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## ACKNOWLEDGEMENTS

The editor would like to express gratitude to Mr. Claude Kabemba and Ms. Moratua Thoke from the Southern Africa Resource Watch (SARW) for providing the necessary technical and financial support that enabled the Zimbabwe Environmental Law Association (ZELA) to successfully organize the first Multi-Stakeholder Conference on Promoting Transparency and Accountability in the Extractive Sector. Thanks are also due to all the ZELA staff members for the great work carried out before and during the conference. In addition, the editor would like to thank Mr. Rodger Mpande and Mr. Benson Zwizwai for undertaking the study on stakeholders' perceptions about the Extractive Industry Transparency Initiative (EITI) in preparation for the conference. The assessment formed the theme and bedrock of the Multi-Stakeholder Conference.

Special thanks are also due to the Deputy Minister of Mines and Mining Development Hon. Gift Chimankire for officially opening the Multi-Stakeholder Conference and for assuring participants that government is, in principle, willing to join the Extractive Industry Transparency Initiative (EITI) in order to promote transparency and accountability in the mining sector through disclosure of payments and revenue made and received by government and mining industries respectively. The editor would also like to convey appreciation and thanks to all the researchers and presenters who produced excellent papers that stimulated so much debate and discussion during the Conference. By name and organisation these are; Dr Chris Hokonya from the Chamber of Mines, Mr. Muremba from the Zimbabwe Revenue Authority (ZIMRA), Mr. G.T. Kahwai from the Zimbabwe Institute of Mining, Mr. Rodney Ndamba from the Centre for Environmental Accountability (CENAC), Mr. Dioniso Nombora from the Centre for Public Integrity in Mozambique, Mr. Peter Sigauke the Chief Executive Officer of Mutoko Rural District Council and Mr. Lovemore Mukwada the Spokesman of Chiadzwa Community Development Trust (CCDT). Last, by no means least, the editor would also like to thank all the government officials, legislators, mining companies, financial institutions, civil society organisations, community based organisations and the media who attended and actively participated in the conference. Their participation enriched the debates and outcomes of the conference.

## EXECUTIVE SUMMARY

Advocating for government and private sector transparency and accountability in an environment polluted by political intolerance, economic decay, human rights abuses and political and social space occupied by greed individuals and opportunists is a challenge of immense proportions. This is worse when it is in the mining sector in Africa where the interests of dictatorial regimes converge with those of mining companies that pay no attention to good governance, transparency and accountability in the extraction of mineral wealth for export. In this matrix, communities and civil society organisations on the one hand are often at loggerheads with mining companies and government officials and elites on the other hand. Zimbabwe is such an environment which is polluted by corruption and lack of transparency and accountability in the selection of mining investors, negotiation of mining contracts and revenue distribution.

In the above context, the role of civil society is to use various strategies and means to try and promote transparency and accountability. Dialogue is one of the key strategies that may be used; hence the Southern Africa Resource Watch (SARW) in partnership with the Zimbabwe Environmental Law Association (ZELA) saw it fit to organize a 2-day Multi-Stakeholder Conference on Promoting Transparency and Accountability in the Extractive Sector on the 22<sup>nd</sup> and 23<sup>rd</sup> of September 2010. This report is based on the proceedings and outcomes of the Conference and it constitutes an attempt to rehabilitate the polluted environment. The report is also meant to generate discussion and discourse on how best the country can eliminate the scourge of corruption, mismanagement of mineral resources wealth and protection of the environmental, economic, social and cultural rights of poor communities against actions of government and mining companies. Since the campaign is in its early stages, this report has accordingly been titled “Sowing the Seeds of Advocacy Work on Transparency and Accountability in the Extractive Sector in Zimbabwe”. The title is befitting because that is what the work being done by SARW and ZELA is all about. It is about raising awareness and sowing the first seeds for further country-wide discussions about initiatives such as the Extractive Industries Transparency Initiative (EITI) which seeks to promote disclosure of mining revenue and the Publish What You Pay (PWYP) campaign which calls on governments and mining companies to disclose mining contracts.

This report is therefore a synthesis and summary of the proceedings, results and outcomes of the Multi-stakeholder Conference which was attended by a total of 145 participants. The primary objectives of the Conference were as follows; to create a platform for all stakeholders to openly discuss existing and perceived problems of transparency and accountability in the mining sector, to discuss aspects of contract negotiation, revenue

generation and distribution, mining taxation, rights of communities and to raise awareness on the various international initiatives that can be used to promote transparency and accountability in the extractive sector. Notably, the conference was preceded by a survey that was commissioned by SARW and ZELA from July –August 2010 to gather views and perceptions of different stakeholders about the Extractive Industries Transparency Initiative (EITI) with particular focus on whether mining payments and revenue should be disclosed to the public. Further, the conference provided an opportunity for the creation of sustained dialogue, trust and engagement between citizens, government, mining companies, the media, financial institutions, civil society, donors and community based organisations among other stakeholders.

