



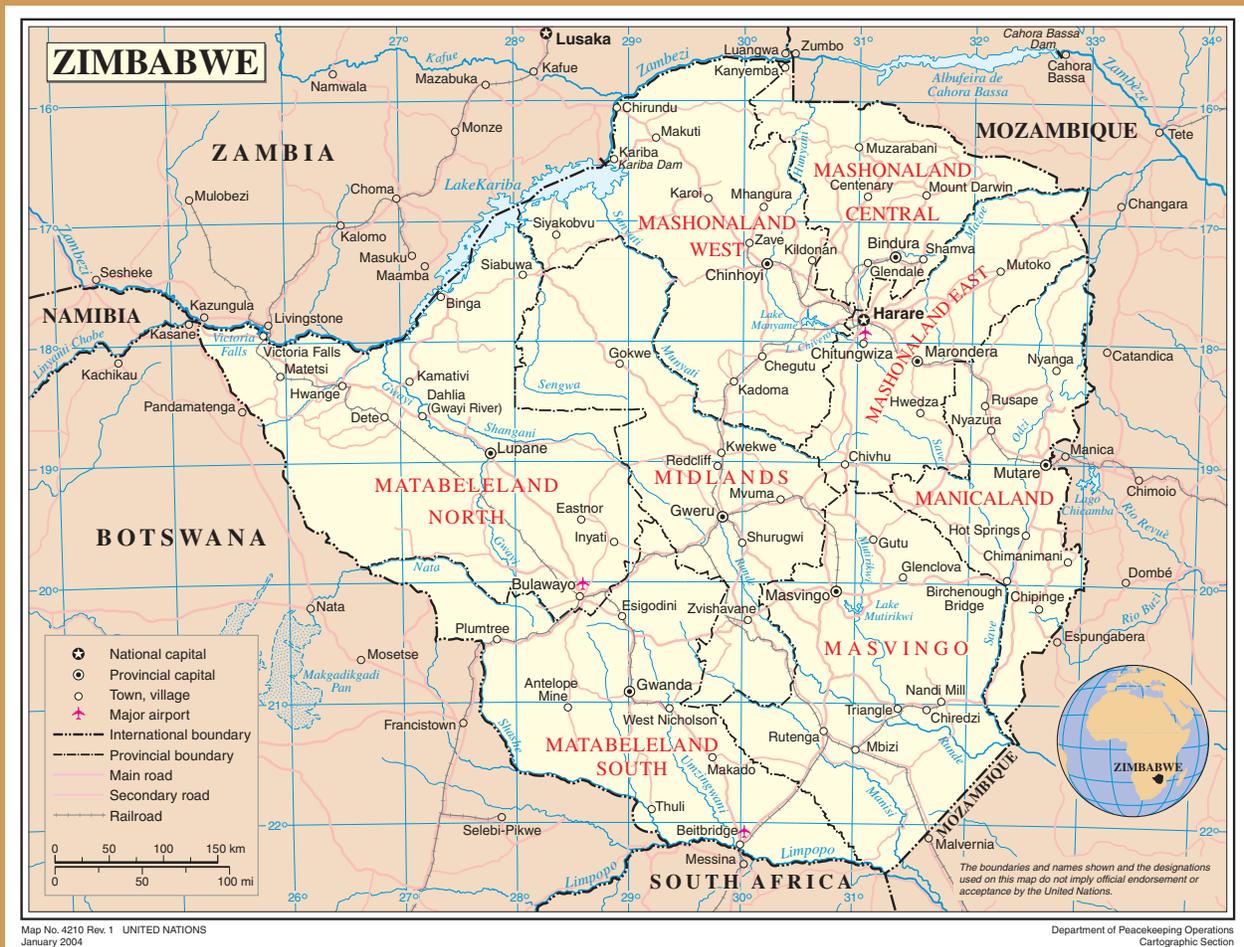
# DIAMONDS AND CLUBS

The Militarized Control of  
Diamonds and Power in Zimbabwe



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**DIAMONDS AND CLUBS**  
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“Every single rich alluvial diamond deposit ever found in Africa has ended in war. The Anglo-Boer war in South Africa 100 years ago, the defence of Namibia by the apartheid regime, Angola, DRC, Sierra Leone, Liberia - it is a frightening prospect. There have been no exceptions.”

– ACR CEO Andrew Cranswick<sup>1</sup>

“The country is starving, civil servants are going on strike, hospitals have no medicine, agriculture have no chemicals and schools have no books. We cannot continue to be playing around like you guys are doing...Are our diamonds meant to benefit certain individuals or it is intended to benefit the nation?”

– Edward Chindori-Chininga, Chair, Mines and Energy Committee to a government witness.<sup>2</sup>

“Democracy is never mob-rule. It is and should remain disciplined rule requiring compliance with the law and social rules. Our independence must thus not be construed as an instrument vesting individuals or groups with the right to harass and intimidate others into acting against their will.”

– President Robert Mugabe, address to the nation on the eve of Independence, April 17, 1980

<sup>1</sup> “Diamond Saga: Sleaze, corruption and perversion of course of justice,” Zimbabwe Independent, March 12, 2010

<sup>2</sup> Transcript, Parliamentary Committee on Mines and Energy, Harare, February 8, 2010.



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## Zimbabwe and the Kimberley Process

The story of Zimbabwe's contested diamond fields is about many things: smuggling and frontier hucksterism; a scramble fuelled by raw economic desperation and unfathomable greed; and, of course, heart-wrenching cases of government-sponsored repression and human rights violations.

It is also about political intrigue, ambition and a complete disregard for decency or the rule of law.

But it is not just another black eye for a once great nation alone.

It is also a story of how the Kimberley Process — the international initiative created to ensure that the trade in diamonds does not fund violence and civil war — has lost its way.

Zimbabwe is not the only country failing to meet some or all of the basic requirements asked of diamond producing nations by the Kimberley Process. A lack of political will and weak internal controls in the Democratic Republic of Congo, for example, allows for a steady flow of illegal diamonds onto the international market.

But Zimbabwe sets itself apart from the others because of the government's brazen defiance of universally agreed principles of humanity and good governance expected of adherents to the Kimberley Process.<sup>3</sup> As such Zimbabwe poses a serious crisis of credibility for the KP, whose impotence in the face of thuggery and illegality in Zimbabwe underscores a worrisome inability or unwillingness to enforce either the letter, or the spirit, of its founding mandate.

This report makes several other contentions. The first is that what is occurring in the two contested diamond areas — Marange in the eastern province of Manicaland and River Ranch in the south — cannot be seen in isolation. They are inextricably linked to the same pursuit of political power, and the same defiance of KP protocols.

Another is that Zimbabwe's diamonds are "blood diamonds". This is a charge that Zimbabwe not surprisingly refutes, citing the KP's own definition that the term applies only to "rough diamonds used by rebel movements to finance wars against legitimate governments"<sup>4</sup>. But that interpretation fails to recognize the current political realities of Zimbabwe, or consider how, and to what ends, political elites within ZANU-PF are using diamonds to both jockey for power in a post-Mugabe era and destabilize the Government of National Unity, created in February 2009 with the inclusion of the Movement of Democratic Change (MDC). These political elites are intimately tied to Zimbabwe's military establishment, the Joint Operation Command, and as such constitute a "rebel movement" opposed to the democratic governance of Zimbabwe.

The obsessive control of the country's diamond resources by this small renegade group threatens the viability of the Government of National Unity (GNU) in other significant ways. Almost four years after the military took control of Marange not one cent has entered the national treasury<sup>5</sup>. This has three consequences: it starves the national treasury of any benefit that could steer Zimbabwe back from economic ruin, it thwarts

3 There are numerous examples of ZANU officials openly defying the Kimberley Process. See for example, Mines Minister Obert Mpofu: "We are going to benefit from our diamonds whether with the KP or not." (AFP, April 27, 2010)

4 See for example, "Zimbabwe Denies Kimberley Process Violations", AFP, July 1, 2009; <http://www.israelidiamond.co.il/english/NEWS.aspx?boneID=918&objID=5440>

5 "There is nothing coming to the fiscus from Chiadzwa," Finance Minister Tendai Biti (ZimOnline, March 8, 2010; <http://www.zimonline.co.za/Article.aspx?ArticleId=5806>)

**Almost four years after the military took control of Marange not one cent has entered the national treasury.**



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efforts to re-legitimize public institutions and it leads to an overall lack of confidence in the Government of National Unity in which millions of Zimbabweans have put their trust to tangibly improve their lives.

By not explicitly acknowledging these threats to Zimbabwe's political stability, the ability of the KP and key foreign actors to appropriately respond to this crisis is severely compromised. Worse still, the collective failure to heed recent historical precedents of other similarly contested diamond deposits in Africa — particularly alluvial ones — threatens to escalate events into exactly the outcome Andrew Cranswick presages above: another civil war to blight Africa's battered reputation, sully the legitimate diamond trade and once again taint a universal symbol of love and devotion.

**In a moment of rare candour, the Minister of Mines confirmed what everyone already suspected: the government's mining partners had "questionable records".**

## Marange: Latest victim of the diamond curse?

In a moment of rare candour, the Minister of Mines Obert Mpofu recently confirmed what everyone already suspected.

Certain officials associated with Mbada and Canadile — the two companies he personally approved to join a joint venture with the government to mine the lucrative diamond fields of Marange — had "questionable records".

But, he assured members of the Parliamentary Committee on Mines and Energy, this was normal as it was "virtually impossible to find reputable partners in the diamond industry."<sup>6</sup>

Mpofu's admission proved to be a brief flash of insight into the otherwise murky world of Zimbabwean diamonds.

Diamonds can theoretically be found almost anywhere in Zimbabwe, because much of the country lies on what is known as the 'Zimbabwe Archaean Craton' which is conducive to kimberlite deposits. The craton stretches from the northeast of the country to the south and western areas, extending into Botswana which also has vast deposits of diamonds. The border between Zimbabwe and Botswana forms what is known as the 'Orapa Kimberlite Track'. It is in this track that some of the world's largest diamond mines are found, including the Orapa and Lethlekane diamond mines of Botswana.



Before 2004, however, diamond production in Zimbabwe was mainly limited to accidental finds in alluvial gold diggings, with the exception of the River Ranch kimberlite mine near the South African border. Between 1997 and 1998 Rio Tinto Zimbabwe discovered the Murowa kimberlite cluster, and began mining in 2004. The mine produces "typical African kimberlitic" diamonds, with an average value of US\$65 per carat.

<sup>6</sup> "Directors of mining firms finally testify in Zimbabwe Parliament diamond probe," VOA News, March 23, 2010.



