

## **FIELD RESEARCH NOTES ON MARANGE DIAMONDS ( JULY 2009)**

*These notes were the basis of the curtailed skype briefing last Friday from Joburg)*

### **Fieldwork Sources:**

Met and spoke with a range of sources during visit:

- 4 Embassies
  - All significant NGOs working around HR and minerals/diamonds
  - Centre for Research and Development researchers in Mutare
  - Journalists, economists, independent researchers
  - African Consolidated Resources, Chamber of Mines, other mining people
- (Have collected documents submitted to KP Rev Mission and other materials from most of the above; have kept my interview notes as record. I bought (for R1500) a unique Zimbabwean business/political interactive database which has been very useful and which can be used to run scans on internal business-political links through more than 20,000 articles and documents. I would also like to re-subscribe to the *Mining Weekly* publication from SA –it's not expensive – which has an excellent online archive and weekly bulletins... you could use the sub quietly-quietly via the internet using password).

### **Findings:**

#### **1. Documentation of diamond situation is uneven, and there are critical holes that need filling**

There are important (and in some cases large) information gaps around production, participation and HR abuses associated with the Marange diamond fields, and with the broader situation of illegal mining and smuggling of stones beyond that region.

- Information collection around HR abuses have improved since the serious wave of violence perpetrated mainly by the Army in 2008, which included the killing of at least 78 and perhaps dozens more; and the serious injury, including rape, beatings and extortion and robbery, of local residents, traders, informal miners, and others in Manicaland. Documentation collected by local NGOs and communities was compiled and presented to the KP RevMission (I will send you an e-copy of what I have; these should definitely be included with the policy brief as background), and there have been other reports and pieces that provide supporting evidence and analysis of the illegal, secretive exploitation of the diamond fields, and the associated human rights abuses.
- Embassies in Harare have also independently sent scoping missions to Marange to speak with local communities and NGOs and researchers, and observe mining practices where possible (often not with much success).
- The Ministry of Mines as well as the relevant parastatals under the ministry's control (the Zimbabwe Mining Development Corporation-ZMDC and Minerals Marketing Corporation of Zimbabwe-MMCZ), have provided very poor and partial information on diamond production. The Chamber of Mines reported that the ministry has failed to provide figures on diamond production for 4 years, and has repeatedly ignored standard requests for this information for the Chamber's annual account of minerals production; neither does the ministry publish full and credible diamond production

(and income) figures. Estimates by RBZ Governor Gideon Gono that US\$1bn+ per month could be earned (or lost) through illegal activity at Marange were ludicrously inflated, accepted by no one and underscored the unreliability and politicized content of government's regulatory approach to the Marange diamond issue. The reality is that the extent of the production and value of Marange diamonds is not publicly known, and government has given no reasonable estimates or evidence of what the production and income situation is. Estimates from ACR, the company displaced from the diamond fields, are equally inflated, unreliable and shaped more by commercial and political strategy, than by science or evidence.