The synthesized report gives a synopsis of the various presentations made during the conference. A total of 12 presentations were made. Firstly, the report restates the position of government as represented by the Deputy Minister of Mines and Mining Development in relation to the Extractive Industries Transparency Initiative (EITI). During the Conference the Deputy Minister stated that government is willing to consider joining the EITI so as to promote transparency and accountability in the mining sector.

The report also outlines a presentation that was made by the Institute of Mining which gave participants an opportunity to understand the history of mineral exploration and mining in Zimbabwe. The presentation revealed that the country has over 60 known economic minerals most of which are found along the Great Dyke, a range of mountains which stretches across the length of the country for 550km and varies between 10-30 kilometres in width. The presentation also informed participants about the current production levels of gold, chrome, ferrochrome, coal, nickel and iron ore among other minerals. It was stated that production was being hampered by power outages, skills shortages, capital constraints, uncertainty regarding administration and enforcement of existing regulations as well as uncertainty regarding implementation of the indigenisation programme.

The Zimbabwe Revenue Authority (ZIMRA) also made a presentation which essentially outlined the mining taxation regime in Zimbabwe. The different categories of taxes and rates charged on mining companies were noted such as corporate tax being charged at 25% of taxable income, Value Added Tax (VAT) levied at 15% although most minerals are being exported hence many mining companies are claiming refunds on a monthly basis, PAYE which ranges from 0% to 35% and royalties pegged 3.5% for precious metals while diamonds are pegged at 10%. In addition, mining companies pay withholding tax as well as additional profit tax. However, the presentation revealed that the major problems affecting mining taxation are transfer pricing and tax evasion through re-invoicing, underpricing and thin capitalisation.

On the concept of transparency and accountability in the extractive sector it was highlighted by different presenters that the reason why society was not benefiting from resources was due to dubious contracts, corruption, tax evasion and weak regulatory systems. In addition, participants were also informed by Mr. Claude Kabemba of SARW about the relevance and importance of joining the Publish What You Pay Campaign (PWYP) which is a global coalition of civil society organisations calling for the disclosure of mining contracts by governments and mining companies. PWYP is a platform for civil society to call on mining companies to disclose what they pay and also for government to disclose what they receive. In the same vein, the results of the stakeholders' perceptions assessment that was carried out by SARW and ZELA in July-August 2010 showed that there is limited knowledge about the Extractive Industries Transparency Initiative (EITI) among various stakeholders in Zimbabwe. The presentation by Benson Zwizwai and Rodger Mpande, revealed that there is no agreed position within the Unity Government of Zimbabwe on EITI although the World Bank has been trying to engage government on the issue. The assessment affirmed that there are some departments and people in government who support EITI while others are totally opposed to it as they view it as an imposition by Western countries, which themselves are not joining it. Nevertheless, the assessment indicated that civil society and mining companies are ready to embrace the EITI. In contrast, the Zimbabwean situation is a far cry from the situation in countries like Mozambique where the country was admitted as an EITI candidate in May 2009. Mozambique is preparing its first EITI report to be submitted to the Secretariat in Oslo by 14 May 2011. The report is supposed to show all extractive sector payments and receipts starting from 2008 and these will be published in detail in what is called disaggregated disclosure. This information was revealed by Mr. Dioniso Nombora from the Centre for Public Integrity in Mozambique who also presented a paper.

In order to ensure that the mining industries understand other models and initiatives that can be used to promote transparency and accountability, the conference also included a presentation on alternative business models that can be used. The following models were highlighted as the most commonly used around the world: Global Reporting Initiative (GRI), the IFAC Sustainability Framework, Integrated or Connected Reporting and the AA1000 Accountability Principles. These initiatives are important as they are voluntary measures being adopted by the business and finance sector around the world to promote social, economic, environmental, human rights and product responsibility and accountability. In the same breathe, the Zimbabwe Chamber of Mines made a presentation which revealed that mining companies in Zimbabwe are willingness to engage other stakeholders on EITI. However, the Chamber of Mines lamented that many people who criticize the sector for not doing enough choose to ignore the immense contribution the sector has made to many mining towns around the country and also fail to understand the costs associated with mining.

