadzi et al. 2014:15). While the fiscal regime had provided for royalties, in practice they had not been imposed since the early 2000s. Their implementation along with higher rates therefore represented a significant financial shock for affected companies.

Table 6: Mineral royalties in SADC (2012)

Country	Range of Royalty	Variations by Mineral
Zimbabwe	1%-15%	Diamonds 15% Platinum and Precious stones 10% Gold 7% Other precious metals 4% Base metals and industrial minerals 2% Coal 1%
Angola	2%-5%	Stones and precious metals 5% Semi-precious stones 4% Metallic minerals 3% Other minerals 2%
Botswana	3%-10%	Precious stones 10% Semi-precious stones 5% Other 3%
Mozambique	3%-10%	Diamonds, precious metals and precious stones 10% Semiprecious stones 6% Base minerals 5% Coal and other 3%
Namibia	4%-5%	Precious metals 5% Base and rare metals 5% Semi-precious stones 4% Industrial minerals 4%
Tanzania	2%-12.5%	Diamonds 5% Gold and all other minerals 3% Petroleum and gas 12.5%
Zambia	3%-5%	Precious metals and precious stones 5% Base Metals 3%
South Africa	2%-12.5%	

Source: Deloitte (2012)

In the short term, new tax hikes after 2009 led to a strong rise in revenues from minerals in 2009-2012. But growth was mostly accounted for by a combination of high commodity prices and increased output, and outside of the Marange diamond fields there was little substantial investment which might have helped to sustain a rising tide of revenue after the cooling of commodity markets (Mupamhadzi et al. 2014). The explosive growth in gold output up to 2017, a critical new development, was due primarily to expansion of the ASM sector, not larger mechanized mining. Fiscal flexibility and regulatory reforms paid dividends with ASM producers: getting the gold price right, decriminalizing smallholder gold possession and providing various incentives fueled the resurgence of ASM gold. But in the large-scale sector—the main target of much-needed FDI—the potential for sustaining strong revenue growth was blunted as potential investors remained hesitant in light of an unwelcoming regulatory environment. Plummeting production and earnings from the Marange diamond fields after 2012 was an additional and important compounding factor (Saunders forthcoming).

In 2016-2017, new initiatives structured around "ease of doing business" reforms served to reopen the state's engagement with both large-scale and ASM gold operators, a primary target for export and revenue growth. In reviewing hurdles to large-scale operations, miners identified infrastructure deficits, finance shortages and the compounding role of a suboptimal fiscal regime as key obstacles to growth (Matimba 2016). Government responded by offering export incentives, reduced lending rates and other measures (RBZ 2016). In the ASM sector, a Technical Working Group consisting of government, producer and civil society stakeholders was tasked with recommending paths to ASM formalization (Sibanda 2017). Yet the effectiveness of these consultations and proposed measures were called into question by simultaneous state interventions that left miners

uncertain of government intentions. For example, in 2016, government's introduction of Bond Notes, a locally tradable note denominated as equivalent to the US Dollar (but not tradeable outside of the country, therefore not real legal tender), raised concerns that miners would cease to be compensated for their minerals in foreign currency, as they had been since 2009 when the Zimbabwean Dollar was substituted by a multi-currency regime dominated by the US Dollar. In fact, this transpired one year later in September 2017, at a time when the real market value of Bond Notes had begun to slide. Meanwhile, government made repeated public threats to shut down small-scale operators who failed to sell their gold to the sole registered buying agent of the state, and occasionally acted on their threats.[68]

In practice, the prospects for a consensus-based fiscal reform process rapidly unraveled under pressure from powerful contradictory economic and political dynamics. On the one hand, the narrow fiscal space available to government at a time of commodity market opportunities pushed it towards pursuing greater revenue from resources, the primary source of foreign exchange by 2010. On the other hand, partisan political discord surrounding the GNU prompted ZANU-PF ministers (including the mining minister) to pursue fiscal and developmental strategies largely independently of their GNU partners in the MDC. Although government opened up to stakeholder participation in reforming the mining fiscal regime, particularly after 2013, it implemented few changes that reflected the key concerns of non-state actors. Some new initiatives like the Sovereign Wealth Fund (SWF), established by legislation in 2014, were welcomed by industry and donors but not without reservations. In the case of the SWF, which was to be funded by a 25 percent share of mineral royalties, observers questioned the viability and impact of a scheme based on what had proved in the 2000s to be an unsteady and unpredictable tax instrument with unreliable revenue outcomes (Hawkins 2014b). Civil society commentators were sceptical of the viability of the SWF given the debt vulnerabilities of government and the allocation of SWF proceeds to debt retirement, ahead of social expenditures and community participation (Mutonhori 2014; Chikumbu 2013). There had been little stakeholder participation in the formulation of the instrument, and it remained marginal to developments in the minerals sector.

More broadly, government's efforts to push forward policy reform proposals reflected paralysis rather than progress: by 2017, its draft Mining Policy remained in limbo, seemingly abandoned, and related amendments to the Mines and Minerals Act, the subject of discussion for more than a decade, had yet to be approved. On the critical issue of the fiscal mining regime, non-state players agreed, the state had taken steps forward with the striking of structured consultation with industry through its "ease of doing business" initiative. Yet the ministry's failure to act decisively and coherently in response to repeated entreaties for reform inflicted new injuries on top of old. The high cost of not rationalising and simplifying the tax system in order to make it more competitive was directly reflected in the low level of new investment in the 2010s. It was also echoed in mining's uneven and unsteady fiscal performance relative to total government revenues, despite mining's increasingly prominent share in exports (Table 7). With the exception of two years (2012 and 2014) which featured surges in production and earnings, the overall trend of mining's fiscal contribution was one of stagnation if not decline.

[68] A primary aim of these threats, according to the mines minister, was to curb leakages and improve government's foreign currency standing. "If there are any people mining gold and selling it to any entity other than [government], go and close them down. It does not matter how powerful that person is, close them down… We do not fear anybody" (New Zimbabwe 2016).

Table 7: Mining sector revenue 2009-2012

	2009	2010	2011	2012	2013	2014	2015	2016
Total Government Revenue (USD millions)	934	2,339	2,921	3,496	3,741	3,727	3,737	3,502
Mining Revenue (USD millions)	50.6	154	161.3	245.8	185.2	335.9	139.9	75.74
Mining Revenue Share (%)	5.4	6.6	5.5	7	4.8	9	3.7	2.2

Source: Government of Zimbabwe (2017)

Indigenization and empowerment in theory and practice

Tensions between the state and miners were exacerbated by the volatile political context of the GNU. Undercurrents of partisan contestation and political discord within the unity government were directly reflected in disagreements around government's indigenization and economic empowerment policies. Indigenization, enacted unilaterally by ZANU-PF on the eve of the GNU, was pursued by ministries under its control during 2009-2013. Mining soon became a focal point of government interventions around indigenization, and fanned tensions with business, investors and donors. Indigenization's principles called into question the state's commitment to engaging transparently with mining's leading players in search of consensus around a development strategy. While government bargained over fiscal reform with miners, it simultaneously sought to restructure their companies by forcing them to cede majority shareholding to indigenous Zimbabweans. These state-business struggles over indigenization—like those surrounding reform of the mining fiscal regime—would illustrate both the corrosive outcomes of government policy making for the mining sector and the continuing power of dominant mining capital.

Perhaps more than any other point of contestation around the allocation and management of resources in mining in the 2000s, the question of indigenization and empowerment underscored the contradictory interests and strategies of government and non-state stakeholders. With the introduction of the IEE Act, donors, industry and civil society were compelled to engage with government on political terms set by the latter. The outcomes of these interactions pointed to multiple nodes of power and contestation, and raised questions about the longer-term impacts of indigenization as an effective empowerment and development strategy.

Policy debates around indigenization had their origins in the broader politics of redistribution in the 1980s but crystalized more coherently in the ESAP years, when indigenous business associations emerged to lobby for support and patronage from government in the volatile liberalized economic climate of that time. The focus was on the facilitation of market access for entrepreneurs by means of government contracting and the provision of low-cost finance. State patronage mediated by ZANU-PF's networks in civil society and black business circles saw the emergence of an indigenous business constituency and representative associations. While they prospered through close ties to the ruling party and state, they also pressed the latter for expanded economic participation, becoming both an important source of legitimacy and a potential voice of dissent (Raftopoulos and Phimister 2004).

In 1998 government formulated a more systematic approach via its *Policy Framework on the Indigenization of the Economy* (this would be slightly revised, approved by Cabinet and reissued in October 2004).[69] The *Policy Framework's* underlying logic was the achievement of empowerment through economic expansion enabling greater indigenous

[69] The policy was reissued as the *Revised Policy Framework for the Indigenization of the Economy (2004);* see BCZ (2011), Chapter 1; see Government of Zimbabwe (2004).

participation in productive investment, without a fundamental break with current regulatory statutes pertaining to ownership and domicile. Concessional financing, procurement policies, and incentives for new indigenous-led investment in manufacturing, mining and commerce were central components of a strategy agreed by a range of stakeholders. Equity transfers were also promoted via several mechanisms. These included, for example, priorities accorded to indigenous buyers in the privatization of state enterprises, subcontracting and outsourcing of public services, and state-adjudicated domestication of foreign-owned companies. Employee stock ownership schemes were also identified as an important part of a gradualist approach. But despite broad agreement among stakeholders, this approach to indigenization remained a framework only and was not enacted through statute.

In practice, indigenization initiatives in the 1990s and 2000s produced few lasting positive examples of change in the sector. The large growth in informal and small-scale mining of the 1990s was undercut by economic viability and government's prioritization of larger-scale mining, and a small number of much-heralded empowerment entrepreneurs rose and fell as a function of their client-patron relationship with the ZANU-PF state (Saunders 2008).[70] Engagement by the COMZ around government's *Policy Frameworks* in the early 2000s centred on strategies for gradual equity transfers and financing in the medium- and large-scale sectors, and on options for supporting small-scale mining, which was dominated by black entrepreneurs. The COMZ sought to encourage the expansion of government's support to the small- and medium-scale sectors, but in ways that did not challenge large-scale mining's dominant position.

A key point of engagement between the COMZ and government came to focus on the issue of local participation. In the wake of dramatic changes involving land redistribution and economic empowerment in business in the early 2000s, the COMZ was active in promoting new protocols for equity transfers. It championed a gradualist approach, with the dual aims of ensuring local inclusion by means of equity stakes, procurement, training and financing, without jeopardizing the industry's requirements for longer-term access to significant capital, skills and expertise. Against this backdrop, the COMZ proposed equity transfer thresholds of 15 percent after 2 years, 20 percent in 5 years and 25 percent in 10 years. After further negotiations with government, agreement was reached in late 2004 setting the terms for a recommended local acquisition of 20 percent stakes after 2 years, 25 percent in 7 years and 30 percent by 10 years. Asset transfers would be implemented through sales on the market.