- Information on illegal/parallel mining practices is very weak and has proven very difficult to collect, and more is needed for any links between political/security figures and parallel diamond production to be demonstrated. It is widely accepted that there is a rampant illegal trade in Marange diamonds, a view backed by longstanding and accumulating anecdotal evidence focused on informal miners, buyers, cross-border smugglers of different nationalities, court charges brought against miners and traders, and the occasional detention of people caught smuggling quantities of diamonds, some of them with connections to zanu-pf and the military. Still, there is very little hard evidence on the extent and value of the illegal trade, its status within the production/distribution of Marange diamonds overall; and importantly, its interface with the State mining operations, and particularly the role of the security forces in securing and supervising and managing the fields. Even if the illegal trade has a direct impact on the political and security terrain of diamond sector in Marange, and most anecdotal evidence suggests it does, more evidence is needed to make these links and illuminate a solution to the problem of illegal mining and its connections to state/legal mining overseen by the security forces. There is little leakage of information from inside the ministry of mines or the ZMDC or MMCZ. More information is needed on key players in the illegal trade, and they need to be linked by evidence to responsibility for the violence and HR violations. No one on the ground in Marange has positively and conclusively linked state mining or illegal mining/smuggling with senior zanu-pf politicians - and they are not, at local level, at an effective vantage point to do so. To make these connections, higher level, more complex and perhaps riskier research work is required – and this will require resources. In sum, more resources and time will be needed to plug this extremely critical information (and analysis) gap with better evidence.
- Among some parts of the inclusive government (including some in the MDC), mining industry, NGO and community groups, there is weak understanding of what KP suspension would mean, in terms of both censure/action, and its possible outcome on diamond production, revenues and the illegal trade – and human rights abuses. It will be important for KP and NGO lobbyists to spell this out more clearly for Zimbabweans, and to link suspension to its possible impacts. It would be very useful and important, in this regard, to develop a few priority aims around suspension that could be linked to KP possible actions; at the same time, it will be necessary to outline possible limitations with regard to implementation/monitoring of the KP decision/action. In Zimbabwe, access to information on these critical issues – which are vital for the local uptake and building of a campaign in Zimbabwe (ie not only internationally) that could include NGOs, communities, policy-makers and politicians

- is one of the crucial immediate needs. Perhaps the EU NGOs could raise this with the KP as a specific issue that needs to be included in the KP final report recommendations.

## **2. Consensus around KP Review Mission suspension**

For the most part there is a consensus among donors and ngos in Harare that suspension recommended by KP Interim Report (IR):

- Heads of missions mostly willing to support hard line, but they are also open to and would welcome further documentation to what IR referred to, and like the idea of sufficiently documented anecdotal evidence of HR abuses, smuggling, security force involvement, etc in Marange.
- Dutch, Germans, EC, Canadians, Swedes considered by most to be strongest in support of full suspension; Dutch are being led by Dutch Foreign Minister who is enthusiastic; German Amb in Harare is taking a lead as well, so is the Swedish Amb in Harare
- US junior officer for economy in Harare less enthusiastic for full suspension, sees this as undermining Zimbabwe recovery and development; but we also got strong signals from SA and Wash DC that there is support for sanctions in the policy-making places in US govt, ie where it counts. And the US junior officer in Harare respon for HR and governance has been a key person supporting NGOs working around the diamond issue, and has given small funding to CDR in Mutare.
- Australia not enthusiastic for full suspension – they see Rio Tinto as Aus company, and RT would suffer from ban on its Murowa Diamond exports. But Aus embassy also indicated that they would support a suspension if need be, ie if nobody else goes for partial-suspension.
- Some broad concerns/questions by donors if full suspension put in place: what would be the actual impact on stopping illegal and private flows of diamonds out of country? Some are concerned that driving d-trade underground will just exacerbate the situation, and would like to learn more about how supervisory and regulatory and other processes can be established to make illegal/informal d-production and trade more difficult. Mozambique will somehow have to be involved to stop or slow down cross-border flows. Also need to think of incentives to get GOZ to comply with better regulation and transparency.
- NGO concerns: KP suspension won't stop HR abuses, indeed might well lead to flaring of them as zanu-pf uses HR compliance as an instrument of power and signal that KP has weak leverage over zanu-pf. In this context, NGOs see need for more documentation, naming and shaming; and this implies for resources for strengthening documentation capacity by local NGOs (esp in Manicaland), strengthening monitoring capacity, and improving knowledge and capacity for demanding accountability in mining operations and benefits from mining in Marange area. Issue of potential for worsening HR in wake of KP should be a priority at this point and should feature high on EU lobby agenda; in Harare, for example, embassies could put greater direct pressure on Jomic to get control of the situation and address rights abuses; and local organizations could be recipients of more resources enabling them develop and maintain a credible monitoring, documentation and communication presence, with the priority of building local capacity, knowledge etc.