**Chiadzwa is consumed by illegality and lawlessness, much of it done with the sanction or direct involvement of political elites close to President Mugabe.**

Then came the Marange strike of June 2006, close to the Mozambique border. Following this discovery, a frenzied diamond rush developed. When the government failed to buy up the diamonds because of cash constraints, a thriving black market quickly developed, accompanied by rampant smuggling.

Zimbabwe has been under increasing scrutiny since a KP Review Mission visited Marange in July 2009 and concluded that there were “credible indications of significant non-compliance” with the minimum requirements of the Kimberley Process Certification Scheme (KPCS). Among their chief concerns were evidence of government involvement in human rights abuses, smuggling, and lax controls that compromised the entire chain of production.

An attempt was made to help Zimbabwe meet its KPCS obligations by appointing a KP Monitor, South African Abbey Chikane, in February 2010. The Monitor’s duties include implementing a “supervised export mechanism” under which he would examine and certify Marange diamonds.

Most of Chiadzwa, the district in which Marange is located, remains a heavily militarized area, as security forces fight a losing battle to keep out thousands of illegal panners that are drawn to the region with the hope of striking it big.

The diamond fields are at the centre of a hotly contested legal action by Africa Consolidated Resources (ACR), a small company listed on the Alternative Investment Market in London. ACR gained control of the land after De Beers relinquished its claim in April 2006. They went public with news of a big discovery of alluvial deposits a few months later. The celebrations were short-lived. By December of that year the army moved in and threw the company off its concession.

Since that time Chiadzwa has been consumed by illegality and lawlessness, much of it done with the sanction or direct involvement of parties and individuals directly related to political elites within President Mugabe’s Zimbabwe African National Union (ZANU).

One of them is Minister Mpofu himself, who is clearly benefiting from sources of revenue above his ministerial pay grade. In early 2010 he went on a real estate shopping spree buying several properties in the Bulawayo area, including the Ascot Race Course and Casino.<sup>7</sup> Diplomatic sources have also confirmed that he is intimately involved in the running of Canadile, one of government’s joint venture partners.<sup>8</sup> But despite this, it is evident that Mpofu is not in charge of what is playing out in Marange.

On more than one occasion, the minister has been exposed for being little more than an errand boy for higher powers. For example, Zimbabwe’s Central Intelligence Organization was blamed for breaking into his office and stealing “sensitive documents” in February 2010, an indignity later publicized in the ZANU-controlled daily, *The Herald*.<sup>9</sup> He has also had to rely on the media to learn of events in Chiadzwa that he should have had advance knowledge of as Minister of Mines — such as the arrival and location of new troop rotations.

Recently the military chiefs have made their involvement less subtle. On April 9, 2010, Police Commissioner Augustine Chihuri wrote to Mpofu “asking” for a mining

7 “Mpofu opens lavish casino in Bulawayo,” Zimbabwe Daily News, March 26, 2010.

8 Interview, Harare, April 9, 2010.

9 “Minister’s office raided,” The Herald, 17, 2010; <http://allafrica.com/stories/201002170008.html>

## The Chiadzwa Gang: “Shady individuals and fugitives”

In July 2009 the Ministry of Mines accepted expressions of interest from companies willing to enter into joint ventures agreements to mine in Marange.

The process was undertaken under the auspices of the Zimbabwe Mining Development Corporation, a parastatal under the control of the Ministry.

While the move was initially billed by Minister Obert Mpofu as evidence of Zimbabwe’s efforts to fix concerns raised by the KP Review Mission, the real motivation was entirely different: the ZMDC lacked the hard currency needed to go it alone.

Unsuccessful attempts to finance operations between 2006 and 2008 had already forced the ZMDC to divert \$12 million in revenues earned from its gold mines to Marange.<sup>1</sup>

In anticipation of bids, the ZMDC created Marange Resources, a wholly owned subsidiary of the ZMDC, to represent its commercial interests.

Only two companies were cherry-picked for consideration: Core Mining Resources, a small, unheard of diamond company based in Kimberley, South Africa and Grandwell Holdings, a Mauritius-registered company with ties to the New Reclamation Group, a South African scrap metal company.

The ZMDC signed agreements with both companies on August 13 and 14, 2009, granting them each concessions measuring 2100 hectares. In return, the companies pledged to invest \$100 million in equipment and machinery needed to build physical infrastructure, including roads, security, processing facilities and water. They also agreed to share the future costs of relocating as many as 4,200 households within and around the mining fields.

The joint ventures resulted in the incorporation of two new distinct companies in which ZMDC (through Marange Resources) has 50% shares. Grandwell and Marange Resources formed Condurango, which trades as Mbada diamonds. Core Mining formed a new company called Canadile Miners Private Limited.

Both companies have 10 member boards of directors, of which the ZMDC is allocated five seats on each. A ZMDC representative chairs both boards, and like all the parastatal members, is appointed at the discretion of the Minister.<sup>2</sup>

The full corporate breakdown of the companies is far from complete, however; although Dominic Mubayiwa, the CEO of the ZMDC, confirmed the following individuals.

### **Mbada Board:**

Chairman: Robert Mhlanga (President Mugabe’s former helicopter pilot).

ZMDC representatives: Sithengisiso Mpofu (sister-in-law to Minister), Dingswayo Ndlovu (personal assistant to the minister<sup>3</sup>) and Chrystesona Kanjoma, one vacancy.

Grandwell Representatives: Paolo Kasasola, Chad Smart and David Kassel, two vacancies.

### **Canadile Board:**

Chairman: Cougan Matanhire

ZMDC representatives: Dominic Mubayiwa (Chief Executive Officer, ZMDC), Alvin Ncube, Beauty Moyo, Mrs G. Chikwava.

Core Mining representatives: Lovemore Kurotwi, Adrian Taylor, Yehuda Licht (Israeli diamond dealer), Danesh and Ashok Pandeya

The choice of board members raises many questions about what, if any, due diligence was undertaken by the ZMDC before making the appointments. Insiders and family relations aside, almost none of the board members have any experience in the legitimate diamond mining business. Worse still, at least half of Canadile’s board is implicated in serious illegality on one kind or another. They are, as one Zimbabwean paper called them, “shady individuals and fugitives from justice”.<sup>4</sup>

Kurotwi is a retired officer who played a senior role during the infamous 5th Brigade massacres in Matabeleland. Taylor is alleged to have worked as a mercenary in Sierra Leone, while Licht is believed to have spent time in jail in Angola on diamond-related smuggling offences.

Danesh and Ashok Pandeya were active diamond smugglers in DRC conflict and boast to be partners of high-level people in the Zimbabwe government. Ashok is on the police wanted list in Thailand over fraud involving diamonds worth US\$100 million.<sup>5</sup>

There also remains a lot of speculation as to the names of the as yet unnamed members. One name frequently mentioned for appointment to the Mbada board is Robert Mhlanga’s daughter, Patience.<sup>6</sup> Grace Mugabe, the President’s wife, is also alleged to be involved with Canadile.<sup>7</sup> She is close friends with Jack Hsieh, otherwise known as Hsieh Ping-Sung, a South African national who operates a diamond cutting facility in Qindao, on China’s east coast.<sup>8</sup>

As for the list of their shareholders, it has not been made public.

1 Testimony of Dominic Mubayiwa, Chief Executive Officer, ZMDC at the Parliamentary Committee of Mines and Energy Committee, February 8, 2010

2 Ibid.

3 “Mpofu Faces Diamonds Board Appointments Storm”, Zimbabwe Independent, January 14, 2010

4 “House summons mining company directors”, Zimbabwe Daily News, March 22, 2010

5 Ibid.

6 “Directors of Mining Firms Finally Testify in Zimbabwe Parliament Diamond Probe,” VOAnews.com, March 23, 2010

7 Interview, diplomatic source, Harare, April 9, 2010

8 “Grasping Grace puts diamond business on her shopping list,” Sunday Times, February 15, 2009; <http://www.timesonline.co.uk/tol/news/world/africa/article5733863.ece>



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concession for a shell company controlled by his department. He included a map and specified the areas in Chiadzwa he wished to mine.<sup>10</sup>

On another occasion, military commanders secretly negotiated work permits for Chinese soldiers to mine in the disputed diamond fields in return for military hardware from China. This included them using equipment belonging to Mbada, one of the government's joint venture partners.<sup>11</sup>

Africa is replete with examples of protracted and often highly factionalised struggles that are made to appear like 'chaos' and 'collapse', when in fact events are being cleverly manipulated to shore up elites threatened by democracy or to carve out a profitable political economy from lootable resources — like diamonds.

This is one of those cases.

This paper is based on a field visit PAC undertook to Zimbabwe in April 2010. It serves to lay out a political analysis of how ZANU elites thrive in settings of apparent uncertainty, and what lessons KP members and other stakeholders can use to design and implement response strategies. It should be read as a companion to *Zimbabwe, Diamonds and the Wrong Side of History*, a report PAC published in March 2009.<sup>12</sup>

## **The Political Economy of Mugabe's kleptocracy**

What is playing out in the diamond concessions of Marange and River Ranch is an all too familiar Zimbabwean story.

Each time President Mugabe and his inner circle have faced a crisis of political legitimacy they have resorted to carefully crafted campaigns of economic theft with which to engage in crass patrimonialism to placate key constituencies and buy more time in office.

As such, the involvement of ZANU elites in the country's diamond resources is the latest chapter in a long continuum by which the violent expropriation and manipulation of economic resources have been used for their political and economic gain.

It is a continuum manifested previously by three key events: Zimbabwe's plunder of the Democratic Republic of Congo, the orchestrated invasion and seizure of white-owned farms, and the manipulation of foreign exchange rates during recent years of hyper-inflation.

An examination of these events shows not only a similarity of tactics, but also the same personalities orchestrating and benefiting from such schemes.

These individuals, who have perfected their illicit behaviour to a niche specialty, are the same principals now battling for control of Zimbabwe's diamonds, ZANU, and the country as a whole.

The public faces of this power struggle are ostensibly the Minister of Defence Emmerson

10 "Zimbabwe police to move into mining industry," Afrik.com, April 30, 2010; <http://en.afrik.com/article17542.html>

11 "Chinese soldiers hired to mine Marange diamonds," The ZimDiaspora, May 17, 2010

12 The full report can be found at: [http://www.pacweb.org/Documents/diamonds\\_KP/18\\_Zimbabwe-Diamonds\\_March09-Eng.pdf](http://www.pacweb.org/Documents/diamonds_KP/18_Zimbabwe-Diamonds_March09-Eng.pdf)



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Mnangagwa and his longtime political foe, General Solomon Mujuru, the retired head of the armed forces and one of Zimbabwe's richest men. Mujuru is also the husband to First Vice President Joice Mujuru, who at times is considered an equal partner in his presidential aspiration, but remains in the shadows so as not to cause offence to President Mugabe<sup>13</sup>.

