



Centre for Research & development

CRD Report, August 2016 No 1 St Helens Drive, Mutare Tel:263 20 65411 crdzim@gmail.com,www.crdzim.com Citizen engagement in natural resource governance.



## i.Will ZCDC Operations Resurrect Mining communities from the throes of poverty?

The government shut down mining operations of 7 diamond companies in Manicaland Province in February 2016 because their operations lacked transparency and accountability. In order to centralise its oversight role in the exploitation of diamonds, government decided to merge diamond companies into the newly formed Zimbabwe Consolidation Diamond Company (ZCDC). Responding to the shutdown, the Centre for Research and Development(CRD) edged government to undertake due diligence processes before commencement of ZCDC mining operations. Due diligence processes compelled government to undertake comprehensive audits across the diamond value chain and hold companies to account for negative human rights impacts.

The parliamentary portfolio committee on mines and energy summoned the permanent secretary of mines and energy Professor Francis Gudyanga and the acting chief executive officer for ZCDC Dr Ridge Nyashanu seeking clarification on the operations of ZCDC in June 2016. Operations of parastatals in Zimbabwe are regularised by an act of parliament. Professor Gudyanga disclosed before the committee that there was no act of parliament in the formation of ZCDC as cabinet had approved the registration of the company through the companies act. The circumvention of parliamentary oversight in the establishment of ZCDC invalidates commitment by the executive to effect transparency and accountability in diamond mining in Manicaland.

Confirmation by the committee of corporate governance malpractices at ZCDC such as nepotism, operating without a constituted board, concealment of revenue generated and beneficial ownership was foreseeable.

The CRD is holding community dialogue processes in resource rich districts of Mutare and Chimanimani in Manicaland to promote citizen engagement on public policy issues and practices around natural resources. Lack of transparency and accountability in the exploitation of minerals by corporates, has been the major contributing factor to adverse human rights impacts in these areas. Engagement can strengthen communities to implement collective responses to natural resource extraction problems whilst strengthening accountability.

Victims of diamond mining induced displacements at Arda Transau and Springfield had hoped that ZCDC would engage them in order to address grievances they had with former mining companies. The government was in complicity with former mining companies by failing to protect community rights in diamond mining communities in the region. The complicity was more pronounced in President Mugabe's announcement in February 2016 that the country had lost US\$ 15 billion dollars of revenue to unaccountable diamond mining practices in Marange. In view of such huge losses ZCDC was indeed expected to adopt best practises that not only meet legitimate expectations of impoverished communities but also increase revenue flows to boost the country's distressed financial base.



### ii. Resource capture and marginalisation.

#### i. Land and minerals

The Fast Track Land Redistribution Programme (FTLRP) that started in 2000 was marked by violence and unlawful seizure of white commercial farms. The ZANU PF government encouraged illegal land seizures which were fronted by war veterans and land hungry villagers in what was widely viewed as a desperate measure to reclaim shrinking political base. The FTLRP provided a fertile ground for political elites to loot private property and grab multiple farms in Zimbabwe. In Chimanimani east, poor villagers and war veterans were rewarded with pieces of land on timber estates and white commercial farms for participating in unlawful farm seizures. However the government did not grant security of tenure on the allocated land. After a violent eviction of Roy Bennett from Charleswood Estate, powerful political elites working through Agriculture Development Authority (ARDA) looted property including cattle and coffee at the farm. The Estate fell under the authority of the Export Processing Zones Act (chapter 14:07) now the Zimbabwe Investment Authority (ZIA Act) 2006.It employed1400 workers, ran 1200 head of cattle, 12 bedroom tourist lodge, 50 ha of maize 210 ha of coffee with an annual foreign exchange income of US\$ 1 500 000(Bennett 2002).The rundown of Charleswood Estate led to loss of employment for local communities. At the same time about 300 invaders who had settled at the farm lacked capacity to undertake sustainable farming. In its 2002 report on FTLRP Human Rights Watch (HRW) observed that the absence of legal security and government assistance could leave new farmers vulnerable to hunger and displacement. That didn't take long, as DTZ-OZGEO was granted a special grant 4955 to

"prospect and mine diamonds in Charleswood Estate and beyond in 2009." DTZ-OZGEO is a partnership between the Development Trust of Zimbabwe (DTZ) and a Russian registered company called Econedra.DTZ is the brainchild of Zimbabwe African People's Union (ZAPU) and Zimbabwe African National Union (ZANU) with the board of trustees directly appointed by President Mugabe. Political elites loyal to the establishment have been rotating on the board since the trust was founded in 1989.Locals interviewed in Chimanimani accused political elites in DTZ-OZGEO for the company's failure to cede shares to communities from diamond mining. Mining operations at Charleswood were secretive with marginal benefits accrued to surrounding communities. Mining also disrupted farming activities as new farmers living close to the diamond site were ordered to stop planting on their plots awaiting relocations. The affected farmers were forced to rely on food handouts from mining company. At the same time they could not secure compensation for loss of land because they did not have security of tenure on the allocated land. By the end of 2014, 15 families had been relocated to Springfield without secured sources of livelihoods.

