

Press Release

14 May 2021



COMMUNITIES IN MANICALAND PRESS RELEASE ON GOLD LEAKAGES IN ZIMBABWE

ZICET: CONTINUED GOLD SMUGGLING IN ZIMBABWE WEAKENING DOMESTIC RESOURCE MOBILAZATION.



Zivai Community Empowerment Trust (ZICET) has been in the past following the arrest of local and foreign players in the gold trade industry in Zimbabwe. Recent reports from across the border, Limpopo, states that a Zimbabwean man was arrested at O.R Tambo International Airport in South Africa trying to smuggle 23 pieces of gold. It is disheartening for Zimbabwean citizens when the country is losing domestic revenue to smuggling when resource rich communities are failing to access basic service delivery and sustainable economic benefits. Corruption and gold smuggling among other issues have crippled the

country's efforts to leverage on its vast mineral resources to deliver basic services such as education, health and clean water. For the record it is believed that gold smuggling in Zimbabwe is done through well-organized syndicates. It is the government's prerogative to curb these illegal acts. Our government is losing revenue through illicit financial flows (IFFs) hence the US 12billion mining economy vision by 2023 becomes unachievable.

IFFs in the mining sector are hampering socio-economic development hence there is a serious need of the Government to act responsibly. As a community organization which is deeply rooted where gold is being extracted, we seriously condemn the resource leakages. We therefore call upon the government to demonstrate commitment to transparency and accountability in gold mining. We call upon the government to develop a Gold Trade Policy that provides policy direction on marketing of gold including creating scope for responsible gold production and sourcing systems. Fidelity Printers and Refiners should review their gold prices in line with the London Bullion Market Association (LBMA) for competitive pricing.

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PYDT: GOLD SMUGGLING A THREAT TO YOUTH EMPOWERMENT



Penhalonga Youth Development Trust (PYDT) is deeply concerned over a report that a Zimbabwean man was caught at O R International Airport in South Africa en route to Dubai with smuggled gold worth R11 million (US\$730,000). PYDT is a youth based organisation working in Penhalonga to promote the rights of the youths in mining development. The smuggling incident has a direct bearing on our community where there is rampant stripping of gold by companies controlled by political elites. The plunder of gold in Penhalonga is at an alarming level. Selfish agendas of a few are destroying the lives of many. Unregistered gold buyers have flooded Penhalonga. They work hand in glove with illicit miners operating in

Penhalonga to flourish the black market. Due to high levels of unemployment in Zimbabwe desperate youth are being subcontracted by middlemen investors to open dangerous pits and extract gold without any regards to human safety. A number of them are sustaining permanent injuries. Some are losing their lives from mining collapse, others are dying from malaria because they sleep in temporary shacks and open fields. Our environment in Penhalonga is degraded and polluted with impunity. The community of Penhalonga is violated and impoverished. Recently the local authority increased levies by 600%. The increase is beyond the reach of the majority of residents who are not employed. The local authority is forced to direct high increases on residents because it has limited sources of revenues.

Mining activities in Penhalonga are political, heavy-handed and unaccountable to local taxes and community development. The PYDT calls upon the government to immediately cancel mining contracts for middleman investors in gold mining. These investors are the major players behind gold smuggling and the flourishing black market in Zimbabwe. They are abusing their political connectedness to engage youth in unregulated and high risk mining activities in our communities. PYDT also calls upon President Mnangagwa to ensure that the Ministry of Mines is allowed to mainstream youth in gold mining in a transparent and accountable manner. Transparency and accountability will end child labor in gold mining whilst curbing smuggling and crime. Accountability will result in best environmental practices, improved revenues to local councils and community development.

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ACDCT: IMPLEMENT DEVOLUTION TO PROTECT THE RIGHTS OF CITIZENS TO DEVELOPMENT



The Amalgamated Chiadzwa Development Communities Trust (ACDCT) is a community based organisation with a mandate to demand for the protection and sustainable utilisation of natural resources in rural communities of Manicaland Province. The ACDCT Chiadzwa platform strongly condemn the failure by government to combat gold smuggling in Zimbabwe. ACDCT is however not surprised to learn that Robert Mugabe International Airport has become notorious for facilitating mineral smuggling despite being

garrisoned by state security agencies. It is common practice in Chiadzwa that on a rotational basis state security operatives have been central in facilitating illegal diamond digging and smuggling activities ever since the government took over the diamond fields from African Consolidated Resources in 2006. The consolidation of diamond mining by government in 2016 sidelined our community. Consolidation further entrenched the interests of political elites in diamond mining. Diamond extraction by Anjin and Zimbabwe Consolidated Diamond Company (ZCDC) is currently taking place in our Chiadzwa community. Chiadzwa is located in ward 30 of Mutare District in Manicaland Province.

In this community service provision has broken down. There is one clinic serving 20 villages with an estimated population of 20 090 people. Medical services are not adequate at the clinic against long walking distances that range from 7 to 18 kilometers. Only 34 boreholes are functioning. A considerable number of households have abandoned their rural homes to settle along river Save and Odzi in order to access water. Chiadzwa is a dry region which receives less than 500 milliliters of rainfall every year. School infrastructure is dilapidated and there is no electricity and running water. The community cannot meet new curriculum demands on textbooks for 6 subjects at primary school and 10 subjects or more required at secondary school. In some cases, only a teacher's copy is available for class enrolments ranging from 45 to 68 pupils per teacher. School improvements grants from UNICEF which most schools rely on, are only available to primary schools. Overall pass rate in both primary and secondary schools in my community is below 45%. There is high increase of school dropouts caused by illness from malaria, long walking distances to school, long distances to fetch water and biting poverty.