While both men have long considered themselves the dauphin to President Mugabe, the true power brokers of Zimbabwean politics are members of the Joint Operations Command (JOC).

The members of the JOC are the high priests of Zimbabwean politics, the final arbiters of tough decisions<sup>14</sup>, and the architects of every single government-sponsored act of repression from the 1985 *Gukurahundi* massacres in Matabeleland, to the farm invasions, to successive episodes of election-related violence.

The JOC is the ultimate Praetorian Guard, its tentacles control every facet of state security. It is an organization driven by two simple concerns: safeguard Mugabe's place as president, and neutralize any potential legal or political threats to their power. The JOC will likely decide who succeeds Mugabe.

At first glance it would appear Mnangagwa has the inside track to win their support, as he doubles as chair of the eight-person group<sup>15</sup>. He is also considered more of a hardliner and closer to most "securocrats" including Defense Force Commander General Constantine Chiwenga, perhaps the most influential of all JOC members.<sup>16</sup> In 2007 Mnangagwa won the president's personal favour after Mujuru's aspirations got the better of him by openly campaigning within ZANU to replace Mugabe, whom many thought would not contest the 2008 election.

Despite this misstep, Mujuru is well known within the JOC and wider military circles from his past role as head of the military and, through his wife, controls some formidable levers of power in his own right. Among them is ZANU's Politburo, the most powerful party organ and widely considered a more influential decision-making body than the cabinet. The Mujuru's strategy is to consolidate their control of internal ZANU structures, build behind-the-scenes alliances with the MDC, and present themselves as the compromise candidate(s) once Mugabe dies.<sup>17</sup> There are rumours that some western governments have given their tacit approval to such a scenario.

While the succession issue is far from settled between these two camps, both Mujuru and Mnangagwa are intimately involved with efforts by the JOC to monopolize the country's diamond resources — just as they have been with all previous economic self-enrichment schemes on which the JOC has embarked.

**The military chiefs are the high priests of Zimbabwean politics, the final arbiters of tough decisions, and the architects of every single government-sponsored act of repression from the 1985 massacres in Matabeleland, to the farm invasions, to successive episodes of election-related violence.**

13 See for example, Heidi Holland's *Dinner with Mugabe* (Penguin, 2008), p. 195.

14 The JOC is widely credited with pressuring Mugabe to stay on as President following his March 2008 defeat to Tsangirai in the first round of elections (Times of London, June 9, 2008; <http://www.timesonline.co.uk/tol/news/world/africa/article4092858.ece>)

15 The other members are: General Constantine Chiwenga, commander of the Zimbabwe Defence Forces; Lieutenant General Philip Sibanda, commander of the Zimbabwe National Army; Air Marshal Perence Shiri, commander of the Air Force of Zimbabwe and Robert Mugabe's cousin; Commissioner Augustine Chihuri, Zimbabwe Republic Police; Major General (Ret.) Paradzayi Zimondi, head of the Zimbabwe prison service; Happyton Bonyongwe, director-general of the Central Intelligence Organization; and Gideon Gono, governor of the Reserve Bank of Zimbabwe.

16 "Zimbabwe: Political and Security Challenges to the Transition," International Crisis Group, Africa Briefing No. 70, March 3, 2010, p. 6.

17 Ibid, p. 7.

## River Ranch: Solomon's Mine

River Ranch is known colloquially as "Mujuru's mine."

There is even paperwork to prove it.<sup>1</sup> Which in the tussle for control of Zimbabwean diamonds is a rarity.

The corporate ownership and shareholder structure of Mbada and Canadile, by comparison, remain largely cloaked in mystery — despite the public scrutiny and best efforts of Zimbabwe's Parliamentary Committee on Mines and Energy.

But while Mujuru's ownership may be common knowledge, many other things about River Ranch remain in the shadows. The reason: the mine goes to the very heart of Mujuru's struggle for control of ZANU, and allegations it is being used to launder some of the plunder he and his allies secured in DRC.

In April 2004 Mujuru controversially grabbed the mine with the help of Adel Abdul Rahman al Aujan, a millionaire Saudi real estate developer who also owns luxury beach resorts and safari camps in Eastern and Southern Africa that operate under the name Rani Resorts.

At the time River Ranch Mine was owned and managed by Buby Minerals which took possession of the once insolvent mine in September 1998. The proprietors of Buby Minerals are Adele and Michael Farquhar, who managed to turn things around so the mine was producing an average of 30,000 carats per month.

The Farquhars' misfortune began after they gave Aujan a 30 percent stake in the company in 2002 after they ran into some financial difficulties caused by a cyclone. By 2004 the two parties had a falling out, and Aujan abruptly called in his loans.

Shortly afterwards he convened a meeting at the exclusive Meikles Hotel in Harare, unilaterally reconstituted the company as River Ranch Limited and appointed Mujuru and Trivanhu Mudariki, another senior ZANU politician, as directors. Days later the Farquhars were escorted off the property by police at gunpoint.



*General Solomon Mujuru (Retd.)*

The case has been before the courts ever since, with several legal judgments upholding the Farquhar's legal rights. Despite this, River Ranch Limited continues to occupy and mine despite a lack of clear title.

River Ranch is as illustrative of Mujuru's disdain for the rule of law, as his abilities to flex his political muscle to get his way. On several occasions he has secured interventions very few other Zimbabweans could.

The first came in November 2005 when then Minister of Mines Amos Midzi issued a letter "correcting an administrative error" in a bid to overturn a court decision that had upheld legal title to the Farquhars.

This effort ultimately failed, but it showed the ease with which Mujuru could give marching orders to a minister's office.

Other interventions were more successful. In Zimbabwe it is the Minerals Marketing Corporation of Zimbabwe, a parastatal within the Ministry of Mines, which issues Kimberly Process certificates needed for the legal export of rough diamonds.

Despite controlling the mine, Mujuru was initially prevented from legally selling any diamonds, thanks to an injunction won by the Farquhar's legal team.

Undeterred Mujuru repeatedly pressured Priscilla Mupfunira, the chairwoman of the MMCZ, to issue the certificates anyway. She refused.

Mujuru turned to the Central Committee, the second most powerful ZANU organ whose main duties include dispensing patronage. The Committee is firmly controlled by Mujuru's wife, Joice, and includes Mudariki among its members.

In late 2008 Mupfunira and most of the MMCZ board were abruptly replaced. (Retired Lt-Col) Nelly Abu Basutu assumed the top job. She came with impeccable connections: her husband is Air Vice-Marshal Titus Abu Basutu, the deputy to Air Force Chief Perence Shiri.<sup>2</sup>

<sup>1</sup> Minutes of the Annual General Meeting of River Ranch Limited, Meikles Hotel, Harare, April 26, 2004, as held by PAC. The directors of the company are listed as Mujuru, Adel Abdul Rahman al Aujan, Adrian Philip de Bourbon and Tirivanhu Mudariki.

<sup>2</sup> In July 2008 Titus was added to the European Union's International Wanted List for his involvement in election related violence in Matabeleland South. "No place to hide — you have been found out," *The Zimbabwean*, July 31, 2008.

Mujuru has also controversially obtained technical assistance — after the takeover — from the African Management Service Company, a joint entity managed by the United Nations Development Programme and the World Bank's International Finance Corporation.

There are also persistent questions surrounding the company's "official" production numbers. Although there is no definitive proof Mujuru is laundering Congolese diamonds, RRL's numbers don't tally.

Consider the following: River Ranch Limited did not publicly declare its production from 2004 to 2008. The first public declaration was made by Finance Minister Tendai Biti, who stated that the Annual Return for RRL for 2009 was 75,000 carats — exactly 25% of the potential annual yield.

RRL sold its first diamonds in June 2007, amounting to almost 50,000 carats, despite statements unveiled by Biti that showed that they had been mining continuously from November 2005 to May 2007, some 16 months. RRL should also have declared and marketed another 600,000 carats between May 2007 and December 2009. No rational explanation has ever been forthcoming as to why it did not.

One reason could be because River Ranch, as with Marange, has a direct connection to internecine squabbles that broke out within ZANU in 2007.

At the time it appeared Mugabe would not contest the 2008 election and the Mujuru and Mnangagwa factions set about securing support for their respective presidential bids.

Among some key western countries the Mujurus were perceived to be the acceptable face of ZANU, and a more realistic bet than the MDC, who was facing its own internal divisions at the time.

The thinking was to create an entity from within ZANU that was financially able to assume power smoothly and restore relations with the west.

Mnangagwa and the securocrats sponsored a counter revolt to destabilize the party — which Mujuru largely controlled — with funds from Marange.

Much of ACR's problems stem from the fact that Solomon Mujuru is a shareholder. ACR contends that his share is no bigger than 3%, worth a monetary value of 240,000 pounds sterling.<sup>3</sup>

No one believes that.

"There is nothing about Solomon Mujuru that is small time," says one industry insider. "He is not the kind of guy who buys shares and sits back waiting for the investor newsletter."

Mujuru was to provide Cranswick political coverage, as the latter comes from a family with the wrong political pedigree. (His family was known to be big supporters of Ian Smith's Rhodesian Front). Instead, Cranswick is now paying the price for backing the wrong horse in the ZANU succession race.

As is explained elsewhere in this report, it is often erroneously assumed that the only fight for power in Zimbabwe is between the two parties, ZANU and the MDC. In reality, the more explosive turf war is within ZANU.

While Mnangagwa's support base within the JOC places him closer to Marange's riches, River Ranch affords Mujuru unfettered access to his own diamond resource — one that he has protected with no less ruthlessness.

Those who have borne the brunt of Mujuru's persecution are the Farquhar's and their immediate supporters. The couple has repeatedly been singled out for special harassment, including frequent imprisonments, house break-ins and death threats, in an attempt to force them to give up the mine.

The intimidation campaign took a very personal and tragic turn in February 2010, when Adele's brother Richard Amyot and his wife Tecla were murdered.

Police ruled it a murder-suicide but forensics done by the family disputed that finding. Tecla was shot four times, including once from close range at the back of her head while she was lying on the floor. Richard was found slumped in a door frame as though running from the room. He, too, was shot in the head, but from medium range. No gunpowder residue was found either on his hands or at the bullet's entry point.

Despite all this, the Kimberly Process has never seen fit to interview the Farquhars.