However, these agreed levels and means of acquisition were soon rendered obsolete by government's unexpected and profound change of strategy and tactics around indigenization. The accelerating erosion of ZANU-PF's political legitimacy after 2005 and the looming challenge of elections in 2008 stood behind this shift. Expostulating a more radical approach, government unilaterally declared and then legislated a revised set of measures to achieve rapid restructuring of all non-indigenous companies. The legal culmination of this new approach was the IEE Act, passed by parliament in 2007 and promulgated by President Mugabe in April 2008 in advance of the national elections which brought the MDC into government (Government of Zimbabwe 2007).

[70] A notable example of a rising ZANU-PF patronized mining entrepreneur was Mutumwa Mawere, Zimbabwe's first black "mining tycoon", whose much-heralded government-approved leveraged 1996 deal to acquire Shabanie Mashaba Mines fell apart as his relations with party elites soured. Court cases, self-exile and a presidential decree to seize control of his assets would follow (Saunders 2008).

The IEE Act established the legal basis for the transfer of at least 51 percent of the equity in foreign held firms to indigenous Zimbabweans under the mediation of the state.[71] It emphasized the empowerment of indigenous Zimbabweans through the rapid transfer of the majority stake in all significant non-indigenous companies. Companies were required to submit indigenization implementation plans for approval to the IEE minister—and refashion them if necessary to the minister's liking.[72] Transfers were to be completed within five years. A National Indigenisation and Economic Empowerment Fund (NIEEF) under a Board appointed by the minister was designated to hold, oversee and manage shares, in consultation with the minister. Provisions were also introduced for Employee Share Ownership Schemes (ESOS) and Community Share Ownership Trusts (CSOT); in mining sector indigenization schemes, these would each typically received 10 percent of the equity of an indigenized firm.[73]

Across these linked indigenization initiatives, regulatory jurisdiction and rules were ill-defined and ministerial discretion extensive (Matyszak 2013). Decision-making and supervisory power over indigenization were highly centralised, with authority exercised unilaterally at the executive level.[74] The deeply partisan manifestations of indigenization attracted the rebuke of the MDC, which decried the IEE Act as an imposition of ZANU-PF undertaken in advance of the GNU and without all-party agreement. Yet the party struggled to mount an effective political counter-strategy to block or defeat indigenization in principle and practice.[75] Independent legal opinion in civil society also dismissed the IEE regulations as incoherent, contradictory and legally unenforceable. Their positions were sometimes echoed in parliament, where occasional challenges were mounted to the possibility of ministerial over-reach facilitated by the IEE's provisions for mostly unchecked executive authority.[76] However ZANU-PF's substantial ideological investment in indigenization and empowerment as a defining wedge between it and the opposition meant it would strongly defend the IEE. Equally importantly, ZANU-PF's partisan instrumentalization of the IEE through the ministries under its control during the GNU years was critical in the consolidation of its accumulation and patronage ambitions.

Regulations establishing the specific conditions for indigenization in mining were introduced in 2011 and substantially reset the framework for government's engagement with the sector (Government of Zimbabwe 2011). The regulations advised that the transfer of the controlling equity stake in all non-indigenous mines should be completed in a narrower timeframe than stipulated by the broader IEE provisions. A sense of urgency was highlighted by follow-up announcements from the indigenization ministry, which

[71] Provisions for the IEE's implementation came into effect in 2010, through the *Indigenisation and Economic Empowerment (General) Regulations (Statutory Instrument 21 of 2010).* Under the IEE, eligible indigenous Zimbabweans were defined as, "any person who, before the 18th April, 1980, was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and includes any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members or hold the controlling interest."

[72] Officially, the Ministry of Youth Development, Indigenisation and Empowerment.

[73] The details and rules for ESOSs and CSOTs were vague and slow to materialize, and were only announced three years after the IEE Act was promulgated (The Herald 2011b).

[74] Under the IEE, the indigenisation minister was mandated to approve or reject indigenization plans without detailing why, and without recourse to appeal. The Minister was also empowered to specify joint venture partners over the objections of indigenizing companies, and lower the percentage of equity transfer required in any specific instance; notably, in the context of a company's commitment to community development, beneficiation, skills training and other social investments. None of these criteria were defined in detail. In overseeing other aspects of asset redistribution such as CSOTs, the minister retained significant power in prescribing the allocation of shares.

[75] MDC leader and GNU Prime Minister Morgan Tsvangirai regularly decried indigenization under the IEE as a partisan asset grab, "unenforceable" and destructive. Yet the MDC would later acknowledge that it had been insufficiently combative in government, in blocking and challenging the IEE as it was rolled out (The Herald 2012a).

[76] For example, in July 2011 the Parliamentary Legal Committee issued an adverse report on GN 114 of 2011, arguing that some of the powers allotted the indigenization minister contravened both the IEE Act and the Constitution itself (The Herald 2011a).

threatened the immediate seizure of 51 percent of the equity in non-compliant mining companies. The reaction from stakeholders was swift and critical.

The COMZ, larger mining houses, business commentators and donors warned of the multiple, mutually-reinforcing and destructive impacts of rapid free equity transfers of majority stakes. In discriminating against foreign ownership, the regulations sharply worsened the investment attractiveness of Zimbabwe in offshore capital markets which were mining's main source of new finance. IEE regulations represented rising investment risk and therefore higher financing costs. At the same time, 51 percent local ownership implied that an increasing burden would be placed on domestic savings and equity earnings for financing debt, exploration and mine development. The likely outcome, business experts argued, was a long-term reduction in fiscal receipts from mining and with higher vulnerability to swings in commodity markets and foreign exchange interest rates (Hawkins 2014).[77] At the same time, high capital costs seemed likely to promote less efficient extraction practices, as miners focused on high-grade ores to maximise earnings on capital deployed. An influential 2011 report on indigenization commissioned by the Business Council of Zimbabwe noted that while most miners agreed that the majority Zimbabwean population should benefit from mining, it could only do so within the context of a sector which was "robust and competitive", nurturing the "confidence [of] both domestic and foreign investors" and presenting "sustainable solutions" for poor rural people and mining communities (BCZ 2011:9). Influential donors like the African Development Bank concurred, pointing to a worrying deterioration in Zimbabwe mining's investment risk profile, and underscoring the necessary role of foreign capital in a country with severely weak capital markets and dependence on a US Dollar currency regime (Daily News Online 2012).

From 2011, the mining industry pursued negotiations with government in order to reach consensus on a sustainable form of indigenization. In this process, indigenization's ideological and instrumental importance for ZANU-PF's political fortunes represented a challenge for miners. In 2008 ZANU-PF made indigenization the defining plank of its national election campaign in the face of a concerted MDC challenge. In the GNU period the party continued to deploy indigenization as a wedge issue, while using its control of the indigenization ministry to consolidate an extensive patronage network. The accumulation ambitions of many politically-linked entrepreneurs were increasingly hinged on access to ZANU-PF-mediated indigenized assets (Matyszak 2011b).[78] As a result, the IEE's origins in political expediency set the limits for what could be achieved in principle through negotiations. Until the next elections in 2013, there would be few incentives for ZANU-PF to back pedal on its commitments to indigenization of a sector in which foreign capital was dominant and the financial payoffs to new owners were potentially high.

At the same time, uncertainties surrounding indigenization's practical implementation provided room for flexibility for both the state and mining companies. The IEE's weak

[77] Hawkins argued that tax receipts were likely to fall sharply given that the equity holdings of the state, CSOTs and ESOSs would be taxed at rates lower than those applied to corporates, and due to the higher reliance on domestic savings for capital provision.

[78] It is worth citing Matyszak's (2011b:5-6) assessment of the political dynamics driving the IEE Act and enacting Regulations: "The Regulations have been drawn with the intention of creating as much controversy as possible, and simplistic interpretations placed upon the laws by the press have fed into the notion that white owned and foreign businesses will soon be dispensed as largesse to the ZANU-PF faithful… ZANU PF officials have specifically stated that the Regulations will be used as a weapon and an instrument of revenge against those deemed politically recalcitrant…. business will simply be seized in the same manner that land was taken from white farmers. This is probably the single most alarming and important signal conveyed by the Regulations. Despite the absence of enforcing provisions in the law, this tacit threat may thus compel compliance by fearful businesses. The laws are thus little more than racketeering by regulation."

legal coherence and contradictory interpretations of its definitions and jurisdiction left large questions over what compliance with the law entailed. Mechanisms for ensuring equity transfers, particularly with regards to foreign publicly listed companies, were unspecified; as were the means for supervising and preventing indigenous-held shares from being disposed of (or jointly owned) by non-indigenous investors. Questions were also raised around the capacity of designated indigenous institutional entities to acquire and manage transferred shares and assets. Crucially, the IEE did not provide a blueprint for how indigenization should be effected. Responsibility for the details of equity restructuring was left with individual firms, to be delineated in their proposed indigenization agreements. A company's compliance with the IEE was determined, in the final instance, on the basis of the indigenization minister's assessment of the company's restructuring plans; *in extremis*, some observed, the letter of the law required only that the minister approve an indigenization plan, not that the plan actually be implemented (Matyszak 2011a).

Under these conditions, with indigenization negotiated on a case-by-case basis, there was ample room for compromise on both sides. For government and the larger mining firms—those most under political threat from the thrust of the IEE—the complexity of the financial and equity arrangements surrounding individual indigenization deals would help to obscure the nature of the compromises struck. Both parties could claim gains: ZANU-PF officials could claim to have cowed foreign capital and indigenized leading mining houses, empowering Zimbabwean entrepreneurs; mining companies could present themselves as having achieved legal compliance with the IEE. Despite ministerial assurances in late 2011 of mining companies' widespread compliance with the IEE, critical questions emerged concerning how many companies had been indigenized and what this entailed in terms of management control and derived financial benefits.[79] It was equally unclear what impact indigenization was having on the mining sector's structure, productivity, and capacity for mobilizing new resources for government. By 2013, it seemed that the NIEE Fund, the entity designated as vehicle for holding indigenized equity, had yet to acquire mining shares, or exercise control over such shareholdings on behalf of the state. Meanwhile the NIEE Board, a key body under the IEE, appeared to be undercapitalized and relatively inactive with respect to the mining sector (Zimbabwe Independent 2012).[80] In contrast, emerging cases of *ad hoc* empowerment agreements between larger miners and indigenization ministry officials underscored both the enduring power of established mining houses and government's vulnerability to foreign capital and commodity markets.

Case study: Zimplats and indigenization

The fraught process of indigenization involving the country's largest platinum miner, Zimbabwe Platinum Mines (Private) Limited (Zimplats), was exemplary of the complicated relations among actors and interests shaping restructuring in practice. Zimplats, in which South African based platinum producer Implats held an 87 percent stake, represented an initial investment of more than USD 225 million in the early 2000s and follow-on investments totalling nearly USD 850 million by the end of the decade (Zimplats 2017).

