



global witness

Zimbabwe's vast diamond riches exploited by secretive political and military elites, report shows

London, 11 September 2017 - Powerful military and political elites and security forces have controlled and secretly exploited Zimbabwe's once promising diamond sector, while concealing the scale of the loss to its people, a new report from Global Witness reveals.

'An Inside Job' examines five of the major mining companies that recently operated in the Marange diamond region. The report shows how companies have concealed their finances and shielded their operations from public scrutiny, hiding significant stakes in these companies held by the feared Central Intelligence Agency, the Zimbabwean military and the government itself. This raises concerns that diamond money is secretly financing institutions responsible for oppressing the Zimbabwean people.

Alongside the report Global Witness has released a never before shared map, finally revealing the details of company concessions in Zimbabwe's Marange diamond fields. It has also produced a short film featuring members of local communities describing the impacts of Marange diamonds on their lives.

Very little of Zimbabwe's diamond wealth has benefitted ordinary people. Since 2010 Zimbabwe has officially exported over US\$2.5 billion in diamonds, according to official figures from the Kimberley Process. Limited available government reports show only around US\$300 million of this can clearly be identified in public accounts.

"A find that offered such promise to the people of Zimbabwe has delivered only disappointment, primarily serving a secretive cabal of vested political and economic interests. There are clear indications of state complicity in the expropriation of these critical resources," said Michael Gibb of Global Witness. "Given how opaque and secretive the sector is, what we have uncovered is likely just one symptom of a much wider problem. The people of Zimbabwe deserve to know how much has been made from their diamonds, and where it has gone," notes Gibb.

Mismanagement of the diamond sector has devastating consequences for Zimbabwe's development and democracy. Not only have diamonds failed to benefit the Zimbabwean people, but evidence suggests that they have funded the state machinery consistently implicated in oppression. This casts serious doubt on President Mugabe's claim that private investors are solely to blame for billions of dollars of missing diamond revenues.

Global Witness' key findings include:

- Secret documents indicating that Zimbabwe's feared spying agency, the Central Intelligence Organisation (CIO), are believed to have a stake in a Marange diamond mining company, Kusena Diamonds. The company's diamonds have been traded in Antwerp and Dubai, circulating freely on international markets, despite the risk they may have funded human rights violations. This may be set to continue, with the company now merged into the new Zimbabwe Consolidated Diamond Company (ZCDC).
- Zimbabwe's military entered a partnership with a Chinese investor, to establish the diamond mining company called Anjin Mining. Evidence indicates Anjin's diamonds were likely sold in Antwerp in violation of EU sanctions against another of the company's owners, linked to the Zimbabwean military.

- Mbada Diamonds held the largest concession in Marange, yet the owner of a 25 per cent stake in the company has remained a secret. Global Witness has found evidence to suggest that Robert Mhlanga, a retired member of Zimbabwe's security forces, and a strong ally of the ruling party and the President stands behind the hidden share.
- Diamond Mining Corporation (DMC) was formed as joint venture by the Government of Zimbabwe with a private investor. This is despite evidence that the individuals behind the company were involved in extensive smuggling of Zimbabwean diamonds for several years before obtaining a license.

The revelations come as Zimbabwe gears up for elections in 2018 and the ruling party teeters on the brink of a divisive Presidential succession struggle. Institutions and agencies named in the report have played significant roles in subverting Zimbabwe's democracy and perpetrating serious human rights abuses at key points in the country's tumultuous political history. Undisclosed stakes in the country's diamond industry have provided an off-the-books source of funding for their activities, undermining essential public oversight and scrutiny. The diamonds at risk of funding these harms continue to be traded relatively freely on international markets.

"Zimbabwe's diamonds perfectly illustrate the limitations of current efforts to disrupt the sale of diamonds funding human rights abuses and conflict," said Michael Gibb. "Zimbabwe's diamond sector needs root and branch reform and diamond companies the world over must take responsibility for the hidden history of the resources they profit from," he adds.

Zimbabwe's diamond sector now stands at a crossroads. An overhaul of the industry has started with the expulsion of the joint venture companies from the diamond fields and the creation of a new government backed mining company; the Zimbabwe Consolidated Diamond Company (ZCDC). But the secrecy that has characterised the sector to date shows no signs of abating.

Without a complete overhaul of the industry founded on transparent and accountable governance, the pattern of diverting the country's mineral wealth is likely to continue. "The Zimbabwean people deserve better. With nearly three quarters of the population living beneath the poverty line and an estimated four million people in need of food aid, the need has never been greater," said Gibb.

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Notes to editors:

- The interactive map of companies recently operating in Marange diamond mining concessions and short film featuring interviews with representatives of local communities affected by the mining is available at: www.globalwitness.org/insidejob
- Global Witness has been working on the issue of Zimbabwean diamonds since 2011 and has published extensively on the links between Zimbabwean security forces and the diamond industry and the issue of obscured beneficial ownership. Previous briefs and reports are available here: <https://www.globalwitness.org/en/campaigns/conflict-diamonds/zimbabwe/>

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