

RAISING THE COMMUNITY VOICE IN THE EXTRACTIVE SECTOR

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Is Zimbabwe prepared to reap the benefits from BRICs investments?

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Introduction

The Goldman Sachs report of 2003 predicted “BRICs countries of Brazil, Russia, India and China could become the world’s largest economies in 50 years. The past decade has seen BRICs countries contributing more than 50 percent of the world’s economic growth and more than 20 percent of world economic output according to global market reports. Foreign Direct Investment (FDI) flows from these five economies rose from \$7 billion in 2000 to \$145 billion in 2012, accounting for 10 per cent of the world total and their Transnational Corporations are increasingly becoming active in Africa (UNCTAD: 2013). Although the UNCTAD report indicates that most BRICs FDI projects in Africa are in manufacturing and services, there has been a scramble by BRICs nations to exploit Africa’s vast natural resources in recent years.

The failure of the Economic Structural Adjustment Programme (ESAP) and its related hardships between 1997 and 2008 led government to adopt ad hoc economic policies that were characterized by irrational controls, policy inconsistencies and reversals, most significant of these failures being the fast track land reform programme (LEDRIZ 2012). This was further worsened by government’s failure to respect the rule of law in implementing the agrarian reforms moreover the continued use of violence to suppress democratic voice led to withdrawal of western aid to government of Zimbabwe. Saddled with ballooning debts to the International Monetary Fund (IMF) and the World Bank including isolation from the West, the ZANU PF government adopted the look east policy in 2003 in a bid to rescue its ailing economy. [To read full report click here](#)

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Conflictive Marange diamonds implicates the uniformed forces in ongoing human rights violations



[Full articles features:](#) (i) Demilitarisation of Marange and the Kimberly Process (ii) Villagers narrate their ordeals at the hands of the security forces at diamond base, (iii) Failure to ratify convention on torture increases vulnerability of communities in the mining area of Marange (iv) Compiled list of victims (without pictures) of human rights abuses captured by CRD.

Demilitarisation of Marange and the Kimberly Process

The Kimberly Process (KP) plenary session of 2011 in DRC allowed Marange diamonds to trade formally on the international market on condition that Zimbabwe was to fully comply with Kimberly Process Certification Scheme (KPCS) minimum requirements. The following KP meeting in Washington DC in 2012 lifted the special administrative measures on Marange after the meeting received convincing reports of compliance from KP monitoring team and some KP Civil Society Coalition members from Zimbabwe. One of the key benchmarks for lifting the special measures was the demilitarisation of the diamond fields after allegations were made of the army's complicity in diamond digging and smuggling over and above serious human rights abuses perpetrated on artisanal miners and villagers during operation Hakudzokwi. In order to ensure that the trade embargo on Marange diamonds was lifted, the army made what can be described as a tactical withdrawal by reducing the number of troops in Marange between 2010 and 2012 at the same time consolidating their geo-economic presence in the diamond fields. Accordingly, military personnel not only became shareholders but were also appointed executive officers, administrators and security officers for several if not all mining ventures that were awarded special grants to mine in Marange by President Mugabe. Despite the reduction of military bases around Marange over the years, the notorious diamond base was not disbanded as had been widely expected.

Opacity in the mining of these diamonds has promoted plunder and enrichment of a few. Thus revenue generated out of these diamond sales has not trickled down to Marange to sustain smooth mining operations let alone meet the development expectations of the mining community. In some mining ventures machines have irretrievably broken down, and several mining plants have been shut down due to lack of maintenance. Some workers have gone for more than 5 months without salaries and others have had their salaries arbitrary slashed by the executive. Security guards contracted to provide security in these mining fields have also not been spared either, as they have gone for several months without receiving their wages. (Homer Dixon: 1999) summarises resource capture as a "situation where powerful elites use their power to grab resources they anticipate will become scarce in the near future".

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Thus the pervasive lack of transparency in the management of the mineral resource by the elites in Marange has created what Dixon terms “suspicion and distrust”, in the value chain leading to competition over resource by all players in the diamond field. [This inconspicuous competition has allowed security laxity in the mines leading to diamond leakages.](#) [To read full report click here](#)

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

Exclusive Interview with DTZ-OZGEO Mine Director. Part One

Issues Covered (i) [Mining licence and community development](#), (ii) [Illegal panning activities](#), (iii) [Environmental Concern and Suspension of mining operation](#).

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.

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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.



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

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.....

In fact 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.

[To read full interview click here](#)