[79] For example, indigenization minister Kasukuwere claimed in 2011 (Reuters 2011) that the majority of miners had submitted indigenization plans; however, in April 2013 government indicated that only 100 (out of a total of 397) plans had been approved.

[80] In 2011, for example, the NIEEF was allocated a paltry USD 5 million by the MDC-controlled Ministry of Finance, and received only USD 1.5 million; in 2012 its proposed allotment was USD 6.5 million, of which only USD 400,000 had been disbursed by mid year (Zimbabwe Independent 2012).

In 2006, prior to the introduction of the IEE Act, Zimplats struck an empowerment deal with government which included options for partial transfer of equity stakes, the ceding of 30 percent in exchange for "empowerment credits", and government's granting of additional credits for social infrastructure built by the company (Matyszak 2012; BCZ 2011). After the enactment of the IEE, the company unsuccessfully argued that its indigenization obligations had been met by its 2006 agreement. Following extensive negotiations, a new empowerment deal was crafted in alignment with the IEE. In January 2013, after months of public dispute, it was announced that the company would cede 51 percent of its shares through a variety of means: 10 percent of shares would go to a newly established ESOS (Employee Share Ownership Scheme) for Zimplats employees; 10 percent to a local CSOT (Community Share Ownership Trust); and 31 percent to the NIEEF (National Indigenisation and Economic Empowerment Fund). These equity stakes would be in lieu of the ground ceded for empowerment credits under the 2006 agreement. Heralded by the indigenization ministry as a landmark in transforming the mining sector, it nonetheless soon demonstrated the incoherence and chaotic consequences of a strategy driven by political expediency and underpinned by weak stakeholder consultation.

In practice, Zimplats's 2013 deal underscored the residual leverage of larger mining houses in their negotiations with government.[81] First, it was revealed that government had agreed that empowerment stakes in the company would be paid for, at a total cost of approximately USD 971 million.[82] Given government's severe fiscal crisis it was unlikely that funds would be available to take up its stake (the cash-strapped NIEEF, for example, was in no position to pay USD 291 million for its allotted 31 percent holding). Significant delays in deal implementation emerged as Zimplats and the state disagreed on the valuation and status of the ground ceded for empowerment credits in 2006.[83] Meanwhile, the transfer of assets to Zimplats' ESOS and CSOT was thrown into doubt as the restrictive conditions for the ceding of shares became known, and uncertainty emerged over the legal and operational basis of the trust schemes. [84] The CSOT, the flagship of community participation, appeared to exist in name but not in legal deed, and the mechanisms for the community's participation and derivation of fiscal or other benefits were unclear (Matyszak 2012).

While the share ownership and trust schemes were invoked by the indigenization ministry as an emblem of local empowerment and social justice, vociferously so in the months leading to the 2013 national elections, the perspective from communities stood in sharp contrast. At Zimplats and other mining locations where ESOS and CSOTs had been established, local expectations of immediate financial benefits turned quickly to disappointment when they failed to materialize. Lack of clarity over the criteria for eligibility in beneficiary communities and their governance structures fuelled tension within and among communities, and between communities and the signatories to IEE mandated plans (Mawowa 2013a). Local authorities, rural chiefs and others complained to legislators about communities' lack of voice and benefits under the scheme, and

[81] The new arrangements agreed with Zimplats were similar to those with other prominent platinum mining operations, notably Anglo-American's Unki project and Aquarius' Mimosa mine; see Mutandi (2012) and Bell (2012).

[82] The exact cost of the shares to be acquired was unspecified in the indigenization agreement; they were to be "valued independently" and by agreement. Further uncertainty rose around the funding of share acquisition by a community trust and employee ownership scheme mentioned in the agreement (Matyszak 2012).

[83] The 31 percent equity stake of 2013 effectively replaced the indigenization component represented by the ceding of ground in 2006. But the option of returning the ceded ground to Zimplats was pre-empted by the fact that it had since been redistributed by government to other companies who were working or preparing to work it, some of whom had contractual arrangements with government.

[84] The indigenization agreement suggested vendor financing provided by Zimplats would be repaid from company dividends; however, the prospects for this were low in the context of unsteady platinum prices, Zimplats' plans for new capital expenditures and the company's recent history of low or no-dividend declarations. The new agreement also stipulated that the overall management of Zimplats, including authority to declare dividends, would remain in the hands of the company's current majority shareholder, Implats (Matyszak 2012).

decried companies' failure to honour promised investments in local development (Parliament of Zimbabwe 2015). The disjuncture between communities' experience of empowerment and government's portrayal of it grew in advance of the elections. In March 2013, government claimed that mining companies had pledged or paid out more than USD 110 million to community share trusts, and that the total value of shares due for transfer to the state, community and employee holding schemes was USD 971 million. However, apart from the approved sale of 10 percent of Zimplats shares to the ESOS, there was little evidence of the full 51 percent portion of shares having been sold or acquired. Negotiations with Zimplats around the valuation and mechanisms of indigenization continued, unresolved. Some observers suggested that the ramping up of government efforts to extract mining company cash payments for new community trusts was more closely linked to ZANU-PF's 2013 elections campaign: *ad hoc* injections of funds both supported party structures and served as a vital source of local patronage. Ironically, the designated community structures under the IEE for holding donated contributions from mining companies were typically poorly suited to do so: by government's own admission, community trusts had low capacity and were typically incapable of managing the large volume of funds which were suddenly available (The Herald 2013).

Indigenization revisited

Brought into the light of public debate, the Zimplats deal highlighted the bargaining power of larger mining firms and the fractured, *ad hoc* approach of the state. Important industry actors increasingly saw indigenization as driven primarily by political expediency, and therefore, as a threat which could be contained by concessions to political rhetoric if not fundamental changes of practice (Matyszak 2013).[85] The COMZ came to see the IEE as malleable, and sought to engage government around industry's priorities within a broader indigenization framework: for example, miners argued that local participation and capacity building should be encouraged, but that there would have to be some give by government in order to create positive opportunities and incentives for foreign players to participate. In the new context of the IEE, the industry coalesced around the strategy of using "indigenization credits" to both incentivize changes towards including greater local participation (but at a slower, gradual pace), while containing threats to investment risk and capital flight in the finance-sensitive sector.[86] In key respects, this represented a restatement of larger miners' preferences for empowerment reforms from the early 2000s. In the new political and legal context set by the IEE, the COMZ's development model remained firmly rooted in market mechanisms that implied foreign capital's continuing leading role in the sector.

After ZANU-PF's victory in the July 2013 elections, the mining industry's proposals regarding indigenization credits became a central point of engagement with government. The emphasis fell more on beneficiation and investment, and less on populist redistribution of ownership—which had in any case stalled. In late 2013, key personnel changes in the indigenization and ministry ministries saw the arrival of ministers viewed as more accommodating to business. A new phase of consultation began. At the same time continued fragmentation of political positions inside ZANU-PF proved disruptive. From 2013 to 2015 there were no fewer than four ministers of indigenization, with sharply

[85] For example, David Brown, CEO of Zimplats' majority shareholder Implats, explicitly recognized—and disparaged—the political imperative driving government's indigenization moves: "I think at the end of the day politicians will always indulge in populist rhetoric. I get that. I understand that's their job mandate" (New Zimbabwe 2011).

[86] Empowerment credits, it was suggested, could include companies' contributions involving exploration and technology transfer to local firms; assistance to local partners in raising foreign funding; corporate social responsibility initiatives, including partial allocation of royalties to local community development; and investments in infrastructure, beneficiation and local supply chain/procurement; see BCZ (2011).

differing positions on the urgency and extent of equity transfers under the IEE Act. For miners, this fuelled uneven relations with government as different state institutions simultaneously pursued aggressive or conciliatory engagements.

It was in this context that President Mugabe intervened to apply new pressure for industry concessions in 2013, threatening the largest platinum miners with bans on mineral exports unless significant investments were made in beneficiation infrastructure for the sector (The Source 2013).[87] The following year, government announced a 15 percent export tax to be levied starting January 1, 2015 on unprocessed platinum, with the aim of incentivizing miners to make costly beneficiation investments. The outcome was a public commitment by leading platinum miners to pursue plans for local refining. However, like previous threats and claims of victory over foreign mining houses, the actual concessions obtained by government were ambiguous: the likelihood of a refinery actually being built would remain largely determined by the needs, capacities and interests of the miners, not the state. As it happened, the export tax (and ban) was lifted before being imposed,[88] and senior officials publicly wondered whether domestic platinum refining was achievable or viable in the near term.[89] Meanwhile, the continuing power of mining capital was reflected in the industry's own portfolio of incentives for government cooperation, including notably industry's unrivalled capacity to raise capital for the USD 5.3 billion it estimated was required for the extended development of the platinum sector (Bloomberg 2013). If platinum producers had withheld planned investments of more than USD 2 billion during the period of 2007 to 2012 due to concerns over risks associated with indigenization, they were in a strong position to deliver even greater amounts of financing on the condition that government complied with industry's risk-mediating needs (Zimbabwe Independent 2015a).

After 2011, indigenization-related restructuring in mining was subtly reconfigured through the interaction of powerful stakeholder interests dominated by the COMZ and large-scale mining, supported by donors and the business community. If the IEE Act established the political principles for the state's engagement of mining stakeholders around revenue mobilization, the modalities of the IEE's implementation were overdetermined by the economic exigencies of the industry. Other contributing factors in the shaping of mining indigenization in practice included the resurgent sway of donors in policy formulation, and the relatively weak capacity and policy fragmentation of state institutions directly involved in implementing indigenization on a case by case basis. While policy and institutional incoherence had been a hallmark of the GNU, this would continue after ZANU-PF's return to power in 2013, as party factions competed for resources and influence from different institutional bases in the state. The IEE's empowerment strategy also opened space for the mining industry and donors to elaborate a more expansive, market-friendly approach that promised wider developmental pay-offs for the country. As developed by ZANU-PF, indigenization's narrow focus on equity transfers revealed frail linkages between empowerment and a coherent strategy for growth, sector development and broad-based participation.

[87] Adding to confusion on government's policy, mining minster Chidakwa suggested in November 2013 that investments in platinum beneficiation might be traded for retention of majority equity stakes by foreign owners; see The Source (2013).
[88] Finance Minister Chinamasa suspended the 15 percent export tax until January 2017, to enable miners to comply (The Herald 2014).
[89] For example, Deputy Minister of Mines, Fred Moyo suggested, "after government officials met with the Chamber of Mines" in January 2014, that constraints of technology, funding, skills and shortages of electricity cast doubt on quick project development; see Bloomberg (2014). Expert consensus and the view supported by COMZ was that production scales and costs made a refinery unviable for the medium term.