In order to give communities a voice during the conference, community representatives from Marange diamond mining area and Mutoko black granite mining area were given an opportunity to make presentations on the challenges they are facing as a result of mining operations. The presentations revealed that the rural communities in mining areas are facing violations of their economic, environmental, social and cultural rights. Some of the problems that were identified included displacement without adequate compensation, environmental degradation, limits on freedom of movement, loss of livelihoods and failure to derive tangible economic benefits from mineral resources. In these rural areas the roads, clinics, schools and other community infrastructure have not been rehabilitated and are in a poor state, yet the mining companies are extracting minerals for export.

The second day of the Multi-Stakeholder Conference was mainly preserved for strategic brainstorming and adoption of recommendations, action points and next steps. The following recommendations and next steps were adopted;

- It was resolved that a Publish What You Pay campaign Chapter in Zimbabwe should be established and institutionalized with ZELA acting as the secretariat. However, this was to be done in partnership with the PWYP international secretariat, while SARW would support the launch of PWYP chapter in Zimbabwe.
- It was recommended that the capacity of civil society organisations and community activists to articulate EITI principles and criteria should be strengthened through extensive research, training, networking and exchange visits. A civil society coalition is of paramount importance.
- It was also recommended that ZELA should spearhead a programme to work with Members of Parliament in promoting legal and policy reforms in the mining sector especially with regard to the proposed Mines and Minerals Amendment Act, the Diamond Act, mining taxation laws and the implementation of the Indigenization and Economic Empowerment Act and regulations thereof.
- It was further recommended that there is need to create a permanent platform or dialogue series to engage political leaders in the country so as to ensure political buy in on issues of transparency and accountability.
- Mining companies expressed interest in starting a Voluntary Reporting System supported by the Zimbabwe Chamber of Mines which promotes the ethos of transparency and accountability.
- The media has to be engaged so as to convey the message of transparency and accountability to the people and to ensure investigative journalism in the mining sector. ZELA was tasked to work with specialised reporters in the media.

In terms of taking forward the recommendations and outcomes of the conference, SARW and ZELA have committed resources and time to implement a number of the results and outcomes. Already, there are initiatives to launch the Publish What You Pay campaign in Zimbabwe. In addition, ZELA has institutionalised this work by developing a new programme called Extractive Industries Programme which will cement and solidify the results of the conference and take them forward.

## INTRODUCTION AND BACKGROUND

Zimbabwe has a rich and vast mineral resource base. Stretching and cutting across the north-eastern parts of the country to the south-western parts is the Great Dyke, a mineral rich 550 km stretch of mountains hosting different types of minerals. This is then complemented by the contentious but significantly vital alluvial diamond deposits of Marange in Manicaland Province to the east of Zimbabwe, often sensationally and variously estimated by government officials that it will potentially generate gross revenue in excess of \$80 billion and that the fields will produce over 25% of the world production of diamonds. Generally, the mineral resource base of Zimbabwe includes; platinum, gold, diamonds, coal, black granite, iron ore, nickel, chrome and copper among many others. The mines, small and big are scattered in many parts of the country and these have been joined by individuals or armies of illegal miners or as they are known in Zimbabwe “Makorokoza”, often an indication of a dysfunctional regulatory and administrative system and lack of employment opportunities.

While over the last 100 years mining has had some positive contribution to national economic growth, employment creation and infrastructure development, its positive impact on people's lives has over the years been overshadowed by the poverty, human rights violations, conflicts and corruption occurring in the sector. The situation was made worse by political intolerance, economic and human rights abuses over the past decade which has all combined to generate a decrease in the quality of life for many rural and urban citizens.

In many parts of the country the process of mineral extraction has resulted in violation of the political, civil, environmental, economic, social and cultural rights of rural communities. As new mines open, they take away valuable land from communities without provision of adequate compensation and consultation. Mining has also caused massive environmental degradation and water pollution. In many respects, unless if properly planned mining operations that result in the displacement of communities may lead to violation of the communities' rights to housing, education, water, culture and generally disrupt livelihoods. Apart from leading to the violation of community rights, the mining sector in Zimbabwe has also been punctuated by corruption and lack of transparency and accountability in revenue generation and distribution. In many cases government officials sign mining contracts with foreign and local investors in secret far from the public eye. This has resulted in corrupt practices and allocation of mining rights to opportunists and people who do not have any mining experience or financial resources as well as others who have allegedly been involved in blood diamond wars in other parts of Africa. In addition, government failure to disclose disaggregated data on mining revenue, payments and contracts has precipitated a lot of suspicion and speculation amongst the impoverished members of the public and workers