### **3. Responses from ZANU-PF**

ZANU-PF's strategy for dealing with a negative KP IR report is now becoming clear, as indicated through various statements and actions, particularly over the past week. Zanu-pf is using Ministerial statements, direct action and its state media to play out its response, which includes the following:

- **Emphasizing the “security of national mineral assets” issue re the diamond fields;** this in evidence from Minister Mpfu's various statements that Marange fields are insufficiently secured to prevent illegal activity; that only government using the security forces is in a position to prevent wholesale looting of diamonds and illegal diamond trade; and that the state alone is legally and technically and politically/ethically in a position to exploit the diamonds through the ZMDC. This has been the ministry's main refrain: “without us securing the assets, they would be swarmed and looted like they had been in sept-nov 2006; no one else is in a position to lock down and secure the assets, and KP sanctions won't achieve this either” (albeit when the minister INVITED people on to the diamond fields, in a successful bid by zanu-pf to displace the ACR as titleholder; zanu-pf later brutally chased thousands of informal miners off the fields using the police, ie once the political work of displacing ACR had been accomplished)
- **Emphasizing potential “black empowerment” under the direction of government:** two weeks ago, zanu-pf officials started rumouring/leaking info, that the Marange fields were being parceled up and auctioned/leased to various local businesspeople/entrepreneurs, and that this process has an “indigenization” content. There is no hard evidence that this process has actually taken place, but it seems that zanu-pf might be testing the political waters on this, and is also using it as a threat to ACR and others, that this might be zanu-pf's *own* solution to shedding direct state/security force control AND placing private control in the hands of politically-connected businesspeople (or politicians and security chiefs); this strategy would not rule out the use of private security (Executive Outcomes?) to seal off the diamond fields... something akin to the Angolan situation, in some places. This could be a win-win for zanu-pf: “solve” the security problem, and deliver “empowerment” at the same time.
- **Tolerating limited informal/grey mining:** it seems likely that for the next while a certain amount of informal/illegal mining and smuggling will be tolerated, as this has the effect of buying-in the loyalty of the security forces who are on the ground in Marange; there are various ways in which local-level army personnel (and other? eg CIO?) are benefiting from informal/unregulated mining – sometimes they take a cut of the stones; sometimes they get cash payments for the right to mine in an area; and various other versions of extortion/participation by low-level security personnel that ensures everyone gets a piece of the proceeds, and keeps an eye – and an interest – in protecting the assets for zanu-pf/security forces, and keeps away monitors, prying eyes, NGOs and potential “hostiles” like local community members who are not benefiting from the d-trade.
- **ZANU-PF hardline tactics in response to KP IR:** zanu-pf has now clearly indicated that it has seen the IR, and that it rejects and will take a hardline position against it. The state flagship paper, The Herald, ran stories every day last week unveiling zanu-

pf's multi-pronged strategy, which includes: threatening NGOs working on HR and minerals; threatening and attacking those calling for transparency, and those who participated in helping the KP RevMission (eg the attack on Chief Chiadzwa); and reasserting the state's unilateral legal right to the d-fields (and dismissing ACR and its overtures to government). The attack on Chiadzwa was clearly rolled out as a warning shot to those who are active on the HR/diamond issue, and was very much phrased publicly in that way; this is zanu-pf's way of indicating what is to come, in response to expected hardline KP findings when they are released in public – zanu-pf is effectively letting it be known that it will deal with the KP in an equally hardline fashion.

- **ZANU-PF soft-sell tactics upcoming:** zanu-pf is also laying the groundwork for a *policy* rejection of KP suspension and HR investigation recommendations, based upon the alleged working principles of the Inclusive Government – ie return to political legitimacy and dropping of international sanctions. In this regard, zanu-pf ministers and media are starting to link the broader question of sanctions against zanu-pf leaders and HR offenders, with the expected KP suspension/sanctions – ie zanu-pf will try to effectively politicize the KP findings as a nationalist issue WHILE ALSO drawing on the call from zanu-pf and MDC for the dropping of sanctions in support of Zimbabwe's economic recovery. The MDC has called for the lifting of sanctions and the return of investment to enable recovery, and their position on how this affects the mining industry and diamonds has been cloudy and ambiguous (Biti has said on occasion that he is against KP suspension, but MT has also noted that rule of law and transparency is paramount...) – the point is that the MDC's official position (and by some though not all in civil society) on sanctions-lifting has opened an important space for zanu-pf to play into on this issue of KP sanctions. Zanu-pf will use this space to advantage.
- **ZANU-PF likely short-term tactics leading up to KP report release, and just after:** ramping up of violence against Chiadzwa community and NGOs most active (and mostly unprotected) working in that area; using violence as a means of leverage for taking zanu-pf's domination of the fields seriously, and watering down pressures for independent monitoring and supervision of transition to more transparent diamond operations; continued security forces clampdown in area, and lack of government reporting on proceeds from diamond mining via ZMDC.