In practice, the industry-inflected implementation of indigenization by larger mine operators differed little from incarnations of empowerment prior to 2007. It was based on market-mediated equity transfers, gradualist in timing, and was designed to contain threats to companies' investment risk profiles. The industry acknowledged the longer-term need (if not the short-term practice) for intra-sector linkages and the role of government, donors and business in facilitating them. An influential report on indigenization commissioned by the Business Council of Zimbabwe demonstrated industry's strategic reinterpretation of the political principles of indigenization to meet industry's needs. It argued that the wider goals of indigenization—economic participation, employment creation, wealth redistribution, local beneficiation and value added, small-scale mining's expansion, mobilization of resources for investment, etc.—were best achieved by systematically incentivizing positive business behaviour. This would require government's flexibility on the IEE's rigid rules concerning majority local equity stakes.[90] Much of the mining industry coalesced in consensus around this approach; government's gradual revision of its approach suggested its concordance. In contrast, civil society argued that the developmental objectives of indigenization remained largely unmet by equity-focused schemes. Neither the IEE's regulations nor the deals negotiated by companies lived up to early state promises of significant resource distribution through the localisation of control, community participation, employment generation and greater inclusion of ASM operators. While the regulatory measures and mechanisms enabling social beneficiation had been established, the political will of government needed to catalyze these tools were absent. Recognition of this reality stood behind revisions of the framework for indigenization in mining, announced in 2016 (Government of Zimbabwe 2016). The new regulations effectively imposed a fine (in the form of a 10 percent levy on gross annual turnover) for non-compliance with the IEE's requirement of 51 percent local shareholding. Moreover, it explicitly encouraged indigenization and empowerment by stealth, by spelling out a graduated scale of rebates linked to a company's progress in boosting local content, undertaking "good corporate citizenship" and meeting IEE asset transfer requirements (Zamasiya and Dhlakama 2016).

Despite the political spectacle orchestrated by government around IEE in the mining sector, after a decade of implementation there was little evidence of significant transfer of asset ownership and control. By early 2017, only one large-scale operation, Blanket Mine, had fully complied with the IEE by ceding 51 percent of its stake to indigenous actors.[91] But even in this case, the shortcomings of equity-based indigenization were soon apparent. The vendor financing provided by the company included high interest rates which were to be paid from 80 percent of their respective dividends. The implication was that the indigenous partners' dividend income would likely be suppressed for years, while interest accumulated on the original loans and advances; this was especially likely if gold

[90] The report chronicled a series of incentives to encourage miners and mining finance to invest in and develop the sector in exchange for credits that would dilute the IEE's requirement of 51 percent local ownership. These included credits for companies': exploration expenditure and technology transfer; corporate social responsibility and community development expenditure; infrastructure development; investments in value addition through processing, refining and other means; greater inclusion of local suppliers in production supply chains, and investments to help improve quality and performance of local suppliers; and efforts to help local partners raise finance in domestic and foreign finance markets; see BCZ (2011) Chapter 9.

[91] The sale by Canada's Caledonia Mining Corporation, Blanket Mine's owner, was worth USD 30.09 million and completed in September 2012. Blanket's board was reconstituted to reflect the new 51 percent shareholding comprised of Gwanda Community Trust (10 percent), Blanket Employee Trust (10 percent), the NIEEF (16 percent) and indigenous company Fremiro (15 percent) (Hubert 2016). Vendor financing was provided by Caledonia for the purchase of shares, to be repaid from future dividend streams (Zamasiya and Dhlakama 2016). The CSOT received its shares free of charge.

prices remained low (Hubert 2016).[92] In practice, the limited equity divestment transacted under IEE tended to incur *debt* for its beneficiaries, and delivered few financial benefits in the short or medium term. Moreover, IEE restructuring also provided companies with opportunities to *limit*, not expand, corporate social responsibility and other forms of community development, while diminishing the threat of more thorough-going indigenization and empowerment interventions in the future (Mawowa 2013a; Moyo and Hwenga 2010). Finally, by localizing company shareholdings, indigenization raised the likelihood of higher external financing liabilities if companies moved to fund expansion and operations offshore. Given mining's high import content, this threatened to further undermine mineral's net contribution to foreign exchange earnings (Hawkins 2014a). Having been developed as part of a strategy for political survival, indigenization under the IEE was ill-suited to serve as a reliable mechanism for revenue mobilization, redistribution and expanded investment.

Artisanal and small-scale mining threats and large-scale responses

Contestation over reform of the mining fiscal regime and the implementation of the IEE Act highlighted the important role of large-scale miners in the industry's contestation of the state's strategies for resource mobilization in the 2000s. In the ASM sector, contrasting patterns of state engagement with stakeholders emerged which led to profoundly negative consequences for both resource mobilization and developmental outcomes. Following a decade of path-breaking policy engagement with ASM miners in the 1990s, the state reversed its ASM regulatory approach in the 2000s. One result was the near collapse of the official gold market under the RBZ amid a surge of ASM mining and the rise of the black market; another was the disastrous mismanagement of alluvial diamond mining in Marange, where government's secretive and irregular administration of mining enabled the systematic looting of some billions of dollar's worth of diamonds by a rent-seeking political and security elite (Saunders forthcoming). The discussion here focuses on the ASM gold sector, whose evolution in response to policy shifts in the 2000s mirrored wider dynamics of contestation among mining stakeholders over resource mobilization. Government interventions around ASM gold revealed the highly fragmented nature of state institutions in the crisis years of the 2000s, the differentiated influence of large- and small-scale mining interests in policy processes, and the problematic consequences of both for resource mobilization and developmental outcomes.

After nearly a decade of policy innovation and regulation, ASM mining expanded rapidly but more chaotically in the 2000s, driven by the collapse of the formal economy and buoyant minerals prices. In the first years of the 2000s, government aimed to encourage ASM gold production as established miners floundered. Continuing its established strategy, government offered new price support mechanisms for small producers, a liberalised buying regime and low interest loans for equipment and technical support. By 2004 small players accounted for at least 50 percent of the gold bought by the RBZ (Takavarasha 2014). But as the economic crisis accelerated in the middle of the decade, government came under increasing pressure from the spiralling fiscal emergency to expand foreign exchange earnings. Mineral exports were identified as a key target by state finance officials, whose policy influence and power grew as the financial crisis worsened.

[92] In 2016 the loan balances exceeded the original loan value and there was the possibility that the loans would never fully be repaid—and that shareholding income would be frozen at 20 percent (Hubert 2016:4). In addition, externalized interest payments on the loans of approximately USD 3.5 million annually represented a further fiscal loss to the state, as did unusually high management fees of more than 7 percent charged by Caledonia's South African subsidiary company (Hubert 2016:5).

The role of the RBZ in gold sector policy reform became critical, particularly given the bank's leading role as the sole official buyer of gold and its capacity to manipulate pricing and payment mechanisms. Under the rubric of formalization and with the stated intention of plugging gold leakages into the black market, the RBZ under Governor Gideon Gono championed an assault on the ASM gold sector.

A sudden shift in policy was signalled in 2006 when government repealed SI 275/1991, effectively criminalizing artisanal mining. This was followed by a brutal crackdown on ASM operators by state security forces. In *Operation Chikorokoza Chapera ("End Illegal Mining")* of December 2006, more than 30,000 panners and legally registered small-scale miners were detained, had their gold inventory and equipment seized, were fined and in some instances incarcerated for lengthy periods.[93] A crucial part of this violent intervention was focused on establishing government's control over the recently discovered alluvial diamond fields in eastern Zimbabwe, which had been invaded by as many as 30,000 informal miners in late 2006 (Saunders forthcoming). But ASM gold activities were also an important and more widespread target. Governor Gono backed the state's crackdown, arguing that the leakage of ASM gold into the black market had reached crisis proportions. This hard-line position was supported by many in government (Gono 2007; Spiegel 2015).[94] The militarised operations of *Chikorokoza Chapera* were accompanied by the politicized enforcement of regulations established by the Environmental Management Act of 2002. Associated measures imposed high barriers to mining entry on small-scale producers by requiring costly Environmental Impact Assessment reports and burdensome licensing and registration fees that functioned as effective rents by national government.[95] After 2006, these regulations were more stringently enforced and rendered ASM production increasingly uneconomic and discouraging compliance with formalization procedures in practice (Spiegel 2015:551). Yet the harsh interventions failed to boost official gold sales, which instead fell sharply as ASM gold was pushed further into the shadows. By 2008, it was estimated that the bulk of ASM gold was being traded in parallel markets. To compound the challenge of reining in the ASM trade, there was widespread speculation that elite political and military players and ruling party patronage networks figured prominently in its operations (Mawowa 2013b:922).

Changes in the RBZ's pricing and payment mechanisms in 2008 further exacerbated this crisis. Foreign currency shortfalls prompted the RBZ to withhold gold payments to commercial miners near the end of the year, forcing a series of closures. Gold prices for ASM sellers were slashed to a fraction of international rates; previously, the RBZ prices had compared favourably, and were used as a mechanism to attract ASM production.[96] Other ASM support mechanisms were also eliminated. By late 2008 official sales neared collapse.

The state's relations with ASM producers became increasingly complicated and contradictory in this period, as interests in the state and ruling party differed on how to re-engage in order to recover production and revenues. Institutions like the RBZ and mining ministry sought to secure control over mineral sales to meet urgent fiscal needs, and formalize and standardize regulation of ASM miners. In contrast, some senior

[93] See PACT (2015), Spiegel (2015) and Towriss (2013).
[94] Gono estimated that between 2002 and 2007, more than 15 tonnes of gold and more than USD 800 million worth of diamonds had disappeared *annually* into international parallel black markets. These figures were likely highly inflated, their main value being to support Gono's calls for stronger mining controls, including a greater oversight role for the RBZ.
[95] See Spiegel (2015), PACT (2015) and Mtisi (2012).
[96] At times, the price offered by the RBZ was less than one-thirtieth of the international price calculated at parallel market exchange rates (Spiegel 2015: 549).

ZANU-PF officials and structures aimed to consolidate the party's support and expand rural patronage networks by securing the livelihoods of large numbers of impoverished rural constituents through mining (Mawowa 2013b). Displaced and economically marginalized, the ASM sector represented an important constituency in a period of growing political contestation: nearing the end of the first decade of the 2000s, some estimated there were perhaps 500,000 ASM operators, 70 percent of them in the gold sector. [97] ZANU-PF officials saw the party as uniquely placed to influence local authorities and state security agencies, and control access to ASM mining and the improved livelihoods in promised. By these means the party could embed itself in new and critical networks of small-scale accumulation (Raftopoulos 2013b) while securing political support. During the GNU, ZANU-PF's control of the mining ministry and security sector strengthened its capacity to pursue these aims, and empowerment through ASM promotion became a refrain of party rhetoric—even if it contrasted sharply with the harsher regulatory practices of state-led formalization.