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Beneficiaries of FTLP have become victims of forced displacement and marginalisation. "FTLP has harmed the very people it was designed to assist," (HRW 2002.)

## I. Victim of mining displacement (Springfield, 24 June 2016).

We regret ever accepting the US\$ 6000 relocation packages to come to springfiled.We are starving in this forest. At Charleswood on the same 2.5 hectares of plots we used to produce at least 10 to 13 tonnes of maize per season. On these plots it is difficult to reap half a tonne of maize because land grubbing to uproot timber roots and stumps was poorly done by mining company. The Irrigation scheme that was promised did not materialise. We have no water supply, no ECD school for our children. Our children of primary going age are walking 7 kilometres to attend school at Chizengu.Other families had to leave their children at Charleswood because the nearest secondary school from here is15kilometres away at Machongwe. We have no clinic and our roads are not easily accessible. Our husbands are not working and we do not have supplementary.



Springfield, Chimanimani East

income to sustain our families .The government assured us that a school and clinic was to be built within a month of settling at Masiza (Springfield). We have been here for more than 5 years now and no progress has been made. Forestry plantations such as Allied timbers neighbouring us, consider this settlement a threat to their business because they have been growing timber on this land.



At one point they denied DTZ –OZGEO permission to draw water for us from their river source. As you can see, some of our huts have been consumed by forest fires and we could not put down the fire because there is no water here.No compensation has been received for the loss.



Springfield, Chimanimani East

## II. (Victim of mining displacement: Springfield 24 June 2016).

We have no title to this land except for papers that we signed to acknowledge that we have been allocated houses by DTZ-OZGEO. We just heard on radio that government has shut down mining operations at Charleswood and we do not know if new mining company will take up our grievances.

### III.DTZ-OZGEO Mine Director (29 June 2016)

Our minister from Russia was here to help us negotiate with government for compensation for our machinery and other losses. We are contemplating against alluvial mining in Zimbabwe. It is very political and we might want to try something different.

The memorandum of agreements signed between mining company and landholders here only obliged company to pay relocation fees amounting to US\$ 6000. It also obliged company to build a house, a toilet and a kitchen for each family. Zimbabwe does not have a standard model to guide relocations. The government sent riot police in 2014 to beat victims displaced by Tokwe Mukosi floods at Chigwizi transit camp for resisting relocation to Nuanetsi range without compensation. Media sources reported in 2015 that about 500 villagers under chief Charumbira vowed to confront the army if they were not compensated for forced evictions. This follows a 50 million joint venture project between a Chinese company and the Zimbabwe Defence Forces after the discovery of limestone deposits on their communal lands.

Following the FTLP all agricultural land including communal land is vested in the state. Zimbabwe needs policy and legal reforms to provide clarity on land tenure, land valuation and compensation. The government should consider investments only after conducting careful impact assessments. These should include land tenure impact assessments, community impact assessments, and environmental impact assessments. It also needs to develop in-house capacity to strengthen land negotiations and dispute resolution (Plaas 2015).









### I. Victim of mining displacement at Arda Transau (Anjin Community 29 June 2016):

We were cheated out of Marange diamond fields. I don't think we will ever be compensated. We are worse off than prisoners here at Arda Transau. We have no source of income. Hunger is a threat to our lives on this compound. We need urgent food hand-outs. Marriages are breaking down because men have no income to take care of their wives. The area is fast becoming a desert because people are cutting down trees to sell in order to survive.

### II. Victim of mining displacement at Arda Transau (DMC Community 29 June 2016):

Diamond mining is an on-going process in Chiadzwa.ZCDC is already mining and selling diamonds .Why is it not remitting funds to fulfil pledges made by former mining companies or paying money to Zimunya Marange Ownership Trust? If this is a government company why is it behaving in the same manner as previous diamond companies?



### III.Victim of mining displacement, Arda Transau (Mbada Community 29 June 2016):

We have no title to land and we might be moved again because people are already mining gold in Mbada relocation area.



## **IV.**Victim of mining displacement, Arda Transau (DMC Community 29 June 2016):

Relocations uprooted us from our culture. Our traditional leaders who are custodians of our culture are in Marange. We are like headless chickens without them.