River Ranch is not the only kimberlite mine operating under the radar of the KP. There is "Gono's" mine, near Gweru in Midlands, named after Reserve Bank Governor, Gideon Gono. It is comprised of two sites, the revenues from which are untraced. Lesser known mines have also come on line near Shangani, again in Midlands; and another RRL-owned mine in Mwenezi, in Masvingo Province.

3 Interview with ACR representative, Harare, April 9, 2010.



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The first example came in 1998 when Zimbabwe entered the DRC — one of eight African countries that took sides in a civil war that has since cost more than 5 million lives, and which continues today. At the time, Zimbabwe claimed it went in on the invitation of embattled President Laurent Kabila after he fell out with his two erstwhile allies, Uganda and Rwanda.

But altruistic pretences were quickly shelved when it was discovered that Harare's intervention, like that of other countries, was motivated more by a desire to enrich itself on Congo's rich natural resources.



*Emmerson Mnangagwa, Minister of Defence*

The United Nations later implicated several ZANU politicians and their associates in the plunder, including then Justice Minister Emmerson Mnangagwa.<sup>18</sup>

Solomon Mujuru missed any public censure, but he was not far from the action. Both he and his wife enriched themselves through the trade of DRC diamonds and gold, the latter of which extended well beyond Zimbabwe's official withdrawal in 2002.<sup>19</sup>

While these elites were the big winners of the DRC's bounty, they were not the only ones: rank and file soldiers were also allowed to profit, but in degrees accorded to their rank. Among them was Robert Mhlanga, a former Air Force Vice-Marshal and Mugabe's personal helicopter pilot, who retired a millionaire shortly after his tour in the DRC. Mhlanga was later to resurface as the Chairman of Mbada Investments, another company that entered into a joint venture with the government to mine Marange.

Zimbabwe's entry into the DRC coincided with the first rumblings of domestic discontent at Mugabe's failure to deliver on one of the key promises of independence: land reform.

Almost two decades after independence most agricultural land remained in white hands, largely because Mugabe and the farmers had a tacit agreement: stay out of politics and you can farm as you always have.

This was to change in 2000 with a referendum on a proposed new constitution. It sought to radically amend the terms of land reform as specified in the 1979 Lancaster House Agreement, which ended white rule in what was then called Rhodesia. Under the Lancaster House Agreement, land redistribution would be governed according to a "willing buyer, willing seller" principle. The constitution proposed in 2000 gave the government the right to seize land at will, without offering any compensation. Mugabe's new mantra became "One man, one farm."

The referendum failed after the nascent Movement for Democratic Change, lead by union leader Morgan Tsvangirai, out-manoeuvred the government — in large part due to the significant financial backing of the white farmers. For ZANU, this act of perceived treachery constituted grounds to declare open season on white landowners.

<sup>18</sup> Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo, United Nations S/2003/1027 (New York: October 23, 2003)

<sup>19</sup> See for example: <http://news.bbc.co.uk/2/hi/africa/7907278.stm>



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What transpired next needs little introduction. ZANU “war vets”, many of whom were too young to have played a role in the *Chimurenga* — the war of liberation — used rape, murder and intimidation to force the white farmers and their families off their land. Over the course of five years the numbers of white farmers in Zimbabwe dropped from 4,000 to less than 500<sup>20</sup>. The resulting number of displaced and unemployed farm workers and their dependents exceeded one million. The country lost the ability to feed itself. “From a bread basket”, Tsvangirai noted, “Zimbabwe has become a basket case.”

While the farm invasions may have reduced Zimbabwe to ruin, they served a very different function for ZANU insiders. As one observer noted: “While ZANU-PF portrayed the farm invasions in terms of populist land reforms, the strategy was primarily one of political survival, [made] evident in the pattern of land invasions and land allocations. Farm invasions quickly evolved into a systematic and methodical purge of commercial farms, to undermine support for the MDC from farmers and farm workers. Local contexts and local politics shaped the nature of local invasions, but the overall program was centrally endorsed and centrally coordinated. The reallocation of arms and assets were strategically geared towards placating key groups and key individuals within ZANU-PF’s increasingly militarized patronage system.”<sup>21</sup>

Evidence of this was found in a 2009 audit of confiscated farms agreed to in the Global Political Agreement, the accord that underpins the fragile unity government. It revealed the beneficiaries were a who’s-who of ZANU politics. Among the JOC, the biggest winners were Air Vice-Marshal Perence Shiri, Police Commissioner Augustine Chihuri, and Head of Prisons Paradzai Zimondi, who received 14 farms between them. The Mujurus got three, while Mnangagwa scored two.<sup>22</sup>

The third economic enterprise ZANU elites engaged in was the manipulation of foreign currency exchanges. Over the course of the last decade Zimbabwe’s official inflation rate has set all manner of records, reaching a reported 2.3 million percent by November 2008.<sup>23</sup>

The hyperinflation caused a cash shortage because the government could not print notes fast enough to meet demand. Meanwhile ordinary people were permitted to withdraw a maximum worth the equivalent of a few American dollars a day from their bank — a situation that left no money for frills beyond what was needed for basic survival.

For a small and connected group of ZANU elites with special access to hard currency, the hyper-inflation was not a crisis, but an opportunity. Many would spend the day going between the Reserve Bank of Zimbabwe and black market sellers buying and selling currency at higher and ever more advantageous rates. It was not unfeasible for someone to convert \$1,000 into sums 100 times that over the course of a day.<sup>24</sup>

Those who benefited from the foreign exchange manipulations had the upper hand when the Marange boom hit. Zimbabwe did not move to a dollarized economy until March 2009,

20 “Losing the Plot: The Strategic Dismantling of White Farming in Zimbabwe, 2000-2005,” Angus Selby, QEH Working Papers 143, University of Oxford, p. 34; <http://www3.qeh.ox.ac.uk/RePEc/qeh/qehwps/qehwps143.pdf>

21 Ibid, p. 1.

22 “Zanu’s multiple farm owners revealed,” The Zimbabwean, November 24, 2009; <http://www.thezimbabwean.co.uk/2009112326976/weekday-top-stories-Zanus-multiple-farm-owners-revealed.html>

23 See for example, <http://www.guardian.co.uk/world/2008/oct/09/zimbabwe>

24 See for example, “Corruption driving Zimbabwe’s inflation,” by Gilbert Muponda, New Zimbabwean, December 11, 2009.



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which meant for the first two years of the rush it was mostly foreigners and ZANU elites that had the hard currency with which to buy and sell diamonds.

The military was to put other “skills” it learned in the DRC and farm invasions to use in Marange and River Ranch.

The most obvious is the violation of property and investment rights, witnessed by the dispossession of mining rights held by ACR and Buby Minerals, the rightful owners of the River Ranch mine.

In Marange, soldiers applied the rent-seeking practices they learned in the DRC — in particular the practice of press-ganging local peasant farmers into exploitative syndicates to extract natural resources, including diamonds.

During the land invasions, “veterans” and their supporters also engaged in a variation of this, whereby farmers were often intimidated into paying bribes to local ZANU strongmen in the hope that they would be spared eviction. The proceeds would then be shared with the squatters. This practice is better known in mafia parlance as racketeering. And, as the farmers fast discovered, it is expensive, subject to frequent change, and not guaranteed to deliver the expected protection.

In Marange, the army rotates its brigades in the diamond fields, bringing new ones in on a 2-3 month cycle. Among soldiers the practice goes a long way in diffusing charges of favouritism (and discontent in the ranks), as it gives everyone a crack at supplementing their meagre army salary. The *gwejas*, as the miners are known in Shona, have a different perspective. They have found that in the years since mining began in 2006, the terms under which they enter into syndicates with police or soldiers has become more exploitative with time.<sup>25</sup>

Profit-sharing within syndicates are generally constituted in two main ways. In the beginning it was more common for a syndicate of 10 or so panners to work with one or two soldiers or policemen and pay a flat fee of upwards of \$1,000 to dig for a night. That would get them about four or five hours in the fields. After they paid their flat fee, they got to keep the remainder of their proceeds.

But as the boom exploded, and with the arrival of each new rotation of soldiers, the terms were often radically renegotiated in favour of the security forces.

Currently most syndicates engage in 50-50 profit sharing arrangements with their police or military associates, whose involvement extends to accompanying the panners to the local market to negotiate the sale of the stones.

While the arrangements have changed with time there is one constant: the police and soldiers offer no protection to their syndicate. If there is a raid by private security companies or the much feared and armed police support unit, the panners are on their own. It is also common for the police and soldiers — who make it a habit of never working together in the same syndicate — to fight among themselves about whose panners should work a particular plot of land.

Despite the parallels to the past, Marange sets itself apart from the other economic manipulations in one key respect: for a brief period ordinary Zimbabweans were allowed to benefit for a change.

<sup>25</sup> Interviews with panners, B.M., T.S., F.M, Mutare, April 11-14, 2010.



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In a country where public sector workers had not been paid in years<sup>26</sup>, Marange was an irresistible draw for anyone with a brave constitution. It required no previous experience and offered the potential for quick and generous returns.

This, of course, did not sit well with the military commanders, as the arrival of tens of thousands of people to mine Marange cut into their profits. Not surprisingly they ordered a crackdown on the panners.

## Political landscape: The unwelcome return of the JOC

Manicaland is no stranger to political violence.

During the *Chimurenga*, Manicaland saw some of the fiercest fighting as it was one of the front lines in the guerrilla war between the racist regime of Ian Smith and ZANLA, the military wing of ZANU, then based across the border in neighbouring Mozambique.

The rugged and mountainous terrain has also produced more than its fair share of political giants — including liberation luminaries as Herbert Chitepo, Ndabaningi Sithole and Edgar Tekere. Another notable son is the late Abel Muzorewa, the Methodist Minister who served briefly as Prime Minister in an ill-fated “interim” government with Ian Smith in the late 1970s.

In the post-Independence era, Manicaland was considered a reluctant ZANU stronghold, a province known for its outspoken and independent-minded leaders, but that could nonetheless be counted on to support Robert Mugabe, despite his economic or political transgressions.

That all changed with the 2008 elections.

The presidential and parliamentary elections in March and June of that year were some of the most highly contested in Zimbabwe’s history, with over 2,000 reported cases of violence and intimidation in a four-month period alone, most of which occurred in the ZANU heartland of Mashonaland and, to a lesser degree, Manicaland<sup>27</sup>.

Despite widespread rigging by ZANU,<sup>28</sup> Tsvangirai beat President Mugabe in the first round of polls, but narrowly missed winning an outright majority that would have avoided a second round runoff. Tsvangirai — another Manican from the District of Buhera — later withdrew from the presidential race, citing voter intimidation.