#### **4. Responses from MDC**

The MDC's response to the KP RevMission issue has been hampered by both (1) the party's commitment to the recovery/development objectives of government policy, including the call for the lifting of sanctions against zanu-pf and security chiefs; and (2) its confusion over and ambiguous positions on what is happening in the mining sector, and in the diamond fields in particular – in terms of both who is investing/mining, and the extent of HR abuses and community displacements. There is a lack of policy coherence at senior MDC levels around these issues, and seemingly a lack of research/ documentation/ awareness by some officials, including the reckless and ill-informed MDC Deputy Minister of Mines and Mining Development. This has enabled zanu-pf to successfully invoke parts of the MDC's fragmented positions for zanu-pf's own more directed strategy. MDC has yet to find a counter-strategy on this issue, partly because its thinking

around the diamond issue has been unfocused and driven from different interests in the short term up to now.

- Biti has set a bit of a trap for himself by campaigning for flows of funds via investment, and the need for building up the national treasury – diamonds (from both Marange and Murowa) are an important potential source of forex.
- MT has made at least 2 speeches recently in which he specifically referred to the pressing need for transparency in the mining management and investment process, but it is not clear what the MDC position is on important issue including security forces presence in Chiadzwa; the operations of ZMDC (which has not publicly reported its diamond production figures or income from diamonds for 4 years); the issue of title deeds (ACR vs ZMDC); and the response to the likelihood of a KP recommendation for suspension.
- It is clear that the MDC leadership and policy people need to be briefed thoroughly on these key issues. The top leadership is not averse to such support, but it needs to be structured and enabled from outside the party – and with some urgency.

### **5. Response from Mining Sector**

There is varied response from the commercial mining sector, represented by Chamber of Mines, which reflects several concerns:

(1) that the increasingly negative reputation of the sector due to diamonds and problems with politically-dirty CAMEC platinum deal of last year, is undermining investor interest in the sector, and the sector's badly-needed recovery (most mining has collapsed in recent years and most gold mines, nickel, chrome etc have been put on care-and-maintenance holding operations)

(2) that suspension of diamond trading will hurt Murowa and River Ranch mines, and encourage informal/illegal trade (and loss of taxable income) in not only diamond sector, but also in the flourishing illegal gold panning and smuggling trade. Established mining houses that belong to the chamber of mines are worried about the "criminalization" of key mining activities, including the continuing politicization of mining claims and investment deals, which established mining houses see as squeezing their margins and operational flexibility.

(3) continuing concern by the industry over the secrecy and mismanagement of the ZMDC and MMCZ, both tightly held under zanu-pf guard. The ZMDC, responsible for the "legitimate" mining production in Marange, has refused to provide production figures to the chamber of mines – with the result that diamond production appears nowhere in the Chamber of Mines' authoritative Annual Mining Report (!). The Ministry of Mines has also failed to report any figures from Marange production, and like ZMDC, has simply not responded to Chamber of Mines requests for information on diamond production and earnings. Quite remarkable secrecy according to technocrats in Chamber of Mines.

Chamber is insisting on normalization of transparency around diamond production and accountability, says this is the only way forward, but no one outside the chamber appears to be taking up the issue of ZMDC very rigorously. This too provides a huge gap for zanu-pf to play into, largely by staying silent on this key institutional point of leverage over Marange diamonds.

