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1.0 Will Zimbabwe lift the ban on DTZ-OZGEO Mining Activities along Mutare River in Penhalonga?

2.0 Exclusive Interview with DTZ-OZGEO Mine Director. Part One

2.1 Background.

DTZ-OZGEO is a partnership between the Development Trust of Zimbabwe (DTZ) and a Russian registered company called Econedra. DTZ was set up as an initiative of the Vice President Dr. Joshua Nkomo in 1989 with the vision of ensuring that Zimbabweans become active participants in development projects through sustainable management of their natural resources. Leaders of Zimbabwe African National Union (ZANU) and Zimbabwe African People's Union (ZAPU) agreed that part of the profits from the trust's projects would also be used in the development of Matabeleland to offset low government investment in that region. The political base of DTZ has played a key role in the development of the alluvial gold mining project along the Mutare River in Penhalonga and diamond mining in Chimanimani to mention but just a few (CRD 2012).

The Centre for Research and Development (CRD) undertook a research on the socio-economic and environmental impacts of gold mining in Penhalonga in 2012 and found out that mining was taking place against environmental laws that prohibited mining within 30 metres of the river bed. The consequence of mining in the riverbed has been water resource degradation, loss of bio diversity and dust pollution impacting negatively on the mining community. The CRD also found out that there was competition in the extraction of gold deposits along Mutare River between DTZ-OZGEO and artisanal miners who considered Mutare River to be their source of livelihood. In 2013 Joseph Mutasa was found dead at DTZ-OZGEO mining field where he had gone to pan for gold. His accomplice told CRD that he last saw Joseph running for dear life at the pursuit of highly charged company security guards.

In December 2013 government ordered mining companies to stop mining activities in riverbeds following revelations of destructive mining practices in Mazowe River by small scale Chinese miners. DTZ-OZGEO was not spared, and in April 2014 the company appeared before the Portfolio Committee on Environment, Water, Tourism and Hospitality to have the ban lifted

sighting the plight of over 400 workers who had lost their jobs following the ban. The government did not hide the call and went on to effect more stringent measures through in acting Statutory Instrument 92 of 2014 ,Environmental Management(Control of Alluvial Mining)regulations, which ban alluvial mining in river beds,banks,wetlands and any land within 200 metres of naturally defined banks(Government Gazette 6 June 2014).

In light of these developments, CRD held a series of interviews with Ismaeil Shillaviek, mine director at the troubled DTZ-OZGEO Mining site in Penhalonga.



Fig 1 Mine Director Mr. Shillaviek showing CRD grass planted along Mutare river as part the of the company's environmental rehabilitation exercise.

2.2 Mining licence and community development

Q. .Large scale shaft mining operations have been taking place at Redwing mine in Penhalonga for over a century now. The government did not consider any option by mining companies to carry out mining activities in the riverbed because of the disastrous environmental impacts

associated with it. Why was DTZ-OZGEO then granted a special grant to mine in Mutare River in 1995?

A. We got an exploration order in 1995 to explore for gold in many rivers in Zimbabwe and what we found here I believe is the biggest alluvial gold deposits in Zimbabwe. We have the best Russian experience and technology of mining in the river bed and we use the best rehabilitation practices. We do not use mercury to separate our gold like informal gold miners. We pay tax to government and create employment for the community unlike panners whose activities are difficult to control and government cannot easily collect revenue from them.

Q. There has been an outcry from government over what they suspect to be covert mining practices including smuggling of gold through the border with Mozambique? Is DTZ-OZGEO remitting money to fiscus?

A. Government is the sole buyer of the gold that we mine. We do not smuggle gold, it is sent to fidelity printers. We are even prepared to publicise dividend but some of our partners are not happy with that.

Q. Who is not happy with your company availing such information to the public?

A. At one point we tried to do that in 2012 and someone from the ZMDC strongly warned us against it.

Q. We noticed that roads are in a deplorable state and when we interviewed some residents of this community they claimed that your heavy trucks are destroying their roads? The community here is largely poor and not benefitting directly from your mining operations. What are you doing to address these concerns as part of your social corporate responsibility?

A. It is not our responsibility to refurbish roads for the community. We are business people and we pay tax to government and Mutasa Rural District Council. It is their mandate to upgrade roads and infrastructure not DTZ-OZGEO. Infact you must help educate members of the community especially politicians to give space for business to grow just like in the developed world without interference in order for it to multiply and reach levels where it becomes profitable to meet some of these community expectations. We have contributed in many ways though including building an orphanage at St Augustine school, paying school fees for best students there. We sent one student to the school of mines in Bulawayo and some we are sending to Russian Universities so that they can come back and operate machinery at the company. We have also formed a trust in Muchena where we are training locals on replanting indigenous trees. The biggest challenge is that the community expects more from us and we cannot meet all their expectations.