The concerted campaign of fear waged by ZANU operatives failed: the MDC swept all but one of Manicaland’s 27 parliamentary seats.

In this context, the violence that emerged with the discovery of Chiadzwa in 2006 should not be seen in isolation, but as part of a larger political dynamic: a response by ZANU hardliners to the national contestation of their political power base.

**Marange was an irresistible draw for anyone with a brave constitution. It required no previous experience and offered the potential for quick and generous returns.**

26 Finance Minister Biti introduced a cross-the-board salary of \$250 for public sector workers shortly after the February 2009 formation of the unity government.

27 <http://www.sokwanele.com/map/electionviolence>

28 <http://edition.cnn.com/2008/WORLD/africa/03/23/zimbabwe.elections/index.html>

## The Value of Marange: Diamonds the Size of Pineapples?

One of the biggest unknowns about the Marange diamond fields is the actual size and potential value of the deposit.

To hear some people tell it, it is modern day King Solomon's Mines with diamonds the size of pineapples.

It is a claim of which Gideon Gono, the vastly unpopular Reserve Bank Governor, has little doubt. In October 2008 he pegged the possible revenue to the State at \$1.2 billion a month if properly managed, and estimated government coffers had lost about \$400 million from smuggling<sup>1</sup>. That such estimates made Marange's supposed value greater than the total value of all the rough diamonds in the world does not seem to have checked Gono's imagination.

ACR is only a little more modest in its assessments.

"It is one of the most prolific finds in the history of the diamond business," according to an ACR representative. "The only thing that comes close is the find last century on the Skeleton Coast [in Namibia]."<sup>2</sup>

Such claims played a big role in sparking and fostering the casino capitalism that has consumed Manicaland, but has generally been met with varying degrees of scepticism by industry watchers.

De Beers, the original license holders of the concession, lost the prospecting rights to ACR in 2006 before they could undertake a full examination of the deposits.

ACR, for its part, has specific information but is prepared to share only generalities. Despite the lack of specifics, PAC has been able to independently verify some of ACR's claims.

One method of quantifying the value of a deposit is to measure the carats per 100 tonnes of ore. ACR claims Marange produces 4000 carats per 100 tonnes. The numbers for Zimbabwe's two kimberlite sites, Rio Tinto's operation in Murowa and River Ranch, are positively pedestrian by comparison: averaging 60-80 carats and 25-30, respectively.

While the majority of Marange diamonds are industrial grade quality, ACR boasts that the top five percent are "very serious gems" while another five percent are "decent quality."

If the area was mined at a responsible rate, the company claims Marange's output could sustain three million carats a month for 14 years.

One industry insider who has visited the area, and spoke to PAC on the condition of anonymity, confirmed that the

caratage of Marange is "virtually unheard of" and "bigger by orders of magnitude of anything mined anywhere in the world. It's a complete freak."<sup>3</sup>

Getting an accurate picture of the true value of the stones remains more elusive.

Mutare is full of stories of people — panners, but mostly low-level buyers — striking it rich on a single stone. One miner told PAC of earning US\$17,500 for a 13-carat stone he found in August 2007<sup>4</sup>. He also reported recently attending a party in the Mutare suburb of Murambi hosted by a buyer who was celebrating the sale of a 35-carat diamond for a record US\$120,000.

Our industry source says one factor that could be inflating prices is inexperienced dealers without a good handle on diamond prices.

"You need to sample a lot to know what is the right value of the stones," he says. "And that is not well understood by those who are not intricately involved in the business."

"They look at a stone from Marange, then compare the prices on the internet for stones sold in Angola — that may be selling for \$400 a carat. So they get a phenomenal number that doesn't accurately reflect the true value."

The source concedes, however, that the best five percent of the gems, with a grade of 4000 carats per tonne, could easily fetch US\$200 a carat.

This figure would be slightly higher than what the Kimberly Process Working Group on Diamond Experts concluded after undertaking a "footprint" of Marange in December 2008. They estimated the gem quality stones would earn an average of \$150 per carat.

Other than the challenges securing a vast and open alluvial deposit, the biggest obstacle facing the ZMDC and its joint venture partners in their pursuit to fully exploit Marange is a lack of mining experience and proper equipment.

The Minister of Mines Obert Mpofu admitted as much to Parliament: "We are exploring diamonds using equipment that is not producing amounts that we would want to produce. We are currently producing an average of 50 000 to 60 000 carats per week, which is small compared to the mineral resources that are there."<sup>5</sup>

1 "Zimbabwe loses over US\$1.2 billion a month to diamond smugglers," APA-News, October 25, 2008

2 Interview with ACR representative, Harare, April 9, 2010.

3 Interview with independent industry representative, April 29, 2010.

4 Interview with panner B.M., Mutare, April 11, 2010.

5 Zimbabwe Times, March 25, 2009; [www.zimbabwesituation.com/mar26a\\_2009.html](http://www.zimbabwesituation.com/mar26a_2009.html)



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While much of the focus of previous human rights investigations in Chiadzwa has focused on abuses that occurred in and around the diamond fields, there are examples of violence that were at first attributed to government crackdowns on illegal panners when in fact later analysis found them to be overtly political in nature.

The best example of this is *Operation Hakudzokwi* (No Return), a police action launched in the Mutare-Marange corridor in November 2008 during the apex of the diamond rush.

*Operation Hakudzokwi* was announced by Chris Mushowe, a close Mugabe ally and the transport minister until voters in the constituency of Mutare West rejected him in the March 2008 poll. As a consolation prize Mugabe controversially appointed him Governor of Manicaland, over opposition objections.

Stung by the voters' snub, Mushowe vowed to avenge the humiliation. Prior to the launch of the operation, Mushowe is known to have chaired a provincial meeting of the JOC in which he expressed bitterness at low voter turnout from Chiadzwa in the March election, despite the thousands of people living and working in the illegal diamond trade. He complained the miners were too busy enjoying the benefits of illegal panning to vote for ZANU, and that this needed to change.

Over the course of *Operation Hakudzokwi*, police randomly chose people from streets and market places, forced them onto buses, and drove them to locations under the control of the armed police support unit in Chiadzwa. Most of the victims had had no prior involvement in the diamond fields. Once there they were subjected to days of beatings and ritualistic humiliations that included being stripping naked and singing praise songs for the amusement of policemen and soldiers.<sup>29</sup>

It is not the only incident in which Mushowe used his position to exact revenge against his former constituents. He was later accused by villagers in Murome in Mutare-West of using the police support unit to harass them for attending MDC events.<sup>30</sup>

*Operation Hakudzokwi* also resembled *Operation Murambatsvina* (Throw out the trash), a campaign the Mugabe regime launched after the 2005 election. While ostensibly characterized as an effort to reduce the spread of infectious diseases among illegal slum dwellers, human rights activists saw it as political retribution against the urban poor who overwhelmingly voted in favour of the MDC.

The militarization of Chiadzwa also represents a homecoming of sorts for several members of the JOC, many of whom served in senior positions in Manicaland during the Chimurenga.

Constantine Chiwenga and Perence Shiri — childhood friends from the village of Wedza in Mashonaland East — joined the guerrilla ranks together in 1973 and were based across the border in Mozambique.<sup>31</sup> Chiwenga was to rise to become ZANLA's deputy Provincial Commissar for Manicaland, serving alongside Paradzai Zimondi who was the Provincial Commander.<sup>32</sup>

29 Interviews with abuse victims, Mutare, April 11, 2010. Ironically the exact same abuses were documented during the *Gukurahundi*.

30 "Soldiers accused of harassment in Muromo," *The Zimbabwean*, November 7, 2009.

31 "Shiri's assassination attempt was a hoax," *The Daily News*, January 6, 2009; <http://www.thedailynewszw.com/?p=9582>

32 "Constantine Chiwenga: Who's who Profile", *Africa Confidential* (London: 2010)



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**The return to Manicaland by the military chiefs is not a homecoming of prodigal sons. It goes to the heart of their campaign to destabilize the unity government, and protect their political position within ZANU.**

While Mnangagwa may be the titular head of the JOC, the real powerhouses are Chiwenga and Shiri — the latter of whom is also Mugabe's cousin. Both earned notoriety for their commanding roles with the notorious 5<sup>th</sup> Brigade during the 1985 *Gukurahundi* massacres in Matabeleland that killed as many as 20,000.

The JOC's return to Manicaland is not a homecoming of prodigal sons. It goes to the heart of their campaign to destabilize the unity government, and protect their political position within ZANU.

The military chiefs have never been shy in voicing their distain for the MDC, which has in turn made their disbanding a political condition for the continued viability of the Global Political Agreement.

In the lead up to and aftermath of the 2008 election the JOC telegraphed their discontent with some sabre-rattling that no one ignored.

Commissioner of Prisons Zimondi got the ball rolling by publicly ordering his senior officers to vote for Mugabe<sup>33</sup> and declared: "I will only support the leadership of President Mugabe...If the opposition wins the election, I will be the first one to resign from my job and go back to defend my piece of land. I will not let it go."<sup>34</sup>

A month after Tsvangirai won the first round of elections, Chiwenga and Shiri reiterated their commitment to defend the Mugabe presidency at all costs, even if it meant a coup. Police Commissioner Chihuri, later joined by Chiwenga and Zimondi, also promised never to salute Tsvangirai if he became Head of State.<sup>35</sup>

Since that time the JOC has toned down its rhetoric but remains firmly opposed to any cooperation with the unity government.

Other than their obvious and absolute control of the means of state violence, the JOC considers their control of Marange to be their main instrument through which to engineer the defeat of the GPA that underpins the fragile unity government.

Starving the national treasury of any revenues from Marange is their most effective weapon in that regard — something acknowledged by Finance Minister Tendai Biti, the second most powerful elected MDC official.

Biti is under no illusions about what will happen if this does not change. He recently warned that Zimbabwe will join the ranks of anarchic Somalia if the unity government collapses because of a lack of resources: "The consequences of it (the unity government) not working are drastic, it will lead to a failure of the state, a collapse of the state and all the civil unrest that follows the failure of a state."<sup>36</sup>

Keeping the longevity of the unity government in perpetual question has also worked well for the JOC in its efforts to undermine the MDC in its negotiations with key political actors like South Africa, which facilitates negotiations with the unity government partners on behalf of the Southern African Development Community.