For some observers, the outcome of these conflicting dynamics was a pattern of "half-hearted, inconsistent and election-driven" policy making around ASM (Mawowa 2013b:927). Evidence concerning the leadership and focus of policy processes appeared to support this view. In the first instance, state-industry engagements around statutory reform of the sector pointed to the leading role and convergent interests of large-scale mining and government around ASM management; in the second, the narrow focus of policy discussions on one segment of ASM production called into question the wider fiscal and developmental implications of reform for the sector.

In its early phases, formalization reforms for ASM were dominated by the convergent interests of large-scale mining and government. A set of proposed amendments to the Mines and Minerals Act (Government of Zimbabwe 2010a) were announced in November 2007 after reportedly having been drafted by industry players for government's consideration. The draft amendments signalled the start of an extended period of policy discussions which accelerated during the GNU, and was bolstered by significant donor support.[98] Early discussions proposed "use it or lose it" provisions designed to pre-empt speculation around land holdings. Measures to help rationalise and consolidate records of claims were identified, and reforms to strengthen the administration of prospecting and exploration licenses were drafted. According to a 2011 assessment, the proposed amendments would enable greater efficiencies, consistency, professionalism and speed of claims approvals; improve the predictability of outcomes; and crucially, reduce the incidence of overlapping and contested claims (Anderson 2011:1-2). All of these were critical issues for large-scale miners at a time when claims appeared to be under threat from indigenization.[99] However they were typically seen as obstacles by ASM players, for whom they represented a collection of costs; legal, knowledge and technical hurdles; and bureaucratic and regulatory requirements that were difficult to meet for most players. Formalization of this kind posed severe barriers to entry into legal forms of regulated mining for most ASM producers, not improved means of

[97] Estimates of the number of artisanal miners and the value of their production varied widely. Chamber of Mines documents from 2013 suggested that the total number active in the sector was 500,000, including 5000 registered small scale miners (Chamber of Mines of Zimbabwe 2013). A 2013 study argued that more than 2 million people were affected by the sector financially and socially (Mukwakwami 2013).

[98] Richard Saunders interview with mining industry official, March, 2015, Harare. Similar provisions for ASM formalization were later included in government's draft Minerals Policy of 2013, which recognized the need to fine-tune mining regulation in order to account for differences in scale, capacity and policy support. The draft Policy called for a new Minerals Development Act to target ASM-specific measures involving licensing, prospecting, institutional and development support.

[99] A critical aspect of reform was reorganization of the Mining Affairs Board, the body responsible for considering applications for mineral rights.

access. Moreover, the primary concerns of the bulk of the ASM sectors—artisanal miners—remained unaddressed.

Policy concerns and innovations in the original 2007 draft amendments and subsequent iterations tended to be narrowly focused on one component of ASM—small-scale mechanized operators. Yet these miners formed a relatively small part of a sector dominated by large numbers of artisanal non-mechanized or semi-mechanized units.[100] Small-scale operators had been well integrated into the mining sector over two decades by means of established legal claims, capitalised extractive operations, higher technical capacities, and financial and fiscal accountability. Their key challenge lay in their deteriorating viability due to rising costs, low productivity, poor access to capital and technical information, and the sporadic and declining provision of support services by the state. In contrast, artisanal miners faced multiple legal and operational challenges. Unlike other operators, they were not legally recognised by the main regulatory Act for the sector, nor typically equipped with the legal, financial and technical resources to meet the requirements of the Act and related statutes pertaining to various aspects of the industry (PACT 2015). This resulted in a series of severe disadvantages compared to small-scale and large-scale miners when it came to meeting the minimum requirements of mining statutes, gaining legal access to land, obtaining licenses and permissions, accessing geological information, and raising credit, etc. These legal differences between artisanal and other mechanized mining operations were crucial, resulting in differentiated impacts on access to capital, licenses and land. Focusing on the challenges specific to artisanal mining was therefore vitally important for the success of reform processes. In practice, these concerns were discounted in the state's early engagements with mining stakeholders, even as they remained central in the parallel rhetoric of ZANU-PF pronouncements on ASM empowerment at the time.

Government's regulatory measures stayed focused on forcing gold into official channels via compliance measures, but with limited success: by 2010, gold production had only recovered to less than 10 tonnes, and remained stuck below the comparatively low output of 15 tonnes for the next three years. Small-scale producers struggled under the weight of high production costs and taxes, fluctuating royalties and regulatory compliance hurdles.

Finally, in 2014, government struck a path towards ASM's normalisation by effectively decriminalizing artisanal activities. While this transition was awkwardly handled, it opened the way to positive developments. Gold sales for ASM producers were liberalized with the introduction of free permits and a "no questions asked" provision for gold sellers. Competitive prices were once again offered by state buyers and registered dealers, and gold buying centres were reintroduced in the main mining areas with mobile units targeting small rural producers. The RBZ established a loan facility to enable capital investment by small-scale operators. Yet at the same time government also sought to tighten supervision of production and distribution in ways which raised worries among ASM players. A Gold Compliance and Enforcement Coordinating Unit was established, and production was closely monitored by the tracking of mining supply services and the consumption of materials.[101] A Gold Mobilisation Technical Committee struck in 2015 brought together the mining ministry, RBZ, the Zimbabwe Republic Police and Border

[100] Studies focused on more formalized small-scale operations estimated that there were less than 100 small-scale mines by 2008, down from a more typical number of about 400. The decline was likely due to the impact of production, legal and distribution bottlenecks in the early 2000s (Hawkins 2009). Other reports put the number of registered small-scale producers much higher, at approximately 25,000 and accounting for 22 percent of gold production in 2010 (BCZ 2011:54). The large difference in numbers reflects different methodologies for distinguishing small-scale from semi-mechanized artisanal operations.

[101] For example, small-scale mining milling plants were to be registered through the state-owned electricity supply operator, enabling the tracking of productive activity (PACT 2015:52).

Control to devise means of supervision and ensure ASM compliance in gold deliveries. Its monitoring teams' "blitzs" ensured miners remitted gold to the RBZ, the Minister of Mines and Mining Development boasted in 2016, and had resulted in significant upward spikes of gold deliveries to the RBZ from ASM producers (Chidakwa 2016).[102] Meanwhile continuing sporadic harassment of miners by corrupt state security personnel and political officials raised doubts about the state's approach, which was formulated not through formal policy means but rather announced via press statements (Speigel 2015: 553).

In the short term, the recalibration of regulatory measures met with considerable success. ASM remittances to the RBZ exploded. As overall gold production ticked sharply upwards from under 15 tonnes in 2013 to about 22 tonnes in 2016, ASM expansion occurred at an even faster rate. By 2017, ASM miners accounted for more than half of the country's surging gold output, and one-quarter of total mineral exports (The Chronicle 2017; Government of Zimbabwe 2017).[103] But the success of the state's initial round of liberalisation measures raised questions about the further fiscal and development gains which might be possible if policy reform was more thorough-going and attentive to the specific conditions faced by artisanal and lower-resource small-scale producers. The mining regulatory regime still represented barriers to entry for most artisanal producers and a disincentive to undertake steps towards formalization and compliance. There was uncertainty about the durability of the recently liberalised conditions, particularly given the rapid shifts of strategy and implementation in recent years, and the unsteadiness of the fiscal regime. The announcement in September 2017 that ASM gold payments would be paid partially in Bond Notes instead of US Dollars, or through electronic transfers to accounts from which it was difficult to draw cash, contributed to miner anxieties. There was also considerable concern at the slow progress made by government in finalizing statutory and policy documents pertaining to the mining sector and ASM reform in particular.

After a decade of consultation with stakeholders, there was still no formally approved minerals development policy in place in 2017, much less enabling legislation. While this represented a point of complaint for the whole industry, it was a matter of particular unease for ASM given the persistence of its legal, fiscal and production disadvantages under the existing regime. It was also disquieting for some that the early phases of discussions around statutory reform were dominated on the industry side by the role of COMZ and large-scale miners—even if the same interests had been antagonistic to ASM operators in the past, and widely endorsed the state's discourse of formalization and its strategy of containment (Spiegel 2015).[104] In this context, ASM's mounting economic significance in the gold sector, along with rising grievances from ASM miners, led more recently to closer engagement with the sector and its representative umbrella body, the Zimbabwe Miners Federation (ZMF). The ZMF pushed for greater inclusion in state-stakeholder consultations, and in 2017 appeared to play a more prominent role in

[102] Addressing the COMZ Annual Meeting for 2016, Minister Chidakwa linked the 441 percent increase in gold deliveries from ASM between 2013 and 2015 to improved security and compliance measures (Chidakwa 2016:9). There was scant mention of other regulatory changes which certainly played a role in this growth, including notably revisions to the mining fiscal regime, liberalisation of sales and public pronouncements on the decriminalization of most ASM activities.

[103] COMZ data suggests that ASM's proportion of overall gold production rose from 25 percent in 2014 to 36 percent in 2015 and 40 percent the following year. This reflected substantial growth in ASM output, from less than 4 tonnes in 2013 to 5.4 tonnes in 2015 and 8.8 tonnes in 2016 (COMZ 2016).

[104] A recent ASM project was exemplary. In 2014 the COMZ led a pilot project to test a model for medium-scale miner and ASM co-existence and cooperation (COMZ 2013; PACT 2015). The project's operational framework was designed under the rubric of the World Bank's Communities, Artisanal and Small-Scale Mining initiative, to which the COMZ became affiliated. Its underlying strategy was one of ASM containment through engagement, and mitigation of risk to established players.

continuing negotiations around the modalities of ASM formalization. The dynamics and final direction of this process remained unclear, notably in the context of Zimbabwe's turbulent political environment.

In mid-2017 a Technical Working Group on mining was struck under government's Ease of Doing Business reforms, a programme initiated with donor support and modelled on strategies developed by the World Bank associated with this "ease of doing business" index (World Bank 2017b). Included among its objectives was the recommendation of means by which the ASM gold sector could be formalized to encourage the boosting of gold production and ensuring its marketing through official state channels. This process brought together government officials from a number of relevant ministries and departments, with representatives of COMZ, ASM miners and civil society. In late-2017 the consultative process included meetings with small-scale miners and their associations in key ASM gold mining areas. Officials indicated that following this process ASM formalization would finally be legislated via long-delayed amendments to the Minerals and Mining Act. Yet without a strategic mining development policy in place, it was difficult to ascertain what approach the statutory reform might take; more specifically, whom it would target as beneficiaries, how it fit with government's wider resource mobilization strategies, and what it took as priorities for developmental outcomes.

