



*Raising the Community Voice in the Extractive Sector*

### **Press Statement by the CRD on the closure of diamond operations.**

The Centre for Research and Development is following with keen interest the order made by the ministry of mines yesterday that mining companies must cease all mining operation. Diamond mining operations in Marange have been a site of lack of transparency and accountability since commencement of mining operations in 2008. Opaque mining practices have deeply impoverished local communities whilst pillaging the country's natural resource for individual gain. It is against this background that government has decided to centralise its oversight in the exploitation of diamonds by merging all diamond players in the newly formed Zimbabwe Consolidation Diamond Company (ZCDC). The CRD is however concerned that government has already started the consolidation process without undertaking due diligence processes that would have forced mining companies to account for economic plunder of Zimbabwe's diamonds. We are deeply concerned that prior to the merger, government has not instituted independent audits on all mining operations in Marange where government is a major shareholder. Again there is no feedback from the minister of mines on the order he gave to mining companies to submit audited financial reports to government in June 2015. Audited reports on Marange diamonds were critical to provide direction to the mergers if the issue of transparency and accountability was to be of priority to government. Meanwhile the people of Marange have a legitimate right to claim compensation from mining companies for forced displacements and environmental degradation. The government is in complicit by disregarding this legitimate expectation.

### **Urgent steps in the transition period**

The cessation of mining operations is an opportunity for government to give closure to perennial problems in the diamond sector by addressing the following:

- Immediate withdrawals of all military personnel in Marange diamond fields and strengthen police operations to maintain law and order during the transitional period.
- Immediate freezing of all company assets in the diamond fields and initiate due diligence processes. Companies must submit audited reports and government must have them published during this period.
- Government must investigate all diamond executives involved in Marange diamond mining and hold them to account for resource plunder and human rights violations.
- Institute a consultative forum for all stakeholders in which the legitimate submission of the forcibly removed and uncompensated peoples of Marange would be tabled and considered in the proposed new structures.
- The parliament of Zimbabwe must play an oversight role in scrutinising mining contracts and potential players to partner government in ZCDC.
- Expedite the diamond law making process in order to come out with a diamond act including adopting world best practices to guide diamond operations in ZCDC.

## **CRD Press Statements**

23 June 2016 CRD Press Statement on ZCDC mining operations. [read more](#)

14 March 2016 Authors' perspectives on recent mining seizures in Marange. [read more](#)

6 February 2016 Government laxity over the deteriorating state of affairs in the diamond mining operations in Manicaland Province raises eyebrows. [read more](#)

23 October 2015 CRD Respond to Chidhakwa statement on the diamond sector [read more](#).

13 February 2015 The CRD response to Vice President Phelekezela Mphoko's call for lifting of ban on River bed mining in Mutare River. [read more](#)

4 November 2014 CRD Press statement on Manicaland Provincial civil society dialogue on diamonds in preparation for the Zimbabwe Diamond Conference. [read more](#)

23 September 2014 Civil society responds to Chidhakwa's update on mining mergers in Marange [read more](#)

30 August 2014 Human rights violations upsurge in Marange amid reports of diamond leakages. [read more](#)

9 April 2014 Civil Society in Manicaland responds to the latest developments in the mining sector: Joint Press Statement by CRD and ZNRDF [read more](#)

18 March 2014 Statement on the United Nations Guiding Principles on Business and Human Rights [read more](#)

17 March 2014 Press Statement on Marange Diamonds [read more](#)

## **Profile of Chidhakwa's statements on the mergers.**

- 21 September 2014 mining companies at the Chiadzwa diamond fields will merge next month under a two-phased programme that will optimise earnings by cutting the long chain of players extracting stones there. Under the new arrangement, Marange Resources, Gye Nyame and Kusena Diamonds — whose single portfolio has already been created — will be the first to be amalgamated. The second stage will merge Mbada Diamonds, Anjin Investments, Jinan and Diamond Mining Corporation. Amalgamation is expected to increase accountability at the fields, which are estimated to hold the world's largest diamond concentration. ". . . Obviously, the most important part is the legal side. We will not violate their contracts: We want everything to be done to the satisfaction of all parties." Chidhakwa.
- May 14 2015 Deputy Minister of mines and energy Freddy Moyo told Parliament that "merging was to be completed by 2015. and by that time the new mining company would have established a strategic plan to explore, extract process and market diamonds competitively."
  - May 5 2015 "Government was in the process of shortlisting companies to evaluate diamond mining companies to establish each company's worth in terms of assets and financial status," Chidhakwa.
  - March 17 2015 Mines minister Chidhakwa told the media that "the companies said they are agreeable to government policy on consolidation but what they asked for was they want to be involved in the structuring of the company so that it reflects their interests and the business side to it" Chidhakwa.
  - March 13 2015 Minister of mines appears before portfolio committee on indigenisation and economic empowerment announcing that he had given the mining company a deadline. "they have gone to consult with their board of directors. They will come and tell us on Monday what the outcome with their board of directors will be", Chidhakwa.

- June 23 2015 "No going back on the mergers,"Chidhakwa.
- 23 July; "We are gradually moving towards consolidation ...the law of succession compels government to take over assets ,liabilities and employees of the company,"Chidhakwa
- 27 July 2015 Chidhakwa summoned mining companies to present audited reports and sign up for the newly formed diamond company ,the Zimbabwe consolidated diamond company
- 15 October 2015; "If there is a sector where I get a lot of information and cannot verify it is diamond mining.We are moving ahead with consolidation, it is government policy.Right now we are simply trying to ensure that they abide by the company's act, said Chidhakwa.But even then the companies resist holding annual general meetings and the publishing of their financial statements,"Chidhakwa.
- 30 October 2015."What I can tell you is that all diamond mining licences have expired.Its up to the minister to decide if he can renew them or not, The consolidation process is based on evaluation of equipments and other investments."Chidhakwa.
- 8 December 2015 "ZCDC now established as a legal entity which now has a board of directors in place"
- 23 February 2016 Government has given diamond mining companies in Chiadzwa and Chimanimani 90 days to remove their equipment and other valuables from the mines after it stopped their operations yesterday. "Since they no longer hold any titles, these companies were notified this morning to cease all mining activities with immediate effect and to vacate the mining areas covered by special grants for diamonds," said Minister Chidhakwa..... For seven months, we opened our doors. For seven months, my teams tried to talk to the companies. For seven months, we did not get a positive response. Surely what more opening of doors would one ask for? No, we will not reconsider. This is the final position of Government,"Chidhakwa