33 "Zimbabwe prisons head orders officers to vote Mugabe," *Reuters*, Feb 28, 2008

34 "I'll Not Salute Tsvangirai, Makoni—Defence Chief," *The Herald*, 29 February 2008

35 "Grace no match for Mugabe's generals," *Sunday Independent* (Johannesburg), April 6, 2008

36 "Zim will slide into total anarchy if unity govt collapses: Biti", *ZimOnline.co.za*, 26 March 2009



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This would also fit with a strategy that some ZANU hardliners have admitted: that their objective is to play an as obstructionist role as possible in order to undercut any major political and economic reform championed by Tsvangirai and the MDC.

This will be achieved by keeping Mugabe in power until death or retirement, “while making both [the inclusive government] and the parliament dysfunctional; steps in this regard [...] include acts of lawlessness such as continued farm invasions, violations of property and investment rights, and resistance to political and economic reforms so as to discredit the MDC-T both nationally and internationally as an effective political force.”<sup>37</sup>

But the JOC’s destabilization of the unity government is only half the story of how this “rebel movement” is leveraging their stranglehold of the diamond resources to bring down any semblance of democratic governance in Zimbabwe.

If Biti is right that the national treasury has not benefited from Marange, the logical question to ask is: then who has? Other than a handful of big dealers in Vila de Manica and Mutare — most notably Bothwell Hlahla, Tarzin Machingura, and another simply known as Gonyeti — the biggest winners are obviously the same clique of insiders and securocrats that have always benefited from illicit ZANU enterprises.

While the national treasury may be starved of funds, the same is not true for the JOC. While no one knows the exact wealth of Chiadzwa, Gideon Gono, the Reserve Bank Governor and JOC member, once estimated the value of smuggled Marange diamonds at \$400 million in 2007 alone.<sup>38</sup> Most of which is done by or with the complicity of people close to the military. While some of this money is lining individual pockets, there have been several reports of military commanders personally securing diamonds-for-guns deals with Chinese officials, after Biti used his ministerial powers to block official arms purchases.<sup>39</sup>

This is troubling for two reasons. The first is these arms are almost certain to be used to carry out more abuses in Chiadzwa, and intimidate voters in any future election. The second is that while it is often assumed that the main power struggle in Zimbabwe is between the two political parties, in fact the more contested, and bitterly fought, prize is control of ZANU itself.

This will come to a head in one of two likely scenarios: there is another election in which ZANU loses, leading to the JOC making good on its threats of violence, including a coup; or once Mugabe dies or retires, the two factions unsheathe their knives and begin a fierce battle to be his heir. Some observers believe this will almost certainly result in bloodshed and the implosion of ZANU.<sup>40</sup>

Past actions are often a good indicator of future behaviour. We already know that leading members of the JOC have been implicated in every single significant episode of mass violence in post-Independence history. Any implosion of ZANU is unlikely to have a happy ending for the people of Zimbabwe, who will, once again, bear the brunt of yet more excesses carried out by the military chiefs.

**The violence in  
Chiadzwa is part of  
a larger political  
dynamic: a response  
by ZANU hardliners  
to the national  
contestation of their  
political power base.**

37 “Zimbabwe: Political and Security Challenges to the Transition,” International Crisis Group, Africa Briefing No. 70, March 3, 2010, p. 5.

38 “Zim loses \$400m in diamonds,” News24.com, April 5, 2007; [http://www.news24.com/Africa/Zimbabwe/Zim-loses-\\$400m-in-diamonds-20070405](http://www.news24.com/Africa/Zimbabwe/Zim-loses-$400m-in-diamonds-20070405)

39 See for example, “Secret airstrip built at Zimbabwe diamond field,” The London Telegraph, January 31, 2010

40 Interview with diplomats, Harare, April 9, 2010; political scientist, Ottawa, March 24, 2010



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**Past actions are often  
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people of Zimbabwe.**

## Anatomy of violence

Getting hard numbers on how many people have been killed or injured in Chiadzwa is an inexact science.

Much of it has to do with the fluid nature of the rush, the panners, and the iron-fisted control that the military and police exert over the area.

The most reported death tolls relate to the 2008 crackdown launched between October and December 2008. The New York-based Human Rights Watch claimed at least 214 miners were killed in the first three weeks of the operation, between October 27 and November 16, 2008. Zimbabwean media has reported the number could be closer to 500<sup>41</sup>. PAC has the names and dates of at least another 40 panners killed in Chiadzwa who were brought to the central mortuary in Mutare between August 5, 2006 and June 1, 2008.<sup>42</sup>

While the exact number may never be known, what is certain is it is far greater than the number claimed by Murisi Zwizwai, the MDC deputy minister of mines. At a Kimberley Process meeting in Windhoek, Namibia in June 2009, Zwizwai put up a spirited defence of the government's role in Chiadzwa, denied anyone had died and challenged civil society groups to "Show us the bodies." His statements were later repudiated by the MDC, which called them "fact-hostile and evidence-free."<sup>43</sup>

Another certainty is that soldiers and police continue to engage in routine human rights abuses. While late 2008 and early 2009 marked the most repressive period in Chiadzwa, stories of rape, beatings and summary executions continue to be reported to human rights groups on a weekly basis. The Mutare-based Centre for Research and Development, for example, collected evidence of 24 cases of physical abuse perpetrated by security forces in April 2010 alone.<sup>44</sup>

While identifying individual perpetrators remains a problem, one exception to this is District Commissioner Brighton Mudzamiri, who earned small notoriety during the 2002 FIFA World Cup of soccer for keeping law and order on the pitch as a FIFA referee.<sup>45</sup> More recently he has been implicated in numerous atrocities in the Chiadzwa area, including at least three deaths. On one occasion an eyewitness reported seeing a foreign panner by the name of "Musa" die after Mudzamiri beat him repeatedly in the groin with a baton in a trading area known as Masugar-sugar a few days before Christmas 2009.<sup>46</sup> Another victim was 25-year-old Takunda Neshumba, who died on April 30, 2009 from injuries inflicted during an interrogation by Mudzamiri. Cashel Valley Police station opened a criminal investigation but Mudzamiri was never charged. He has since been reassigned from Chiadzwa to an unknown location.

Human rights activists and medical professionals in Manicaland have also noticed another trend. The rotation of new brigades into the diamond fields is usually marked

41 See for example, "18 Most Horrible Things of 2008: Why 2009 is Zimbabwe's year of Change or Rebellion," *The Zimbabwean*, January 3, 2009

42 According to leaked mortuary records

43 "Deputy Minister lied about Chiadzwa," *The Zimbabwe Telegraph*, July 1, 2009

44 Chiadzwa Watch, April 2010 Report, Centre for Research and Development (CRD).

45 "Zimbabwe's proudest man," *BBC*, May 12, 2002

46 Interview with witness, Mutare, April 11, 2010

## Vila de Manica: KP Nemesis in Mozambique

Anyone looking for proof of how impotent the Kimberly Process is in stemming the illegal trade of Zimbabwe's conflict diamonds need only visit Vila de Manica, across the border in Mozambique.

Since the boom began in Chiadzwa in 2006, Vila de Manica — a 200 kilometre drive north-west of the Indian Ocean port of Beira—has rocketed from obscurity to become one of the premier purchase and departure points for Marange's illegal diamonds.

The primary reason for the visit by PAC, however, was not to verify the illegal smuggling of diamonds across the Vumba mountain range. That is not in question. Every single diamond that ends up in Vila de Manica arrives without a Kimberley Process certificate. The trade is done openly, and with the complicit knowledge of both Zimbabwean and Mozambican officials.

What is less known is how Zimbabwean diamonds without certification are finding their way to places like Antwerp, Dubai and Hong Kong.

On the Mozambican side of the Forbes-Machipanda border crossing private taxis do a brisk trade ferrying Zimbabwean panners to the many diamond buyers who wait in Vila de Manica, 18 kilometres away. When the PAC team passed through, private taxis outnumbered the mainstay of African travel, the common minibus taxis, by at least a ratio of 2:1. The panners are delivered free of charge to the buyers who pay the taxi drivers if they make a deal.

The buyers are found a short drive off the main road that runs through Vila de Manica. During our visit in April 2010, the PAC research team counted over 30 houses from which traders bought, sold, and traded Zimbabwean diamonds. We witnessed several deals being struck on the verandas of dealer's houses.

One dealer, Hilla, is doing such a thriving trade that he took over the entire compound of Hotel Guida two years ago.

Posing as a syndicate in possession of a substantial amount of gem quality diamonds we engaged a local youth to take it to dealers capable of exporting our loot. We had been recommended to "Jesus", a Lebanese national who got his nickname because "he pays so well", but our friend informed us that he is in Israel until June.

Instead he refers us to "Hussein", a 50-something Middle-Eastern man living in a newly built house removed from the main cluster of dealers. A new compact Hummer with Zimbabwean license plates is parked in the driveway. We are met by a burly bodyguard, and ushered toward a leather couch in his office.



*A Lebanese buyer inspecting Chiadzwa diamonds in Vila de Manica, Mozambique.*

Despite Vila de Manica's remote location, Hussein is a seasoned and cosmopolitan businessman, with a professional office equipped with the tell-tale tools of the trade — a fluorescent light and magnifying glass with which to inspect diamonds. On the wall is a framed Mozambican government license to trade minerals.

Hussein is unfazed by things like KP certificates and officials who may try and stop him.

"I can guarantee delivery anywhere in the world," he boasts. "Of course, there is a price."

For a dollar a carat for a low quality gem, and \$10 for a high quality gem, Hussein claims his connections in Maputo who will export any amount of diamonds to any destination. Export is done largely by plane from Maputo, he tells us, although Johannesburg also serves as a regular departure point.

Hussein makes it clear, however, that he prefers to buy the diamonds: "Show me the diamonds. I have \$4 million right here. I can buy whatever you have."

Across town Abdullah offers the same deal as Hussein but guarantees delivery only as far as Dubai. A native of Guinea, he first gravitated to Marange three years ago by the lure of big money, but after the 2008 crackdown in Zimbabwe he set up shop in Vila de Manica. He is quick to tell you he likes it better on this side of the border: the local authorities hassle him less.

That would be an understatement. The provincial headquarters of the Mozambican Revenue Agency is less than 200 metres away, and visible from his window, but it might as well be 200 kilometres away.

Like all dealers, Abdullah is a government approved mineral trader. Outside the house he rents is a sign advertising his business, prominently signified with a logo of bars of stacked gold, Manica Province's main, yet modest, natural resource earner. But Abdullah's bread and butter business is not gold, but diamonds — which should pose a problem for both him and local authorities considering Mozambique does not produce any diamonds at all.

"Not at all," Abdullah says. "When I make my yearly filings to the authorities, I just tell them I sold more gold than I did. They don't care, so long as I pay some tax."