For some observers, the *timing* of the state's policy initiative around ASM was driven as much by the prospect of national elections scheduled for 2018, as by ASM's increasingly important contribution to gold production and foreign currency earnings. The decriminalization and regularization of perhaps hundreds of thousands of artisanal miners, and the promise of new forms of state assistance in support of ASM livelihoods, provided a compelling incentive for urgent policy action in advance of a competitive political campaign. If IEE and empowerment in large-scale mining had been keystones of the 2008 and 2013 elections for the ZANU-PF government, it seemed that ASM liberalisation might be a pivotal foundation for the next round. Whether new initiatives at formalization would produce sustainable benefits for a wide collection of ASM miners and communities, however, would depend on the final details and the capacity and willpower of the state to support expansion in the sector. As Spiegel observed of a previous round of formalization led by the state, the success of new measures from the perspective of ASM stakeholders would rest substantially on the extent to which their representative organizations were included in the reform process (Spiegel 2015).

Resilience, resistance and resource mobilization outcomes in the 2000s

The political and economic crisis which erupted at the turn of the century and deepened until its political resolution emerged in the form of the GNU in 2008-09, saw a fundamental restructuring of the state and the reordering of state-society power relations. State capture and militarization of the bureaucracy and administration severely eroded the autonomy of state institutions and decision making. It weakened the professional capacities of state institutions to formulate, implement and supervise economic and social policy; and in the case of mining, to engage with and steer resource mobilization and development in a coherent manner. Driven by expediency, state interaction with mining stakeholders became increasingly *ad hoc*, arbitrary, tension-racked and frequently adversarial, and while parts of the sector survived a deepening economic crisis, there was substantial fall-out of resources flowing to the fiscus.

This dynamic of state and power restructuring had far reaching consequences for the politics of resource mobilization in the 2000s. Primary decision-making authority shifted

outside of the bureaucracy and was shared unevenly and problematically among elements of the ruling elite. The state's engagement with mining stakeholders was mediated increasingly by the context of political and economic crisis, and established means of stakeholder-state interaction were eroded and rendered contingent. More broadly, the economic repercussions of ZANU-PF's crisis management—severe economic contraction, foreign exchange shortages, exploding production costs, substantial skills losses, and eventually hyperinflation and severe operating challenges—saw disastrous drops in mining output and fiscal inflows, with few exceptions. Conflicting and contradictory perspectives on mining rippled throughout the state. A key source of new fiscal inflows and foreign exchange earnings, mining was also seen by influential political figures as a point of private accumulation beyond the reaches of accountability (notably in the case of Marange diamonds). Larger operations like those in the platinum sector were taken as a source of both foreign capital inflows and short term funding for redistribution and centralized patronage leveraged through indigenization measures.

The GNU ushered in a period of economic stabilization, but within the context of important constraints: a weakened state; unstable elite intent on defending their economic interests and beleaguered political legitimacy; and a fragile economy heavily dependent on external flows of capital. This amalgam of contradictory forces produced contrasting imperatives for mining policy which were mirrored in divergent visions of mining's path forward. In this mix of interests and dynamics, issues of political expediency, fiscal emergencies, developmental goals and political contestation interacted awkwardly. Contradictory state initiatives were confronted and shaped by constraints and claims from a variety of mining stakeholders, themselves highly differentiated in interests and power.

On this unsteady terrain, state policies around resource mobilization and development in mining emerged unevenly, inconsistently and often unproductively. In the three case studies considered, inconsistent policy making by the state and the residual power of established mining capital and finance markets typically combined to produce negative fiscal and developmental outcomes. In contestation over the mining fiscal regime, repeated state interventions in pursuit of fiscal quick fixes sharply undermined investor confidence, dampened capital flows and pushed more vulnerable operators to the margins. Rather than use mining fiscal policy in a balanced manner as an instrument of revenue extraction and an incentive for investment, government leaned heavily on the revenue-raising aspects of taxation. In so doing, it seemingly eschewed its own broadly-painted policy pronouncements concerning the need for a developmental approach. Despite the policy leverage afforded mineral rich countries by the commodity super-cycle in the first decade of the 2000s, the developmental concessions agreed to by new investors in Zimbabwe mining were thin and unsystematic. In practice, there was little evidence of a developmental strategy linked to reforms of the mining fiscal regime. Moreover, the fiscal contributions of the sector remained mostly static, even as mining's share of GDP and foreign exchange contributions escalated dramatically.

The experience of indigenization echoed similar dynamics. Presented as a strategy to assert national ownership of key economic assets, indigenization and empowerment regulations were ill-designed for either the expansion of revenues or the catalyzing of development and empowerment. As a populist strategy to rally political support, indigenization succeeded; as means for restructuring and transforming key components of the economy, it failed utterly. In mining, the primary claims of indigenization reforms were relatively easily rebuffed by established players, and little meaningful restructuring took place, with very few exceptions. Where innovations did occur, they brought with them a range of challenges to the new beneficiaries of restructuring, and potentially, to

the national fiscus and developmental prospects of the mining sector as well. Lower tax revenues, higher local debt loads and diminished investor interest were the predictable outcomes. Elite rent-seeking and political expediency appeared to have overwhelmed more coherent, systematic plans for developmental indigenization in mining proposed in the 1990s and early 2000s.

In the case of ASM mining, a sector which had great potential for both revenue mobilization and the transformation of gold production in strategically developmental ways, contradictory undercurrents within the state and ruling party reversed innovative arrangements developed in the 1990s. The criminalization of artisanal mining and introduction of large barriers to entry for legal small-scale miners weakened the ASM's revenue generating capacity and destabilized its livelihood benefits. ASM production likely expanded and went to the black market, and state interventions amid rising costs led to small-scale contraction. Gold deliveries fell to historic lows. It was only after another U-turn and re-engagement of the industry and ASM constituencies that policies were reoriented towards enabling ASM inclusion. ASM production and remittances exploded to new levels. The sustainability of this situation remained in question, however, given foot-dragging by the state in formalizing and locking-in the more liberalised, developmental approach of recent years. The role accorded ASM organizations in establishing the terms of the new fiscal and regulatory regime was a likely bellwether of its developmental foundations.

These different cases demonstrated the harmful impacts of state capture and withered administrative capacity for the development of resource mobilization strategies. But they also revealed the continuing power of mining capital, large and small, to resist state interventions, and leverage the state's dependence on mineral exports to gain policy concessions from government. In parallel ways, the budding role of civil society organizations working around resource issues in the 2000s pointed to the vulnerabilities of both government and companies on issues of transparency and accountability, social and economic rights of mining communities, environmental management, etc. Civil society claims around these issues appealed to the state's broad developmental objectives, business' transactional best practices and the grievances of less powerful mining stakeholders (Mtisi 2011). While they were perhaps less effective in swaying policy implementation in practice in the short term, there was evidence that their technical, training and political inputs were helping to consolidate the foundations of stronger frameworks for stakeholder engagement. As the technical capacity of the state had waned, that of a more activist civil society had grown in important ways. Government's willingness to accommodate civil society and other stakeholders therefore emerged as a critical factor shaping the success of extractives development projects. There were few encouraging examples of this in the 2000s, despite extended periods of intense state-society engagement.

Conclusions and Recommendations

This study investigated the mining sector in Zimbabwe over a 35-year period, during which time successive models of resource governance had profound impacts on the mobilization and deployment of resources. In many ways, mining was well-placed to serve as a foundation for state-society engagements around policy innovation for domestic resource mobilization and social development. Zimbabwe's relative breadth and depth in minerals and mineral processing was well established at independence. Mining offered significant potential for upstream and downstream linkages to other sectors; it included labour-intensive subsectors, notably ASM gold; and it provided avenues for

effective consultations among a variety of stakeholders. UNRISD's PDRM approach which informs this study suggests that states' engagements with business, society and donors can contribute to transformative change if resource mobilization is inclusive and results in the redistribution of resources and power which enhance equity. Stakeholder agreements that help promote structural economic reform generate greater social cohesion and functional trust in the state, are ecologically adaptive, and can facilitate wider sustainable processes of social development (UNRISD 2016:21).

Using this PDRM perspective, this paper explores the experience of Zimbabwe mining with a view to understanding the impact of successive rounds of contestation over resource mobilization on social development outcomes in the sector. It situates policy and political engagements around mining against the backdrop of wider debates and processes of social transformation after independence, and investigates the complex interaction among these different scales of policy making. The research asks how, why and with what effects different models of domestic resource mobilization emerged in the minerals sector; what actors and interests were key in driving these processes; what the nature of the relationships among them was and how this changed over time; and which factors were critical in helping to shape power balances and outcomes in the course of these interactions around resource mobilization and governance. The paper starts from the understanding that the configuration of power, interests, capacities and policies around issues of resource mobilization in mining must be seen against the backdrop of evolving social and political power struggles, and the particularities of production and power in the mining and minerals industry.

This study arrives at several conclusions pertaining to the dynamics of stakeholder relationships, institutions and power around resource mobilization. First, it argues that the evolving capacity and political autonomy of the state bureaucracy were critical in the shaping of resource mobilization agendas and strategies in different periods. The coherence, stability and functional viability of state positions and interactions with stakeholders were heavily influenced by the institutional integrity of the bureaucracy, and by extension, the willingness of the political leadership to cede policy management to bureaucratic structures. Second, the study finds that the structural domination of large-scale mining, compounded by persistent shortages of finance due to weak local capital markets and macroeconomic vulnerabilities, consistently skewed resource bargaining in favour of foreign capital and, to a lesser extent, donors. The capital intensity of large-scale mining, fragility of commodity markets for much of the period under review, and relatively uncompetitive cost structures of most mechanized operations in Zimbabwe rendered the bargaining terrain with the state a mostly uneven one. At the same time, the status and influence of ASM operators was more heavily dependent on state support, creating imbalances in state engagements with that section of the industry. Third, the evidence suggests that broader social claims around resource mobilization by a range of mining and non-mining actors, including ASM players, mining communities and civil society did not feature prominently in debates around resource mobilization until relatively recently. While a period of greater state openness to these kinds of engagements saw more intensive interactions, the frameworks of engagement were mostly tailored in keeping with established mechanisms of resource mobilization. Taken together, these findings raise questions about the notion of stakeholder-state bargaining in Zimbabwe mining, particularly when seen in the context of state capture and an increasingly factionalised political elite.

State capacity and bureaucratic autonomy

The historical cases revealed differences over time with regard to the state's technical and administrative capacity, and its political autonomy. In the case of **professional capacity,** the impact of neoliberalism was wide ranging and enduring. Austerity contributed to the withering of the state's supervisory, management and training institutions, and strengthened the hand of large-scale and foreign mining capital in its dealings with government; the establishment of SMLs in the mid-1990s reflected this dynamic. In contrast, ASM miners were dependent on state intervention, which was unpredictable and sometimes hostile. The decline of investment in public mining services under neoliberalism negatively affected small-scale producers, along with mining labour and communities, as the technical and supervisory functions of the state fell. In the 2000s, a further serious erosion of state capacity and coherence compounded the impact of the deepening economic crisis. This resulted in the suspension of operations by many larger mines and placed additional stresses on the small-scale sector. The survival of a handful of larger operations was ensured by special fiscal packages and negotiated concessions from the state. More broadly, there was a collapse of state supervisory, management and training capacities. The consequences were catastrophic for revenue generation: leakages and corruption in the gold and alluvial diamond sectors, fueled by elite predation amid institutional decay within key ministries like the MMD, likely resulted in losses to state revenue totalling some billions of dollars.