## V.Mutare District Administrator (05 July 2016):

Just like in Marange relocated families at Arda are not entitled to land ownership because they are living on state land. I cannot comment on whether ZCDC will fulfil commitments made to relocated families because no concrete decisions have been made by government so far. The country is facing economic hardships and they are not the only ones affected. People mining gold at Arda Transau have been cleared to mine by relevant offices. We have not yet conducted a mineral cost benefit analysis in the area to determine *if current mining operations in the area* will have a major effect on relocated families.

## VI. Environmental Management Agency (05 July 2016 ):

We are aware of the challenges of deforestation at Arda Transau. We had an awareness campaign last November together with forestry commission and rural district council against the cutting down of trees. We also make sure that those found cutting down trees pay fines. We cannot effectively monitor the situation because we only have one forester officer for the entire province. We are appealing to NGOs and other organizations that can assist with environmental conservation programmes to chip in.We are not aware of gold mining activities taking place at Arda Transau. We will visit the area to investigate.

The mines and minerals act 20.05 of 1961 amended in 1965 was established by the colonial minority to maximise mineral extraction on communal land. The mining regime has not been modernized to meet human rights standards as obligated in the new constitution. The proposed draft minerals amendment bill is yet to be tabled before parliament. Minerals Act (Chapter 21:05) and Indigenisation and Economic Empowerment Act (Chapter 14.33) are not harmonised creating policy gaps and inconsistencies. The diamond policy adapted by government in 2012 to promote transparency and accountable in the diamond industry is not enforceable because it has not been enacted by parliament. Different acts that underpin natural resource governance such as Zimbabwe National Water Authority (ZINWA Act Chapter20:25), Rural District Council Act (Chapter 29:13), **Environmental Management Act (Chapter** 20:27) Mines and Minerals Act (Chapter 21:05) and Indigenisation and Economic Empowerment Act (Chapter 14.33) are not synchronised. The delay by government in instituting policy reforms in natural resource governance has been attributed to state centrism and opacity.

# iii. Loading environmental debt on the poor.

The land apportionment act (LAA) of 1930 removed the majority Africans from fertile land into marginal, arid communal land in Zimbabwe. Inequitable land distribution forced people in communal areas to subsist through overexploitation of resources, leading to resource degradation and ultimately enormous insecurity as livelihoods became threatened (Katerere, Hill 1999)



Government and international donors spend millions of dollars every year in food aid to supplement poor yields on communal farms. Large scale extraction of natural resources on communal land has further alienated people and compromised their livelihoods.

## I. Councillor (Ward 12, Chimanimani East, 23 June 2016):

Who will close these gullies now that Russians are gone? Government must allow underground mining instead of alluvial mining because it destroys farming land.



# II.Headman (Ward 12, Chimanimani East, 24 June 2016):

Our children sit on the floors in their classrooms because there are shortages of desks and benches yet we are surrounded by diamond, wildlife, gold and timber industries. Unemployment is high, there is no secondary school and clinic in this area, roads are not maintained but companies are taking away our resources every day.

## III.Headmaster (Charleswood Primary School 23 June 2016):

The school was initially meant for the farming community with less than 300 pupils. Enrolment has increased to 691 because of population increase over the years. Pupils are using old tobacco barn as makeshift classrooms. Only 5 out of 17 teachers are staying at the school because of accommodation shortages.



IV.Villager (Ward 5, Chimanimani West, 25 June 2016):

We know longer have enough pastures for our livestock. Most of the land has been taken by mining companies. Our water is polluted and we have lost thousands of cattle from drinking contaminated water. We face harassment and abuses from state security raids in our communities. They accuse us of harbouring illegal diamond panners.



V.Village head (Ward 5 Chimanimani West, 25 June 2016):

If proceeds from mining could be used to fund irrigation scheme in bloc c to improve on the food situation because they are not creating employment for our children.



Increased poverty in Zimbabwe is forcing unemployed youth to risk their lives in illegal diamond mining activities in Marange. Response from security operatives manning the diamond fields has been violent and abusive.It remains to be seen if ZCDC will find lasting solution to address illegal diamond mining operations.



Environmental experts define environmental debt as the accumulation of past environmental impacts of natural resource depletion and environmental degradation, owed to future generations. Amy Larkin 2013 view it as "polluting and/or damaging actions that will cost other parties (people, business or government) real money in the future. The (EMA 2011 report) acknowledged that the cost of maintaining decommissioned mines were too high after US\$32 million was charged by an independent consultant for rehabilitation of 4 decommissioned mines. The national report presented to the Convention on Biological Diversity by environment ministry cited EMA annual report of 2010. The report indicate that unsustainable mining practices including the use of heavy metals such as mercury have contributed to water contamination and poisoning of wildlife and livestock (CBD fifth report 2015).