Taken together — the porous border post, the bogus gold revenues, the indifference of local authorities in Mozambique to blatant illegality — Vila de Manica underscores how indifference toward the KP is spreading beyond Zimbabwe.



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station opened a criminal investigation but Mudzamiri was never charged. He has since been reassigned from Chiadzwa to an unknown location.

Human rights activists and medical professionals in Manicaland have also noticed another trend. The rotation of new brigades into the diamond fields is usually marked by a spike in abuses, which declines over the course of the soldiers' tour in the region. Anecdotal evidence from victims points to two factors behind this. The first is the new brigades mark their arrival by going on a beating spree to assert their dominance among locals.<sup>47</sup> The second is panners are forced to renegotiate terms with their newly arrived syndicates "partners", who often resort to violence to exact more favourable terms than their predecessors.

Another factor that has hampered the accurate collection of rights abuses is geography. One of the defining features of the Marange rush is not only the stories of wealth, but the type of panners it drew from all parts of Zimbabwe. Buyers also came from as far a field as West Africa, Europe, the Middle East and Asia.



*25 year old diamond digger at Mutare General Hospital. He was caught by Zimbabwe National Army soldiers on 15 February 2010 night digging for diamonds in the Chiadzwa area. He was beaten and suffered multiple fractures.*

"Zimbabwe is not like Sierra Leone," one man explained. "The panners were not beggars. Many of them were professionals — teachers, lawyers, civil servants. Many had Master's degrees. They went to pan because the formal sector was disturbed. They did it out of pure economic desperation."<sup>48</sup>

While some preferred to work alone as "snipers", the majority of miners work as part of syndicates. While the former can be more profitable, as you share any wealth with only yourself, it is also far more dangerous as it opens you to a greater chance of abuse and theft by security forces and fellow panners alike.

Syndicates typically grow into tightly organized units who live, work, sleep and sell diamonds together. Although some may know each other, having travelled from their home to Chiadzwa together, most are thrown together out of circumstance — in a vain hope of finding strength in numbers. They use first names only, or create pseudonyms. They carry no identification with them, although they sometimes bury it nearby.

These acts at anonymity in the face of possible arrest by security forces have had the unintended consequence of making it impossible to identify many of those killed in the diamond fields. The distances people have traveled to mine also means families often do not learn of the disappearance or fate of their loved ones for months.

47 Interview with doctor, Mutare, April 13, 2010

48 Interview with J.P., Mutare, April 12, 2010



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## Enough is enough

Over the years the Mugabe regime has shown itself to be a cunning master of diplomacy, and has often out-manoeuvred its less wily opponents.

All indications point to the ZANU leadership once again crafting a diplomatic power play over Marange from which they hope to be the only winners. At the 2009 KP meetings in Namibia, Zimbabwe was unprepared for the charges of illegal smuggling and rights abuses made by civil society groups and member states. Zimbabwe's defence was bellicose, amateurish and unbelievable.

In mid 2010 there were glimpses of a new strategy in advance of the June Kimberley Process Intersessional Meeting in Tel Aviv, at which the KP Monitor's report was to be released. It was thought that his recommendations might deem Zimbabwe diamonds kosher for export again.<sup>49</sup>

For months both government officials and representatives of Mbada and Canadile had gone through the motions to present themselves as legitimate, well intentioned, albeit struggling, partners in their efforts to mine Marange. In May, Mines Minister Obert Mpopu pretended to recognize the authority of the Kimberley Process for once, by issuing an export ban on all Zimbabwean diamonds — even including those from River Ranch and Murowa for good measure.<sup>50</sup>

It is, of course, a deception and a charade, calculated to confuse and soften the criticism of some KP members as they congregated in Israel in June. The ZANU leadership has no intention of voluntarily changing its tune. Evidence of this came just as this report went to press when CRD — the leading civil society organization cataloguing smuggling and rights abuses in Chiadzwa — had its offices raided, assets seized, and its director, Farai Maguwu, arrested. The day before the raid, Maguwu had met with the KP Monitor during his second visit to Zimbabwe. The raid underscored an ugly truth: only in an illegitimate diamond producing country is government intimidation of civil society groups considered acceptable practice.

What does this mean for the KP? Much of the debate surrounding Zimbabwe's continued non-compliance evolves around the question of whether the country should be suspended, or expelled, from the Kimberley Process.

The rationale is straightforward: what other options does the KP have at its disposal that it has not already tried? Zimbabwe has been given ample encouragement and opportunity to fix its shortcomings. The KP has sent a review mission, appointed a Monitor, and offered technical assistance. South Africa has made repeated offers of assistance, all of which have been dismissed by Harare.

Some civil society groups in Zimbabwe have argued that, at this late stage in the game, expulsion would foster greater illegality and rights abuses.

The precedent they cite is Zimbabwe's suspension from the Commonwealth in 2002. Faced with increasingly stern political ultimatums, President Mugabe effectively silenced his detractors by withdrawing from the association in 2003. Zimbabwe has since fallen off the Commonwealth agenda, despite continued governance and human rights concerns.

**Faced with allegations of abuse and illegality, Zimbabwe's defence was bellicose, amateurish and unbelievable.**

49 The Monitor recently declared that Zimbabwe "is on track" to meet basic KP requirements. "KP man says Harare on track to sell diamonds", ZimOnline, May 28, 2010; <http://www.zimonline.co.za/Article.aspx?ArticleId=6068>

50 "Government Bans Diamond Exports," The Herald, May 27, 2010

## Civil Society under Siege

Speaking truth to power is never for the faint of heart. Nowhere is this more true than in Zimbabwe where human rights and pro-democracy activists are routinely jailed, beaten or worse, for speaking out against the abuses and excesses of the Mugabe regime.

One such person is Farai Maguwu, the executive director of the Centre for Research and Development — the leading civil society group exposing the smuggling and government-sponsored human rights abuses in Chiadzwa.

On June 3, 2010, Maguwu turned himself into police, after almost a week on the run from police and the Central Intelligence Organization.



*Farai Maguwu, Director, Centre for Research and Development*

He was detained under Section 31 of the Criminal Law Codification and Reform Act for “publishing or communicating false statements prejudicial to the State”. Authorities allege he passed a restricted document to KP Monitor Abbey Chikane during a meeting at the Holiday Inn in Mutare on May 27, 2010. Maguwu denies the charges.<sup>1</sup>

The supposed document in question had been in wide circulation in Zimbabwe, South Africa and Europe for weeks. Entitled “Brief for Sub-National JOC by Assistant Commissioner Mawere N. On Operation Hakudzokwi Phase VII on 07/05/2010”, it’s not hard to understand why the five page document caused such alarm for Zimbabwe’s military bosses.<sup>2</sup>

Among the things it confirmed was:

- The JOC is the de facto authority in Chiadzwa.
- Both the army and police are engaged in illegal syndicates with panners. The 2.2 Infantry Battalion is singled out for special mention.
- The government has failed to demilitarize the diamond fields.
- Military personnel are involved in human rights abuses, including summary executions of civilians.
- Security forces continue to lose the battle against illegal panning or smuggling, particularly at new mining sites in Chirasika and Jesse.

Maguwu’s arrest is an undeniable assault on civil society and a blunt warning to others who investigate and publicise ongoing abuses in Marange. CRD has effectively been silenced. Notwithstanding the detention of its director, CRD has had its assets frozen, and its entire staff forced into hiding.

Equally as troubling are the tactics police and security forces have used against Maguwu and his family—the most egregious of which was the treatment of his nephew Lisben, whom they kidnapped and beat in an attempt to pressure Maguwu to turn himself in. CIO agents also carried out an illegal search and seizure of property — including computers, a car and personal documents — at both Maguwu’s house and office. Blessing Nyamaropua, a member of Zimbabwe Lawyers for Human Rights, was forced into hiding after being allegedly assaulted by Chief Superintendent Crispin Makedenge and Detective Inspector Henry Dowu, after he attempted to make enquiries about Lisben.

Early in his incarceration Maguwu had his rights breached on a number of occasions. Police failed to bring his case to court within the 48-hour period prescribed by Zimbabwean law. He was also denied access to medical attention after falling ill on his third night in jail.

This case raises a number of serious questions about the KP Monitor and the implementation of the KP Joint Work Plan by the Zimbabwe authorities. The KP Monitor said that early in his recent visit to Zimbabwe “some naughty intelligent person decided to photocopy and make use of [some] emails” after going through his briefcase.<sup>3</sup> One wonders what else the “naughty” ZANU agents could have done with the contents of his briefcase. Days later, he chose to meet with Farai Maguwu in very public place, with state agents close by. Subsequently, the KP Monitor handed over to the authorities a document or documents that had been given to him in trust by the human rights activist. Clearly, handing over this evidence to the authorities was tantamount to handing over the human rights witness to the authorities.

Maguwu’s arrest represents a massive breach of trust and challenge to the future of the Kimberley Process in Zimbabwe. The KP has been presented with damning and undeniable evidence of continuing major human rights abuses on the part of the Zimbabwe police and military. It has been given information showing that the Chiadzwa diamond fields are still largely controlled by the military, which operates its own mining syndicates. Smuggling is rampant and illegality abounds, with leading politicians and officials steeped in this mire. In the face of this overwhelming evidence of non-compliance, the Kimberley Process has allowed a key witness to be arrested.

1 “Arrested Zimbabwean diamond researcher ‘set up’ by KP Monitor,” SW Radio, June 3, 2010; <http://www.swradioafrica.com/news030610/arrested030610.htm>

2 “Army, cops join Chiadzwa syndicates,” The Zimbabwean, June 2, 2010; [http://www.thezimbabwean.co.uk/index.php?option=com\\_content&view=article&id=31525:army-cops-join-chiadzwa-syndicates-&catid=31:weekday-top-stories&Itemid=30](http://www.thezimbabwean.co.uk/index.php?option=com_content&view=article&id=31525:army-cops-join-chiadzwa-syndicates-&catid=31:weekday-top-stories&Itemid=30)

3 “Govt Spied On Diamond Monitor,” The Standard, May 29, 2010; <http://allafrica.com/stories/201005310278.html>



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The same would happen were Zimbabwe to be removed from the KP, these groups contend, as it would allow those orchestrating events in Marange and River Ranch to operate in an environment of even less scrutiny or accountability.

Candid comments made by senior ZANU politicians indicate that operating outside the KP would suit them fine.