(4) ACR, the marginalized title holder to Chiadzwa fields, has its own legal and political concerns which are problematic for issues of transparency, HR abuses, etc. As a way out

of its legal fight with government (which drags on and which is unlikely to be resolved soon in ACR's favour), ACR has offered government a 50/50 stake in Chiadzwa production, on condition that ACR does the mining and manages the security; and is allowed to relocate communities living around the fields to new locations, at ACR expense. Government has rejected this 50/50 offer by simply not responding to ACR and denying the legitimacy of ACR claims. ACR senior people don't appear to have a problem with the Army securing the fields, and it seems likely that ACR is willing to split proceeds to include securocrats. In other words, ACR's strategy is a highly opportunistic and volatile one, and would not rule out behind-closed-door deals enabling untransparent mining, and equally opaque access to the proceeds and accountability. ACR's solution would also do nothing to address or stop HR abuses – they are not particularly welcoming of community participation or transparency!

#### **6. Local NGOs' issues**

The response by local NGOs to the emerging crisis on the diamond fields has been uncohesive, although there is space and interest for improved cooperation and coherence of positions and responses on the ground.

- The Centre for Research and Development (CRD) in Mutare is a small, very poorly resourced NGO that has been critical in documenting and exposing HR and illegal d-trade abuses in Marange, and has done this (mostly since 2008) using its own meager resources and commitment of its few members. The CRD was absolutely critical in the KP RevMission, providing hard evidence documentation, lining up interview sources, helping to link KP with Chiadzwa, etc. Without CRD's work it is very unlikely the KP IR would have been anything close in clarity and hardness of recommendations. CRD personnel were also essential in swaying opinion at the Namibia inter-sessional.
- CRD is keen to continue documenting, monitoring, providing support to local communities and Chief Chiadzwa; CRD is ALSO keen to participate in the building of a wider campaign inside and outside Zimbabwe around the issue of social benefits and proceeds of mining, and the related issue of transparency, accountability and social participation. CRD reports that its appeals to other Zimbabwean NGOs on these issues, especially last year in the midst of extreme violence and deaths in Marange, fell mostly on indifferent ears: most NGOs were not energetic or enthusiastic to take up the issue of a broader campaign inside and outside Zimbabwe. From what we heard from other (ie Harare-based) NGOs, there is perhaps rising interest in NGOs (HR monitors/counsellors, Lawyers, Environmental NGO) working together beyond the issue of Chiadzwa HR abuses and illegal mining; there has been some informal working group contact apparently enabled by some donors (US embassy), and one NGO reported that it is planning an outreach/community-resource-best-practices project for Chiadzwa in Sept (however it is hard to see how government will tolerate this, and it could be easily derailed).
- Harare-based NGOs also played an important role during the KP RevMission, and have followed that up with continuing work on monitoring and documenting HR abuses from different angles; but generally several NGOs have been cautious given the sensitive nature of the diamonds issue and the perception that zanu-pf will use targeted violence and victimize those who are attempting to loosen zanu-pf's and

security forces' hold on earnings from Marange. Harare NGOs backed out of participating in Namibia meeting due to such fears, leaving CRD people to play a role and assume the risk. There is an important role of established HR NGOs to provide various kinds of assistance (eg training, security, documentation support, etc), solidarity, links to broader campaigns, and resources too. Considerable monitoring, documentation and reporting skills exist on the ground with established NGOs and these need to be mobilized more effectively for CRD, communities in Marange, etc.

- Additional documentation resources unique to Zimbabwe also could be mobilized more effectively, including a unique and extensive database on business-political connections; and a media monitoring/clipping scanning service. In addition, industry media in the region and other research institutions and individuals that produce occasional evidence-based reports, could be usefully linked with and employed by NGOs on the ground in Zimbabwe.