The weakened **political autonomy** of state institutions contributed to this destructive situation. In the 1990s, state bureaucrats enjoyed a degree of relative autonomy in their engagements with mining interests. There were regular and constructive consultations with the COMZ and foreign capital. The mini-boom in exploration and new projects in the second half of the decade reflected this environment. This situation was reversed in the 2000s, primarily as a result of state capture and militarization. Senior and midlevel administrative structures were actively deprofessionalized, and policy and regulatory practices were increasingly dominated by interests operating outside of the established bureaucratic channels. The power of ministerial fiat and partisan prescriptions by senior ruling party officials severely destabilized bureaucratic management and mining supervision. At the same time, the space for lobbying and advocacy by mining stakeholders was severely constrained. Opportunities for re-engagement which emerged during the GNU were unpredictable and contingent; for example, while the mining ministry consulted with business and donors around sector reforms and the mining fiscal regime, it aggressively attacked civil society organizations working on issues of transparency and rights abuses in the alluvial diamonds and ASM gold sectors. Furthermore, partisan interference in policy processes created stakeholder confusion about the state's own positions. Government's policy incoherence was reflected in its prevarications and reversals around indigenization, taxation and investment agreements; and perhaps most directly, in its shifting strategies for state participation in mining (notably in Marange), and in its evolving approach to the ASM sector's regulation.

With the end of the GNU in 2013 and ZANU-PF's resumption of singular control over government, some stakeholders expected that a more coherent, evidence-driven process of policy engagement might be possible. The urgent need for government to address issues of high external debt, foreign currency shortages and low investment levels was seen by many as a catalyst for the state's return to all-stakeholder consultations. The mining sector was a prime candidate for such engagements, and moves were made to rebuild technical and management capacity. Despite signs of improved interaction with stakeholders around policy reforms, progress was slowed by lingering vulnerabilities to political interference. For example, while "ease of doing business" reform processes were

initiated, there were also instances of abrupt shifts on regulatory measures like royalties and tax rates, foot-dragging around legislative reform, and continuing *ad hoc* interventions related to perceived cash grabs. Gaping fiscal losses due to mismanagement and corruption, notably in the diamond sector, remained studiously unaddressed. Strong traces remained of the contradictory strategies that bedevilled policy processes in the 2000s: senior officials struggled to address urgent fiscal needs while pursuing longer-term development goals; bureaucrats aimed to strengthen state capacity while facilitating elite predation; and policy makers acknowledged the need for inclusive consultations, while limiting the effectiveness and autonomy of some stakeholders. It became clear that while issues of concern to stakeholders could be raised more easily with government, this did not mean that problems would be dealt with rigorously. Political flexibility failed to nurture effective political leadership moving forward in engagements with stakeholders.

The experience of indigenization policies after 2008 underlined the negative consequences for resource mobilization strategies of the state's contradictory imperatives of policy innovation and political expediency. Under the IEE, the state's bargaining with mining companies around development contributions was not informed by a clear strategy that linked resource mobilization with social development; when it happened, it was on a case by case basis, unguided by transparent criteria, and typically involved benefits for local mining areas. Moreover, company concessions often took the form of corporate social responsibility, a weaker and more tenuous form of community investment compared to state-managed schemes based upon fiscal measures. The IEE's stipulation that future mining investment would have to be undertaken without exception on the basis of a majority local ownership, appeared to remove regulatory flexibility which might have been used strategically to negotiate the terms of new larger investments by foreign players. A more fluid approach to existing projects, contained in a revised framework for IEE introduced in 2016, offered companies the possibility of offsetting equity transfers with investment in local content, infrastructure and community development. This appeared to represent a step forward: the kinds of developmental commitments recognized by the 2016 policy revision had been regularly identified as key by the COMZ. Government, too, had acknowledged these policy components as critical in its draft planning documents. Nonetheless, this alternative and more flexible framework for implementing indigenization seemed to have little impact in the short term, and the continuing focus of the state's practical engagement of the mining industry remained narrowly construed. The lofty goals of the African Mining Vision to which government enthusiastically subscribed—including the strengthening of beneficiation, building of upstream and downstream linkages with other sectors, the greater participation of nationals, and formalization of the ASM sector—had only glancing impacts on government's practical relations with mining capital, and were weakly reflected in negotiations around mining policy reform.

Market dominant forces

The study found a strong continuity over time in the influence of **dominant mining interests** in shaping the parameters of resource mobilization in practice. With few exceptions, the interests of large-scale mining and capital finance markets held sway in the implementation of policy reform, if not its rhetorical-political construction. A broad consensus founded in market-centric regulatory principles and developmental priorities mostly remained in place, despite political claims to the contrary. Larger mining interests generally accommodated themselves to the regulatory *status quo*, and were able to mitigate policy incursions such as indigenization by leveraging their access to external finance in the context of shortages of capital and foreign exchange. In the course of significant contestation over the mining fiscal regime, the state made recurrent tax

concessions to secure continuing and new foreign capital investment; for example, the provision of SMLs to large-scale platinum producers. While mining houses weakly resisted the escalation of *ad hoc* short-term state tax measures in the 2000s, which industry saw as driven by the urgent need to fill fiscal gaps, the basic structure of mining taxation continued to fall within the bounds of international norms. The main statute governing mining, inherited from the Rhodesian colonial regime, remained substantially intact despite frequent government announcements of impending changes in the 2010s.

While indigenization policies in the 2000s were a hallmark of contestation between foreign miners and the state, concessions granted by government in the process of negotiating the case-by-case terms of indigenization raised doubts about the transformative outcomes of the policy intervention. Indigenization was little concerned with the mobilization of resources through taxation or investment, and focused instead on the shifting of control of equity without addressing issues of restructuring production or expanding revenue beyond very narrow circles of interests. Some experts argued that the net impact of indigenization on resource mobilization was likely negative, due to reduced tax contributions, higher foreign debt exposure of indigenous shareholders, lower likelihood of expansion investment and a weaker investment environment for new projects. In practice, indigenization appeared to confirm the commanding position of foreign mining houses in state-business engagements: cases of actual and effective transfer of ownership in principle and practice were very rare.

In contrast to the influence of dominant miners and capital markets, **smaller and mostly domestic fractions of mining capital** were largely marginal to the shaping of the resource politics agenda. The perspectives of ASM operators and medium-scale domestic producers were generally weakly reflected in policy engagements around resource mobilization. Their positions were repeatedly rendered vulnerable to shifts in wider state strategies around minerals, and this was reflected in a volatile and unpredictable regulatory environment for ASM gold miners in the 1990s and 2000s. The formation of the GNU, and later the inauguration of a new constitution in 2013 with local resource governance provisions, fueled expectations of greater inclusion of ASM, mining communities and civil society in debates around state resource mobilization strategies. However, the opening of policy space proved to be limited. Instead, their claims were heavily mediated in practice by frameworks dominated by the state and large-scale miners. For example, strategies to support and expand ASM gold production—including the provision of government loan facilities, liberalisation of gold sale practices, and rescaling of tax instruments and regulatory requirements to accommodate the lower capacities of small-scale producers—were constrained by government's concerns with fiscal limitations on the provisioning of finance, and its primary objective of boosting revenue from ASM gold. Until 2017 there was little effective dialogue between ASM representatives and government concerning tax and regulatory bargains and their outcomes for revenue expansion, production growth and the strengthening of ASM and community livelihoods. While such engagements under the auspices of "ease of doing business" processes were significant, they raised questions about the political dynamics driving these processes, and specifically the inflection of new policy making by calculations of political expediency in the short term.

State-society relations

Until the 2000s, state-society engagements linking resource mobilization to social development strategies were weakly elaborated, and debates touching on mining's implications for social spending were narrowly configured. For most of the period under review, structures and processes of inclusion and accountability around resource-derived

expenditures were constrained, poorly developed or absent. Spaces for lobbying and advocacy by **non-industry stakeholders** around social redistribution in mining were mostly narrow and contingent. The relative weakness of civil society and community actors active in mining issues in the 1980s and 1990s meant that there was little sustained pressure on the state and business to address issues of transparency and accountability; community participation; the ensuring of mining communities' environmental, social and economic rights; and other issues involving equity and access. For this period, the labour movement represented the primary, if more narrowly-construed, source of civil society contention around resource mobilization bargaining. More space opened and a greater diversity of civil society players emerged in the 2000s in response to the changing regulatory environment and strengthening of civil society capacities in issues of environmental, economic and social justice. Political shifts amplified these dynamics.

The GNU offered new opportunities for civil society to engage with state actors, while ZANU-PF's pursuit of more stridently populist, resource nationalist politics pushed mining to the centre of policy debates around development and redistribution. State-society engagements took on a wider scope in this period, as participation in resource governance extended in principle to popular constituencies by policy innovations such as indigenization and empowerment statutes, and constitutional provisions for local participation in resource management. Yet these moves were slow to produce convincing evidence of significant, sustained, widespread and systematic shifts in state resource mobilization strategies involving communities and civil society. Here, new structures created under the IEE (CSOTs and ESOSs) and new provisions for community participation in resource governance at the Rural District Council level were exemplary. Both innovations were formulated with little stakeholder input and proved limited in their accommodation of popular claims to resources. CSOTs and ESOSs were wracked by problems of management capacity and funding arrangements, and were frequently instrumentalized for political expediency. They were limited in geographical scope and primarily benefited communities in close proximity to mining sites; even in this narrower framework their long-term resource mobilization and redistributive impacts were unclear. New resource governance arrangements at Rural District Council also reflected ambiguous gains. While this policy innovation presented opportunities for councils to benefit from mineral rents, the gains were again territorially delimited to ore-bearing areas. Furthermore, the success of this governance model rested heavily on the accessibility of local government structures, their capacity to negotiate and monitor fee payments, and community literacy pertaining to these innovations. Each of these capacity gaps represented challenges. Immediate benefits from resources at local level were clouded by issues of transparency, accountability and access, and required substantial external inputs for capacity building and technical support in order to succeed.

