



## Raising the Community Voice in the Extractive Sector

### **Government laxity over the deteriorating state of affairs in the diamond mining operations in Manicaland Province raises eyebrows.**

#### **Press Statement by the CRD: February 2015**

The Centre for Research and Development is deeply concerned at the level of deterioration that has become of the diamond industry of Manicaland Province where the government has been an active partner since commencement of formal mining operations in 2009. Events in the last 7 months have seen massive job losses, arbitrary salary cuts and employees working without salaries in Marange diamond mining operations. Many of the retrenched workers have not yet received their severance packages. Faced with mounting salary arrears and the dangers of labour court challenges from their employees some mining companies have reportedly duped workers to sign “statement of account arrears” documents to ensure that workers continue to provide labour without salaries. A scenario where workers continue to work for such a long period without receiving income at an alluvial diamond mining company is an unusual practice in the diamond industry and stands in breach of the Labour Act [Chapter 28:01] and all other progressive laws that we have ratified as a nation. This desperate situation should immediately invite prompt government intervention unless government is a willing participant to this charade.

The government has a controlling stake in companies mining diamonds in Marange and is bound by the constitution to ensure that mining operations are governed by accepted standards and values of good corporate governance. The state of affairs in Marange warrants government to immediately take legislative measures to uphold the spirit and letter of our constitution and laws, promote these values and protect human rights. Sadly the government has not been forthcoming. Recommendations made in 2013 by the Parliamentary Portfolio Committee on Mines and Energy to promote sustainable diamond mining in Marange have largely been ignored by the state’s executive arm. We also note with concern the absence of a representative, coordinated and recognized union which can actively broker this impasse.

Formal diamond mining in Marange is notorious for decimating livelihoods through forced dislocations, loss of land, water pollution and human rights abuse. The Centre for Research and Development is also on record for reporting on unmet pledges to local communities and the lack of transparency and accountability in the management of the diamond resource across the value chain. A large number of employees whose jobs have been affected in Marange come from local communities where diamond mining operations have systematically induced poverty through destruction of their sources of livelihood. Whilst these communities now carry the burden of looking after their families who have either lost their jobs or are working but not earning, they are aware that mining executives and their government partners have amassed wealth out of Marange diamonds at their expense.

## **Failure to implement reforms**

The government admitted in its budget presentation for 2014 to the people of Zimbabwe that Marange diamond operations lacked transparency and accountability in the exploitation of diamonds across the values chain. According to finance Minister Chinamasa, Zimbabwe was the only country in the world with many players operating in diamond restricted areas and that existence of many players exacerbates the problem of leakages. As such government proposed an immediate consolidation of mining companies in Marange, a move government claimed was imperative for the optimum exploitation of diamonds across the value chain. The government also proposed to incorporate World Bank's Extractive Industries Transparency Initiative Principle "in order to balance the benefits accruing to mining houses and those accruing to the fiscus at the same time crafting a legal framework and standard operational guidelines to regulate operations of diamond mining companies."

The Civic Society groups in Zimbabwe that have been calling for these reforms in an effort to find lasting solutions to address the myriad challenges in Marange diamond operations readily welcomed government proposals. We have engaged government, we have complemented it, and we have compromised. The CRD went a step further by imploring on government to shut down mining operations in Marange in order to allow a multi stakeholder consultation exercise before the consolidation process. The consultation process was critical to solicit recommendations from business and community stakeholders that would contribute towards the implementation of a transparent and successful consolidation process.

It has been one and half years after government spelt out reforms on Marange and no meaningful progress has been made towards the consolidation process in the Marange diamond fields. The report for Marange Resources, the only diamond mining company that was audited out of the seven mining companies operating in Marange has never been made public. Allegations of mining executives disinvesting in Marange and moving mining equipment to new mining claims are awash in the communities. Several attempts by the parliamentary portfolio committee on indeginisation to force responsible government ministers to account for their failure to implement government policy and enforce compliance among non committal mining companies to remit funds to Zimunya Community Share Ownership trust funds have been rendered ineffective by the executive arm through cabinet reshuffles. The executive arm of government has failed to compliment parliament over these initiatives and there is little evidence of systems analysis to ensure that holistic approach is taken. The hope that mining companies will meet commitments made to relocated families at Arda Transau has already faded in the minds of the victims of forced relocations.

## **Against this background we therefore demand**

That government reconsiders civil society position on Marange by immediately suspending all mining operations and enforce a comprehensive auditing exercise to ascertain on resource quantity and administrative challenges in Marange diamond mining operations.

That audited statements of accounts for all diamond mining houses be made public so that the nation is not kept second guessing as to the goings on in Marange.

That government operationalises a tripartite forum made up of Business, Civil Society and government stakeholders to discuss and come out with recommendations that are inclusive and would guarantee a transparent merging process of diamond mining operations in Marange.

That the Ministry of Labour makes a Sectoral Determination establishing conditions of employment for employees in the diamond mining sector with a view to improving their conditions of service.

That government releases an official statement with clear and feasible time-lines on when these outstanding issues in Marange will be addressed.

We maintain that diamonds are a finite resource to which all Zimbabweans lay claim. Our demands and expectations are the minimum required in a constitutional democracy with progressive institutions. We are making a call to conscience, reason and justice on all those in authority to stop this inhuman suffering in the midst of plenty.