Following a High Court decision to sell Marange diamonds in contravention of the KP, Mines Minister Obert Mpofu declared “We are going to benefit from our diamonds whether with the KP or not.”<sup>51</sup>

President Mugabe has also waded into the fray to shrug off a July 2010 deadline imposed by the KP to rectify non-compliance issues in Marange: “We are trying to play it their way, that is following the KP, but we can do it otherwise. We can sell our own diamonds elsewhere.”<sup>52</sup>

And sell them “elsewhere” they tried. In April, authorities in Dubai informed Kimberley Process stakeholders that they had received a shipment of rough diamonds from Marange Resources, the state-owned company created to joint venture with Canadile and Mbada.

The shipment was one of 12 that Zimbabwe has sent to Dubai since December 2009, totalling almost 320,000 carats. They had all been issued KP certificates, in contravention of the exclusive mandate given to the KP Monitor.

Taken together, Zimbabwe’s words and actions paint a troubling picture of defiance. But Zimbabwe is symptomatic of a larger malaise and apathy that has overcome the Kimberley Process.

Zimbabwe’s mockery of the Kimberley Process should not be tolerated any longer. If the KP is to maintain any shred of credibility it must take bold and decisive action to defend its founding principles. The situation demands a more effective remedy than what has already been tried — one that has to start by also addressing the shortcomings and loopholes of the KP itself that have been identified in the decade since the KP was first negotiated.<sup>53</sup>

**“We are going to benefit from our diamonds whether with the KP or not.”  
– Mines Minister Obert Mpofu.**

51 “Zimbabwe court approves ‘blood diamond’ sale”, AFP, April 27, 2010

52 “Mugabe Threatens to Defy Diamond Trade Standards”, SW Radio, February 17, 2010.

53 See for example, “Killing Kimberley? Conflict Diamonds and Paper Tigers”, Partnership Africa Canada, Occasional Paper #15, November 2006.



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**Maguwu's arrest  
represents a massive  
breach of trust and  
challenge to the future  
of the Kimberley  
Process in Zimbabwe.**

## Recommendations to the Kimberley Process

### Suspend Zimbabwe

The Zimbabwean authorities have been given ample opportunity to demilitarize and legitimize its diamond industry, to respect the rule of law and stop the harassment and abuses of panners and civil society groups alike. They have chosen otherwise. The KP cannot in good conscience turn a blind eye to this behaviour any longer.

PAC calls on the KP to suspend Zimbabwe immediately. The suspension should remain in effect until there is legitimate and competent governance of the country's diamond resources.

### Redefine "blood diamonds"

The Kimberley Process Certification System was designed to protect governments from rebel movements threatening their sovereignty. This is reflected in the definition of conflict diamonds found in KPCS founding documents, which described them as "rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments."

This definition is outdated and needs changing. It erroneously assumes all governments are "legitimate" and does not recognize that such governments, in whole or part, could engage in acts of terror or criminality as egregious as any rebel movement.

The JOC and other ZANU insiders are clearly using the country's diamond resources to finance and further a narrow and illegitimate agenda that is at odds with the unity government.

The military's role using diamonds as a barter good for weapons brings a sense of urgency to this situation, offering a disturbing echo of how diamonds financed arms purchases that fuelled the wars in Sierra Leone and Liberia.

The KPCS's strict interpretation of conflict diamonds fails to capture consumer concerns about rape, murder and mutilation being linked to products that are supposed to symbolize love and commitment.

Martin Rapaport, the publisher of the Rapaport Diamond Report, has coined a new definition that reflects the changing nature of conflict diamonds, and acknowledges the central role human rights have, and should, play in the Kimberley Process: "Blood diamonds are diamonds involved in murder, mutilation, rape or forced servitude."<sup>54</sup>

PAC endorses this definition and calls on the KP to adopt it at the earliest possible opportunity.

<sup>54</sup> See for example: <http://www.diamonds.net/news/NewsItem.aspx?ArticleID=29578>



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### **Include cut and polished stones to the Kimberley Process Certification System**

Zimbabwe underscores an all too common shortcoming of the KP: once rough diamonds are smuggled out of a rogue country there is no accounting for how they end up in the legitimate diamond trade. Large quantities of Marange diamonds are known to have made their way to Europe, Asia and the Middle East. This sullies the entire diamond industry and creates uncertainty for consumers who want ethically sourced gems.

PAC calls on the KP to widen its monitoring and enforcement mandate beyond the trade of rough diamonds to include all stages of the polishing and cutting process in the KPCS.

### **Investigate River Ranch**

Marange has garnered most of the media headlines, but the KP has also failed to stop illegal behaviour at River Ranch.

River Ranch must be a factor in any future action taken by the KP with respect to Zimbabwe's diamond sector, including Zimbabwe's readmission to the KP.

### **Join EITI**

One of the most troubling aspects of Zimbabwe's diamond sector is the dearth of independently verifiable data surrounding their extraction, sale and export. Similar problems occur in countries such as Angola and Venezuela.

PAC calls on all diamond-producing countries within the KPCS to join the Extractive Industries Transparency Initiative and set up tripartite multi-stakeholder coalitions at the national level to track the generation and disbursement of diamond revenues.



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## Recommendations to Zimbabwe's Government of National Unity

### **Perpetrators of human rights abuses must be held accountable**

The ZANU leadership has got away with decades of well-documented political repression and violence. The impunity needs to end.

PAC calls on the unity government to investigate and prosecute cases of abuse, especially those committed by known perpetrators such as District Commissioner Brighton Mudzamiri.

Should political interference prevent this from happening, PAC calls on the MDC to invite the International Criminal Court to launch an investigation — with the intention of laying charges — against all members of the ZANU leadership, particularly the JOC, who have planned and/or taken part in well-documented human rights abuses. This would not be limited to events in Chiadzwa but also include all examples of political violence since 2002, when the ICC was constituted.

### **Scrap the joint ventures**

The ownership structures of Mbada and Canadile are designed to facilitate the flow of diamond revenue into the pockets of ZANU patronage networks as opposed to the public treasury. This sets up an enabling environment for conflict within Zimbabwe that should be abhorrent to the KPCS.

PAC calls for the revocation of licenses granted to Mbada and Canadile and that existing diamond production to be stockpiled until there is legitimate and competent governance of the country's diamond resources.

## Recommendation to the Government of Mozambique

The standard KP approach to the kind of smuggling seen in places like Vila de Manica in Mozambique has been to ask non-participating transit countries to join the KP. The problem here, however, is not Mozambique, it is Zimbabwe. If Zimbabwe were to manage its diamond resources properly, there would be no smuggling to Mozambique and, therefore, no need for it to become a member of the KP. Persuading Mozambique to join the KP only serves to make some smuggled goods appear to be legitimate. If and when Zimbabwe is able to manage its diamond industry properly, there will undoubtedly be no trade through Mozambique — leaving it with pointless KP obligations designed only to end the appearance of criminality, not its substance. The criminality can be ended immediately by closing down the Vila de Manica diamond buyers, who are buying stolen property and are fostering corruption in the global diamond trade.

The Mozambique government should be requested by the KP and all of its participating governments to close down the Vila de Manica diamond-buying operations immediately.



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## Recommendations to the International Diamond Industry

The US currently makes up half the world gem market, which means there is a great likelihood that illicit Zimbabwean diamonds could unwittingly be sold by American jewellers.

Diamond dealers who handle these gems are not only complicit in the rights abuses and breaches of the KP: they risk stiff fines and possible jail time for running afoul of U.S. and EU trade bans on Zimbabwe. The trade and sale of Zimbabwean diamonds breaks these embargoes, which are intended to contain rogue individuals, companies or state institutions. Among them is the entire membership of the JOC, and other senior ZANU members from President Mugabe to the Mujurus to Mines Minister Obert Mpofu.<sup>55</sup>

The diamond industry needs to do its part to defend and promote a sustainable governance of the diamond supply chain.

PAC calls on the World Diamond Council (WDC) to ban all imports of Zimbabwean diamonds.

Furthermore, PAC calls on the WDC to live up to its long-held promise to oversee the “development, implementation and oversight of a tracking system for the export and import of rough diamonds to prevent the exploitation of diamonds for illicit purposes such as war and inhumane acts.”

In particular, PAC calls on the WDC to convene a multi-stakeholder panel of experts with expertise in the design of global certification initiatives to improve its weak self-regulatory “Systems of Warranties”.

<sup>55</sup> The full list of individuals targeted by the 2009 European Union sanctions list can be found here: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:023:0005:0024:EN>

## Recommendation to the United Nations Security Council

If the Kimberley Process is unable to come to grips with the challenges posed by Zimbabwe's blood diamonds, other bodies should fill the leadership void. Left unchecked, these diamonds are likely to become a source of growing social instability that could engulf the wider Southern African region. The United Nations Security Council should place an immediate embargo on Zimbabwean diamonds until such time as there is legitimate and competent governance of the country's diamond resources.



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## Partnership Africa Canada

Partnership Africa Canada is working to strengthen good governance and respect for human rights, prevent conflict related to natural resource exploitation, and promote sustainable development.

The following PAC reports related to diamonds can be found on PAC's web site.

- The Heart of the Matter: Sierra Leone, Diamonds and Human Security
- Destabilizing Guinea: Diamonds, Charles Taylor and the Potential for Wider Humanitarian Catastrophe
- Diamonds: Forever or for Good? The Economic Impact of Diamonds in Southern Africa
- Fire in the Ice: Benefits, Protection and Regulation in the Canadian Diamond Industry
- Hard Currency: The Criminalized Diamond Economy of the Democratic Republic of Congo and its Neighbours
- The Kimberley Process: The Case for Proper Monitoring
- War & Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection
- No Problems Here: Success, Complacency and Suspicion in the Indian Diamond Industry
- Diamonds in the Central African Republic: Trading, Valuing and Laundering
- West Africa: Rocks in a Hard Place. The Political Economy of Diamonds and Regional Destabilization
- Motherhood, Apple Pie and False Teeth: Corporate Social Responsibility in the Diamond Industry
- Diamonds Without Maps: Liberia, the UN, Sanctions and the Kimberley Process
- The Failure of Good Intentions: Fraud, Theft and Murder in the Brazilian Diamond Industry
- Fugitives and Phantoms: The Diamond Exporters of Brazil
- Triple Jeopardy: Triplicate Forms and Triple Borders, Controlling Diamond Exports from Guyana
- Killing Kimberley? Conflict Diamonds and Paper Tigers
- The Lost World: Diamond Mining and Smuggling in Venezuela
- Land Grabbing and Land Reform: Diamonds, Rubber and Forests in the New Liberia
- Zimbabwe, Diamonds and the Wrong Side of History

[www.pacweb.org](http://www.pacweb.org)