Q. Does the company meet the indiginisation requirements people claim that Russians are in total control of mining operations and locals are operating on the fringe of this mining venture?

A. We are in a 50/50 percent shareholding with our Zimbabwean counterpart. The company employs over 450 people mostly Zimbabweans and some of them are in higher positions than me. However the laws in the mining sector are too many in this country and confuse investors. We do not understand this phrase “that people must benefit “.We pay tax to government so why must people benefit from us again? We may consider starting different projects altogether because of the prevailing situation. When we started mining operations in the 90s we did not have people coming to our company to demand money. Today everyone wants a share and politicians are telling villagers that the resources belong to them. The government must come up with one mining law that does not confuse us. We need years of mining for us to be able to give shares to the community.

2.3 Illegal panning activities

Q.How are you then going to address the issue of panners who are fighting for mining space with your company because they believe they are the rightful owners of this resource? Have you compensated the family of Joseph Mutasa who was murdered by your company security guards here?

A. The company guards did not kill him there is no evidence. We however apologized to the family for the incident and gave them some form of assistance. Panners are being driven to the mining site by poverty which DTZ-OZGEO on its own cannot address. It is a serious issue that must be addressed at national level and I urge government to come up with solutions to this problem. We have had several meetings with residents associations and local council over this issue but nothing tangible has come out. We can only defend our interests in the mean while.



Fig 2 & 2.1 *Illegal panning activities along Mutare River where DTZ-OZGEO has carried out rehabilitation exercise. Mining has failed to address socio-economic challenges of the immediate community.*

2.4 Environmental Concern and Suspension of mining operation

Q. Judging by what we are seeing in section 3 and 4 of your mining sites it looks like you are concentrating more on extraction than rehabilitation. Why have you failed to meet the agreed targets set by EMA to rehabilitate the environment that you have destroyed in your first phase of mining operations?

A. The rehabilitation exercise is very expensive and we need to mine in order to finance it. The country went through a meltdown for a number of years but DTZ-OZGEO did not close mining operations like what other companies did. We struggled during this period and we have not yet fully recovered. We are also not making a lot of profit out of this mining venture because the cost of diesel and repairing of machinery that is constantly breaking down is very high. We have an obligation to reclaim the land and I admit that the process has been very slow.

We have a nursery at DTZ-OZGEO for grass, indigenous and exotic trees that we plant after reclaiming the land. We have a programme called green Zimbabwe Campaign where we have partnered 14 schools in the district to plant trees in their communities as well. We provide them with seeds and we have also set nurseries at some of the schools and to date over 5000 trees have been planted in Mutasa District. We appeal to EMA to give us more time by allowing the company to continue mining so that we can raise the financial resources required.



Fig 3. Section A of Mutare River where rehabilitation has been completed. One EMA official described the rehabilitation exercise done here as “environmentally unsustainable”. **Fig 3.2.** Nursery Plant at DTZ-OZGEO growing plants to restore biodiversity destroyed out of years of mining in the river bed. The nursery is also providing plants for the green Zimbabwe campaign.



Fig 4 No rehabilitation taking place along Mutare River at present. According to DTZ-OZGEO they need to continue mining in order to finance the exercise. The community fears that they may become permanent victims of a degraded environment if a solution is not found soon.



Fig 5 Land Reclamation yet to begin at Premier where DTZ-OZGEO has been mining along Mutare River causing large scale degradation to commercial land.

Q. The Environmental Management Agency (EMA) has allowed DTZ-OZGEO to mine in Mutare River in direct violation of environmental laws in Zimbabwe over the years. Why have they decided to stop you now?

A. We have a cordial relationship with EMA and we have been working very hard to comply with their regulations. Politicians gave mining contracts to Chinese companies who do not have experience to mine in Mazowe River and this triggered everything. Now other politicians are complaining that DTZ-OZGEO must close because others have been closed as well. My challenge with politicians is that why did they grant us this licence in the first place? Each and every time a new politician comes into office new orders are given. Zimbabwe will not have as many investors coming to invest here because politicians are unreliable. We have been to EMA several times and they keep telling us that we have to go to Harare because the decision came from Harare.

Q. What is the future of DTZ-OZGEO in Penhalonga now that government has added more prohibitive laws against alluvial mining on riverbeds?

A. We have appeared before the portfolio committee on Environment Water Tourism and Hospitality to lobby government to reverse the ban and consider the plight of our workers. We need to pay over 500 workers who have now gone for over 6 months without salaries.

The country will continue to lose gold to panners who do not remit any revenue to government. We will continue to engage with government in order to have the ban lifted.

3.0 On the Horizon; Part 2, DTZ-OZGEO responds to Socio-economic impacts of mining operations at Charleswood in Chimanimani