



Raising the community voice in the extractive sector

## **Statement on Developments in the Extractive Sector in Zimbabwe**

### **Optimise oversight function to effect public accountability in mineral governance – 9th Parliament of Zimbabwe**

The CRD welcome the appointment of chairpersons of portfolio committees by the 9th Parliament of Zimbabwe. The reappointment of Temba Mliswa to chair the Portfolio Committee of Mines must reignite the unfinished business in the Marange diamond inquest. The CRD is disheartened by the failure of the 8th Parliament of Zimbabwe to exercise its powers and hold the executive to account for their actions in the plunder of Marange diamonds. In its diamond inquest report, the Mliswa led committee recommended that Zimbabwe Consolidated Diamond Company (ZCDC) be dissolved and replaced by former mining companies. This recommendation is scandalous in light of gross human rights violations that were perpetrated by former miners. Overwhelming evidence of these violations were at the committee's disposal in the inquiry. The government has already invested US\$80 million of public funds into ZCDC for conglomerate diamond mining. It is imperative for parliament to ensure that public investments are protecting by holding ZCDC to account for its mining operations. The CRD believe that economic justice can be realised by communities through good governance of their natural resources. It is therefore important for oversight institutions like the Parliament of Zimbabwe to optimise their function in a democratic and transparent manner.

The CRD calls upon the 9th Parliament to follow up on former government officials and mining executives implicated in the plunder of alluvial diamonds in Marange and hold them to account. The diamond inquest established that the security arms of the state were partners in some of the diamond mining ventures between 2009 and 2016. The inquest also established that their operations were opaque and unaccountable. The CRD called for the removal of security arms of the state from Marange during this period because of their involvement in gross human rights violations. Government did not hid the call. Allegations that the Zimbabwe National Army and their Chinese partners are re-establishing their operations in Marange must be verified by parliament. In recent months, the government has announced mega mining deals for platinum, diamonds, lithium, methane gas, iron, chrome and oil to name but just a few. Some of these deals involve the security arms of the state that have committed human rights violations in Marange. The CRD again calls for parliament to optimise their oversight function on the deals in order to effect transparency and accountability.

The diamond inquest report presented by the Portfolio Committee of Mines to Parliament on Thursday 7 June 2018 was largely self-defeating. The CRD would like to remind the 9th Parliament of Zimbabwe that they have been entrusted with the people to uphold the integrity of good governance in their mandate.

### **Expedite reforms ahead of "mega deals" in governance of natural resources – Government of Zimbabwe**

The government must show commitment to good governance by expediting reforms in a transparent and accountable manner. The government promised to roll out devolution against a background of governance deficits and unaccountable revenues generated from the exploitation of natural resources. In his election campaign President Mnangagwa promised to withhold new diamond mining until government has come out with a transparent and accountable legislative framework for the diamond industry. However, his government has not stopped signing new mining contracts with investors for all key minerals found in Zimbabwe. These mining contracts are not backed by transparent and accountable policy frameworks. In his proposals for devolution, President Mnangagwa assured the nation that each province will have its own economic development plan underpinned by resources found in its locality. It now raises eyebrows how provinces will benefit from their resources when central government has already signed off exclusive mining rights for their strategic minerals. In his election campaign, Mnangagwa disclosed that a land audit was underway to flush out multiple farm ownership and implement a transparent and equitable land tenure system that promote investment and improved human security. There has been no update from President Mnangagwa on the progress made so far. The government has failed on several attempts to undertake a comprehensive land audit because the majority of multiple farm owners are ZANU PF heavyweights and securocrats loyal to the political establishment.

The government has imposed austerity measures on the economy that are hazardous to the poor in Zimbabwe. These measures are meant to reduce government expenditure on social amenities in order for government to attract funding from international monetary institutions. Zimbabwe is saddled with a domestic and international debt of US\$16.9 billion according to finance Minister Professor Mthuli Ncube. Kleptocracy and lack of fiscal discipline has been the major contributing factor to Zimbabwe's ballooning debt. In the diamond sector only a paltry US\$300 million was realised out of US\$2.4 billion of official diamond exports from Marange between 2009 and 2015. Former President Mugabe estimated that US\$15 billion of alluvial diamonds could have been lost through illicit trade. The government was a partner in all the mining companies that plundered Marange diamonds during this period. Zimbabwe missed an opportunity to turn around the economy from its rich alluvial diamond discovery and end the country's dependence on foreign aid because of kleptocracy. President Mnangagwa has pleaded with the poor to accept hardships brought by the austerity measures but his government is not willing to account for the missing diamond revenues. As it stands, the austerity measures are a poor man's burden.

It is against this background that CRD is demanding from government more meaningful space for citizen engagement in governance of natural resources. This can be achieved by involving civic society and community based organisations in key decision making processes. In March 2018 government retained its discretionary powers over shares that may be held by communities when it amended the Indigenisation and Economic Empowerment Act. This move is yet another demonstration by government that it is not committed to treat communities as equal partners in the exploitation of their resources. Civic society and community based organisations must play a central role in the formulation and implementation of the devolution and diamond policies among other issues. Citizen engagement in natural resource governance is the only solution for Zimbabweans to take charge of their resources and use them meaningfully to come out of the throes of poverty.