### **Broad Recommendations from findings**

The findings suggest the following summary set of recommendations:

1. **Responding to ZANU-PF's current strategy:** it is now clear what ZANU-PF's response to the KP IR is and what it's likely response to the final published RevMission findings will be. ZANU-PF's strategy and tactics must be explained to the KP Mission and Donors, with a view to building-into the final KP report, KP counter-arguments that challenge ZANU-PF's current strategy; for example, zanu-pf's insistence on "security forces lock-down of national mineral assets" needs to be challenged in practice and exposed as an instrument of non-transparency and illegal diamond dealing, and HR abuses; the KP suspension needs to be explicitly de-linked from the broader question of existing sanctions on politically connected chefs; the issue of investment flows/recovery & development needs to be linked directly to questions of transparency and public revenues from diamonds; the continued role of parastatals in Marange mining needs to be questioned in terms of complete lack of transparency around production and proceeds from production to the state treasury – none of which is accurately known (this point, of course, exposes zanu-pf's arguments around the development benefits from national control of the Marange diamonds).
2. **Supporting Donors' tacit acceptance of call for suspension:** Donors are broadly in support of KP IR's recommendation for suspension of Zimbabwe from d-trading. Donors are open to, and would welcome, further evidence from the ground concerning HR abuses, illegal mining, etc related to Marange. Some of this kind of documentation has been presented privately to KP RevMission and donors; it might now be good to make public and bolster collected documentation in a more public fashion, to press the case for Zimbabwe's suspension. The timing and sequencing of this roll-out of evidence will be important, but there are ways to do this which protect the security of informants and those documenting continuing abuses.
3. **Strengthening KP recommendations by suggesting in more detail how they can be institutionally established:** the KP IR makes strong recommendations concerning the demilitarization of diamond mining, the investigation of HR abuses and



improving the transparency and accountability of parastatals mining and marketing operations. Each of these recommendations, however, falls short in specifying precisely how the objectives might be accomplished institutionally. Several sources in Zimbabwe suggested that a key way of strengthening the KP recommendations – and of *pre-empting zanu-pf's cooptation of the recommendations* by zanu-pf's own charting out of institutional solutions to which the MDC, NGOs, donors would likely respond defensively – would be to suggest various protocols for implementing, institutionally, the KP's broader recommendations for demilitarization, HR investigations and opening up the ZMDC etc to inspection. These “fleshing-out” protocols need not be perfect and comprehensive – the aim would be, instead, to *set the agenda for reform before zanu-pf does, and seize the initiative* and focus of debate on the related issues of mining sector reform, extractive industry benefits, community participation, human rights improvements, new models and principles of transitional justice under the inclusive government around resources and state agencies, etc. Donors in Harare indicated they would be interested to hear and play into, more detailed recommendations of this kind from civil society.

4. **Local and international campaigns:** a broad range of civic and donor opinion in Zimbabwe supports the idea of linked and parallel campaigns around the blood diamonds issue. This means that an international campaign related to the KP process would sit alongside a local (perhaps regional?) campaign in Zimbabwe that would deal, in addition to the KP issues, with broader related issues of resource social beneficiation and community participation; human rights abuses, investigations and redress; demilitarization of Marange and OTHER sectors of the resource economy; and the nature of transitional justice and accountability in this current phase of the inclusive government (and Constitution-making process...). There is strong support for this second kind of campaign among several NGOs, and the idea dovetails well with NGO and community interests in contributing to the shape of social justice in the current political environment. For some, the KP mission provides an important point of leverage to lead debates on resources, social benefits and HR from below.
5. **Support to local NGOs and communities:** the current attacks on organizations, communities and individuals who have provided reliable and compelling evidence of abuse to KP and the media, and the relative impoverishment, low resources and capacities of organizations on the ground (despite the risks they face and the good work they have done), highlights the urgent need for capacity-building resource flows to local organizations involved in the diamonds sector. Resources (funding, training, equipment, materials, political support and security help) are needed to enable improve monitoring, documentation, reporting and analysis, much of which on the ground in Manicaland has been undertaken on an effective volunteer basis, financed out-of-pocket. This is not sustainable, and will not enable the flow of information, evidence, documentation and organization around the diamonds issues, which is urgently needed for the coming period, leading up to and after the KP final RevMission report.