School dropouts has given birth to early child marriages. High increase in child marriages has increased cases of domestic violence and divorce in my community. My community is malaria infested because of excavation pits that were created by diamond mining companies. Children are the most affected. There is high absenteeism in schools as a result of malaria. Most roads in my community are not accessible and some children fail to attend school in the rain season for fear of being swept away by flooded rivers. Our local authority, Mutare Rural District Council (MRDC) is divided into 36 wards. Our district is endowed with gold and diamonds. Policy centralisation by government makes it difficult for MRDC to derive meaningful revenues from resources that are being exploited in our communities. As a result, MRDC cannot effectively meet basic service delivery in our communities. On a daily basis, our community is subjected to all forms of state brutality because of diamond mining. There is no information from government on revenues generated from diamond mining. Yet the smuggling of minerals through state institutions continues unabated.

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CDT: Political Interference in Gold Mining Fuelling Leakages and Rights Violations



The seizure of 23 pieces of Zimbabwe's gold worth R11 million at O R International Airport that was being smuggled to Dubai reflect on the growing criminal practices in the gold mining industry in Zimbabwe. In our community, illegal gold digging is ring fenced from accountability by people with political influence. They control illegal digging and smuggling syndicates in Chimanimani District. There is wanton digging of gold in Tarka forests, Chimanimani National Parks, Roscommon Estates, Nyabamba, Rusitu Valley, Haroni and Rusitu river confluence.

Illegal gold digging is also taking place in Springfield (Masiza) and Bullock areas. Political elites have manipulated mining authorities to award themselves with several gold claims in these areas. Gold mined in these areas is being sold on the black market and smuggled to international markets through Mozambique and South Africa. The reluctance by government to empower Fidelity Printers to control gold buying in our district is clear evidence that political elites are profiting from the black market through tax evasion and externalisation of forex.

There is no Fidelity gold buying post in these mining areas. At the same time Fidelity is aiding the black market to thrive by offering poor prices for the gold. Government has shown little interest in formalising artisanal mining to ensure that local communities derive benefit from mineral exploitation through revenue contribution to local authorities and fiscus. The mining of gold in Chimanimani is dominated by land degradation, destruction of forestry, increased crime and water pollution. The community of Chimanimani live in abject poverty amid poor service delivery despite the abundance of minerals and forestry. The CDT calls upon government to empower communities in gold mining through transparent and accountable policies. Political elites are behind the escalation of illicit gold mining activities and environmental violations taking place in our community.

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PRRT: RESIDENTS BEMOAN CONTINUED LOSS OF REVENUE TO GOLD SMUGGLING



As the citizens of Zimbabwe reel under hardships in a distressed economy engulfed with high unemployment, inflation, poverty and poor service delivery, the residents of Penhalonga are disturbed by organised gold leakages that continue to occur in the mining sector. A significant amount of revenues from gold and other precious minerals are not finding way into the Reserve Bank because of excessive looting with culprits being condoned and not brought to book. As a result of this malpractice,

the executive is losing people's expectations on servant leadership. What is unique in Zimbabwe

is unaccountability. Recently a Zimbabwean was caught at O R Tambo International airport with 23 pieces of gold worth R 11 million. This comes after another smuggler, Henrietta Rushwaya was apprehended at Robert Mugabe International Airport with 6kgs of gold worth US\$400 000. Penhalonga residents mourn the corruption bedeviling the management of their natural resources. Systematic corruption has robbed them of better service delivery and sustainable development. As residents of Penhalonga we demand that; Ministry of Mines take control of gold production and marketing in the country. President Mnangagwa must deal with corruption in the gold mining value chain and engage international institutions to stop gold smuggling to Dubai and other international destinations. Government must implement devolution to enable communities to monitor their mineral resources. Meanwhile, government must stipulate a competitive pricing regime for Fidelity to curb black market flourishing.

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CRD: Restore Constitutional Powers of Legislation to Parliament in Zimbabwe



President Mnangagwa rejected to assent the Mines and Minerals Amendment Bill (MMAB) in September 2018. The Deputy Attorney General pointed 10 clauses of the bill which the President said were weak and needed redrafting. In July 2020 Mr Nelson Diaz, the Deputy Attorney General Legal Drafting, appeared before the Parliamentary Portfolio Committee on Mines to explain reasons for the delay in drafting the bill. His appearance followed the failure by the Minister of Justice to meet the

October 2019 deadline to present the bill in Parliament. Mr Diaz pleaded for 2 weeks to produce the final draft of the bill highlighting that his drafting team was understaffed. The bill has not seen the light of day in Parliament up to now. Information obtained by CRD indicate that plans by the Ministry of Mines to amend the Gold Trade Act (Chapter 21:03) together with the Precious Stones Act (Chapter 21:06) have stalled at the research stage because drafting of the main bill (MMAB) has not been completed.

The amendments were important to curb leakages in the trading of gold and precious stones. The constitutional Amendment Bill No 2 was processed into law at lightning speed because it intends to safeguard the interests of the executive. The views of the people of Zimbabwe on the bill that were expressed through Parliament were not adopted. Consultations on the MMAB have been extensively carried out over the years but rejected by the executive. The law making process in Zimbabwe has become a preserve for the executive. The hemorrhage that the country is experiencing in the gold sector is as a result of the decision by the executive to hold on to laws and practices that promote self-interests over public accountability.

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