### I.Village head 1 (Chirasika, 19 July 2016):

We have lost thousands of cattle from drinking contaminated effluent, drowning or falling in unprotected mine sludge dams, open pits or gullies. The graves of our departed have been submerged by mine dams. Our only reliable sources of water from river Chenyu, Singwizi and Save have been polluted by hazardous deposits from mining companies. It will take probably 5 to 6 years of desilting the rivers .Pollution had stopped when mining companies were stopped from operationing. Now ZCDC mining operations have started polluting Singwizi river like what DMC used to do. Vibrations from blasting of rocks in the mines are cracking our houses. In Tinoengana village, dust pollution is unbearable especially for the Nengome and Dangarembizi families. Their homesteads have been engulfed by mining operations.

### II.Local Villager(Chirasika 19 July 2016):

Our school, Chirasika in Muyedzengwa was destroyed by Anjin mining company and our children are walking more than 10 kilometres to attend classes. We heard they built a new school at Arda Transau in Odzi but the majority of us have not been relocated.

### III.Village head 2 (Chiadzwa 29 July 2016):

Mining operations have impoverished people here in Chiadzwa. We used to have a lot of Baobab trees that were used by our people to make mats and sell to South Africa to earn a living. We also used to make porridge from baobab fruits. Other fruit trees that gave us Nyii (Berchemia discolor, birdplum) have also been destroyed by mining operations. We sold our livestock in order to raise school fees for our children but they cannot find employment. A few that had managed to secure employment in the mines have been dismissed without benefits. We heard in the radio that government had taken over mining operations but we have not seen anyone from government to speak to us. There is no infrastructural development in Marange out of former mining operations. Roads are in bad shape. Public transport is prohibited in protected areas where we live and mining company cannot provide us with a bus either. We are charged US\$2 to board their TATA van from here to get to Bambazonke where we get public transport. We fork out at least US\$7 for private transport to go to town. Mining operations have completely degraded us. We were far much better before these diamonds were discovered.





## IV.Chairperson, local community trust (Chiadzwa 29 July 2016):

We were excited when we heard that a company with a Zimbabwean name called ZCDC had taken over mining operations. We trusted they were going to do better than previous mining operations that didn't have EIAs.We are devastated that ZCDC is no different from previous mining practices. It is important that ZCDC stop mining until people know what is in their EIA.

### V.Headman (Chiadzwa29 July 2016):

Mining companies only consulted with the district administrator and Chief and went on to mine without consulting local leadership. We have attended endless meetings with government and mining officials to raise our concerns but to no avail. We have also warned security operatives at the block against harassing and beating of villagers but the practice does not stop.

### VI.Local Villager (Chiadzwa 29 July 2016):

*I think their documents permit them to pollute our water.* 

## VII.Mutare Rural District Council, Administrator (5 August 2016):

At first mining companies were paying levies to council but eventually council lost battles to obtain dues from them. Council could not easily force them to remit required levies because of interventions from higher authorities. Council is not receiving anything from ZCDC as it stands. I must also underscore that levies from mining companies are not earmarked for social responsibilities. We are implementing Local Environmental Action Plans (LEAPS) on ad hoc basis, I must admit. We are still working on our LEAP document. We engage communities on environmental issues affecting through local councillors. We have established environmental committees and we have some activities going on there.



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The EMA Act section 100 makes it prerequisite for mining companies to undertake environmental impact assessments (EIAs) and produce environmental management plans (EMPs) before issuance of EIA certificates. The EIAs must reflect on the financial capacity of mining companies to meet environmental costs such as rehabilitation and socio economic upliftment of affected communities. The EMA Act Chapter 20:27 of 2002 Section 106 also provides for the Director General to carry out periodic environmental audits of any project to ensure compliance with EMPs.

The Auditor General's report revealed that from a total of 1 468 mining projects granted EIA certificates from 2009 to 2012, EMA only managed to conduct 372 audits (13%) giving a variance of 2 564 (87%). The report also said from a blitz conducted in eight provinces from 2010 to 2012, 986 mines were operating without EIAs. (Newsday 12/10/ 2015). The failure to account for environmental costs means that environmental budgets have either been declared as profits or EMA does not have capacity to audit EIAs.Moreso,opacity in the issuance of mining licences makes it difficult for EMA to hold companies to account for poor mining practices. The net effect on rural communities is accumulation of environmental intergenerational debt instead of accruing environmental intergenerational equity from the exploitation of their resources.