Another area of civil society-state engagement involved issues of transparency and accountability around mining business practices. This work became increasingly prominent in the 2000s due to the convergence of several dynamics. These included growing deficits in extractive sector provision of production and income information (notably around alluvial diamonds in Marange); the expectation of improved access to data on mineral revenues under the GNU; and the expanded capacity of civil society organizations working on tax justice, illegal financial flows, data disclosure and related issues. Much of this civil society activity targeted mining companies and markets, and was pitched as supporting government's efforts to maximize revenue gains from minerals by strengthening the accountability of miners. Much of this seemed a good fit with government's stated intention of clamping down on transfer pricing, irregular licensing practices, organized smuggling and various forms of tax evasion. Yet civil society players

struggled to win the active cooperation of government in establishing rules and monitoring mechanisms for improving sector transparency; rather, in critical instances they were met with hostility and resistance. Civil society campaigns for accountability, social and economic justice around abuses, and large-scale corruption in the Marange diamond fields were mostly unsuccessful. As a result, revenue losses of some billions of dollars' worth of diamonds were left unexplained and unaccounted for by the government, even though it had licensed and overseen all mining operations in Marange since 2009.

More broadly, civil society lobbying aimed at bringing Zimbabwe into international initiatives like the Extractive Industries Transparency Index failed to gain traction, despite the government's stated commitment to implementing best practices models for the extractive sector. Government consulted with civil society for technical support on transparency, while at the same time senior officials engaged in secretive deal-making with miners and pursued rent opportunities. Taken together, these multiple blockages in civil society's path underscored linked, critical vulnerabilities. In the absence of the political leadership's active commitment to reforms, the viability of a best practices approach in the minerals sector was unlikely. Moreover, established patterns of elite predation, enabled by the legacy of state capture and facilitated by elite control of bureaucratic oversight, suggested that structural impediments to improved accountability in the extractive resources sector would be difficult to overcome without a strategic commitment in this direction by government. Without new initiatives by the state, there were few incentives for mine operators to follow suit. Transparency, accountability and tax reform measures were therefore relatively ineffective points of leverage for resource mobilization bargaining strategies in the hands of either the state or civil society organizations.

A developmental state?

The current project of building a **"developmental state"**—one which leading mining stakeholders have explicitly endorsed—is a direct reflection of the 2000s' legacy of a diminished, uneven and unpredictable state sector. Mining actors argued that without more stable foundations for engagement, key requirements for recovery and growth—including a competitive fiscal regime, a less toxic investment climate and a strategy for inclusion of ASM—would be difficult to establish. Most researchers and stakeholders contended that state capacity had to be strengthened before the benefits of resource mobilization initiatives like the SWF could be realized. The consensus around the need for a developmental state came amid scepticism that the political environment was conducive for its construction. This impasse points to a critical problem in the conceptualisation of the Zimbabwean state in the 2000s. Patterns of intra-state conflict and state-society contestations presented in this study suggest the consolidation in recent years of a complex and uneven state. Characterized by politically heterogeneous institutions dominated by competitive, rent-seeking elite factions, the contemporary Zimbabwean state displayed significant incoherence in the implementation of policy in the mining sector.

This reality is far removed from the model of the developmental state as seen in either its original East Asian version or later incarnations. In those historical models, policy coherence was typically generated via a professional, relatively autonomous bureaucracy; managed by a centralised authority armed with a strategic vision; and linked or embedded in integral ways with business (and in some models, broader social interest) (Saunders and Caramento 2017). The findings of this study suggest that these conditions were absent, or at best unevenly and problematically developed, in Zimbabwe's state in the 2000s. While aspects of developmental state dynamics were sometimes in evidence in

specific sectors of the welfarist state in the 1980s, the state's organizing capacities and authority withered under neoliberalism. In the 2000s, state capture, elite factionalism and widespread rent-seeking compounded the institutional weaknesses of the state's neoliberal legacy.

An important conceptual component of the PDRM project is the notion of stakeholder bargaining *with* the state over resource mobilization (UNRISD 2012a, 2012b). In this regard the Zimbabwe case raises questions about the coherence and role of state actors, and points to the need for a more nuanced view of the state and the multiple bargaining positions it has simultaneously pursued, particularly in the 2000s. In Zimbabwe, the convergence in the state of dynamics of elite predation, factional competition, institutional weakening and partisan manipulation helped to generate competing nodes of accumulation and power at the heart of government, and spread across multiple state institutions. This was an important source of contradiction in state strategies involving resource governance. It suggested, as well, the need for a more nuanced understanding of how different stakeholder interests outside the state sought consensus with elements within it, to the exclusion of other state-based actors. Targeted state engagement of this kind by non-state actors contributed to the widening of gaps and tensions among state-based interests and players, and increased the likelihood of state incoherence. As a result, the emergence of a workable framework for domestic resource mobilization was critically undermined.

Zimbabwe in a global context

In important ways, Zimbabwe mining's experiences with different models of domestic resource mobilization provide lessons for mineral-rich countries faced with similar challenges around state capacity and politics, production unevenness including dependence on foreign players, and financial weaknesses. The historical evolution of state-society relations around issues of extractives and development suggest a number of critical components are needed for a transformative DRM strategy.

The **strengthened capacity and political autonomy of state institutions and policy-making processes** are a critical starting point for the establishment of predictable, consistent and viable resource mobilization strategies as the basis of engagement with stakeholders. This requires investment in technical and management capacity, a clear consensus of strategic priorities guiding state policy making around resources, and importantly, a commitment on the part of elites and the political leadership to actively empower bureaucratic authority. State management capacity is insufficient by itself: mechanisms ensuring the insulation of the bureaucracy from irregular elite interventions including rent seeking are critically important, particularly in cases which involve high value assets such as Marange's alluvial diamonds.

There is need **to recognize and address imbalances in the capacity and power of local mining interests** when they occur in order to prevent the distortion of state-society policy engagements. In countries like Zimbabwe, which are heavily dependent on large-scale foreign mining companies, and in which weak capital markets and high operating costs make the emergence of large-scale domestic players unlikely, the domination of production, revenues, employment and investment by external actors is inescapable. This has led to unevenness in the focus, trajectory, viability and outcomes of resource mobilization bargains. Insufficient has been attention to local players and the development of the domestic sector, notably ASM. Expanding the scope of revenue mobilization and development suggests the need for greater recognition and inclusion of a range of mining players, and their more consistent engagement in policy formulation

and implementation processes. This implies strategies for nurturing the growth of domestic mining through the easing of access to capital, training and support services; the establishment of linkages, mentoring and partnerships with larger-scale capital; and the formalization of ASM by statutory and regulatory reforms.

A further implication is the need to **strengthen and support the activities of civil society interests** working on mining issues. Mining communities and civil society organizations can play a vital role in bargaining with companies and government institutions over fiscal, infrastructure, social and other benefits; in the provision of technical support and oversight capacity to the state in its engagement and bargaining with mining companies; and in monitoring, evaluating and identifying ways to strengthen revenue flows from minerals. Stronger, empowered roles for civil society in these activities enhances state bargaining processes and improves resource mobilization outcomes.

Policy frameworks require flexible calibration for the optimization and balancing of fiscal, developmental and political priorities. Mining fiscal regimes need to be strategically balanced with incentives for developmental investments like strengthened beneficiation, upstream and downstream linkages, and local content. Interventions involve not just making the fiscal regime investment-competitive, but also developing clear strategies that include transparent, systematic incentives aimed at leading investor behaviour and strengthening priority capacities. Resource bargaining needs to be targeted, refined and relevant: wish lists of policy prescriptions borrowed from generic models of mineral sector development produce few constructive results. Special case-by-case bargains, particularly around unique fiscal concessions, challenge and disrupt broader resource bargaining strategies, and can result in both fiscal losses and limited developmental outcomes.

Policy processes engaging around issues of **mining domestication, empowerment and participation, and resource sovereignty** feature prominently in national debates and state interventions in the minerals sector in the wake of the commodity super-cycle of the early 2000s. The evidence from Zimbabwe suggests these policy platforms present both opportunities and risks for transformative strategies around resource mobilization. The forms, sector targets and phasing taken by resource nationalist policies in practice differ critically in their revenue and redistribution outcomes. Accelerated equity-based empowerment in Zimbabwe had largely negative fiscal and social impacts in the medium term, involved a narrow geographical footprint, and failed to meaningfully incentivize the restructuring of extractive processes to enable wider developmental effects such as expanded and higher skilled employment, and active local participation in new investment and production. On the other hand, policy reform focused on the formalization of ASM, and the strengthening of its capacity by the improvement of access to finance, training and marketing supports, demonstrated the multiple benefits of strategically targeted policy processes. These included dramatically expanded gold production for the formal market, higher state revenues, improved incomes by ASM miners and communities, strengthened environmental controls and awareness, and lower levels of criminality, violence, smuggling and fiscal leakage.

In Zimbabwe, the **contrasting drivers of policy interventions**—political expediency, patronage and rent seeking in the case of indigenization; strengthened revenue flows, regularization of production and improvement of livelihoods in that of ASM gold in recent years—point to the critical role of political leadership in formulating strategies around resource mobilization and putting into place enabling structures and processes to optimize them. These variant cases also underscore the positive impacts of strengthening

the state's engagement with stakeholders: in Zimbabwe, improved consultation with miners, communities and civil society underpinned the most promising examples of resource mobilization and developmental gains in the contemporary period.

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Appendix A: Mining Fiscal Regime: Taxation Instruments

Taxation in the mining sector 2012

Tax Measure	Rate
Corporate income tax	25%
Value added tax	15%
Additional profits tax	SML only
Customs duty	0-60%
PAYE	Up to 35%
Capital gains tax	15-20%
Marketing Commissions (MMCZ)	0.875%
EMA charges	2% of gross revenue
Local authority charges	Vary with local authority
Mining licence fees	As per variable SI schedules
Other taxes include manpower development levy, National Social Security Authority, rural electrification	

Source: COMZ (2012); cited in Jourdan et al (2012: 74), based on COMZ data.

Varied taxation for special mining lease (SML)

Contractual Stabilization
CIT
• Rate of 15% • Exploration expensed; development depreciated 25% per year • Full ring fence*
Additional profits tax
• Negotiable – only 2 SMLs • 2 tier: 15% and 20% rates of return • Rates: vary with CIT rate – at current CIT rate first tier APT rate is 41.5%
Full duty exemption for 5 years

Source: COMZ (2012)

Appendix B: Taxation Statutes in the Mining Sector

Tax	Governing Legislation	Applicable to Mining	Applicable to Non-Mining
Corporate income tax	Income Tax Act	Yes	Yes
Aids Levy	Income Tax Act	No	Yes
VAT	Value Added Tax Act	Yes	Yes
PAYE	Income Tax Act	Yes	Yes
Capital gains tax	Capital Gains Tax Act	Yes	Yes
Withholding taxes	Income Tax Act	Yes	Yes
Additional profits tax	Income Tax Act	Yes (SML)	No
Customs duties	Customs and Excise Act	Yes	Yes
Royalties	Mines and Mineral Act	Yes	No
MMCZ commissions	MMCZ Act	Yes	No

Source: Deloitte (2012)