who thought diamond revenue from the controversial Marange diamond mines for example would extricate them from the shackles of poverty and need. Sadly, even the treasury itself (the Ministry of Finance) does not have enough information on revenue being generated from Marange diamonds. Consequently, the treasury has been fighting with the Ministry of Mines and the Zimbabwe Mining Development Corporation on the whereabouts of some the revenue realised from diamond sales. As a result, it is not very clear if government is realising enough benefits from diamond mining and generally from the mining sector as a whole. Diamond mining may just be a snap-shot of the rot in the mining sector. What is however clear is that communities living in mining areas are not realising enough benefits and are just saddled with the negative costs of mining, while mining companies and other connected individuals and government officials internalise the profits. The above situation shows that transparency and accountability in the mining sector should be the war-cry for all concerned citizens.

It is against this background that the Southern Africa Resource Watch (SARW) in partnership with the Zimbabwe Environmental Law Association (ZELA) organised the Multi-Stakeholder Conference on Promoting Transparency and Accountability in the Extractive Sector with particular focus on mining from 22<sup>nd</sup> – 23<sup>rd</sup> of September 2010. The Multi-Stakeholder Conference was meant to provide a platform for various stakeholders in the mining sector to meet and discuss the challenges and opportunities in their operations with the aim of enhancing and promoting transparency and accountability. The theme of the conference was 'strengthening transparency and accountability in the extractive industry and the mining sector'. However, the major topic for discussion was the Extractive Industries Transparency Initiative (EITI) and how the stakeholders view this initiative.

It is also important to point out that the Multi-stakeholder Conference was a follow up to two other dialogue meetings that were organized by ZELA in April and June 2010 to raise awareness about the Extractive Industries Transparency Initiative and to encourage civil society organisations to start advocacy work on transparency and accountability in the mining sector. During these civil society dialogue meetings, the philosophy of the Extractive Industry Transparency Initiative (EITI) and the Publish What You Pay (PWYP) Campaign were identified as strategies that could be used and systematically adopted to influence transparency and accountability in the mining sector in Zimbabwe. Notably, the Multi-Stakeholder Conference was also held as a follow up activity to a survey that was commissioned by SARW and ZELA to gather views and perceptions of stakeholders about EITI with particular focus on asking stakeholders whether mining payments and revenue should be disclosed to the public. Therefore, in order to expand and cast the net wider and plant the seeds of multi-stakeholder advocacy work on transparency and accountability, SARW and ZELA made a deliberate decision to organize a much bigger event where stakeholders from diverse backgrounds and disciplines would be invited. Ultimately, on

September 22<sup>nd</sup> through to 23<sup>rd</sup>, 2010, various stakeholders converged in Harare to talk about the challenges and problems facing the mining sector. The Conference was accordingly attended by a total of 145 participants comprising government officials, legislators, mining companies, small scale miners, civil society organisations, the media, community based groups, judicial officers, law enforcement agents, local authorities, academics and development partners.

## **STRUCTURE AND SYNTHESIS OF THE REPORT**

Since the Multi-Stakeholder Conference was held over a period of two days and generated a lot of discussion points and debates, the editor made a deliberate attempt to synthesise and summarise the major presentations, deliberations and outcomes of the workshop.

During the Conference a total of 12 presentations and research papers were presented by national academic and research institutions, civil society activists, community based organisations and regional participants. This report therefore covers the following presentations; Overview of the mining sector in Zimbabwe, Overview of the Mining Taxation regime in Zimbabwe, Building Understanding of Transparency and Accountability in the Extractive Sector, Research Findings on Stakeholders' Perspectives on the Extractive Industry Transparency Initiative (EITI), the Publish What You Pay Campaign (PWYP), Perspectives of the Mining Sector on Transparency and Accountability, Regional Experiences on Transparency and Accountability in the Extractive Industry: the Case of Mozambique, Alternative Business Models for promoting Transparency and Accountability in the mining Industry, State of Relations between Civil society, Government and Mining companies on Mining Issues and Community Perspectives on Mining Operations.

While discussions and debates followed each of the presentations during the Conference, the editor has taken the liberty to create a separate section where all questions and discussion points that were raised during the 2 day conference are deposited into a single section called the Consolidated Plenary Session Discussions. This is meant to ensure that the report outlines the key issues that emerged from the conference in a systematic manner without necessarily following the manner and time at which each presentation was made. Therefore, the information as presented in this report has been rearranged and does not follow the way the agenda and presentations were originally set.

## CONFERENCE INTRODUCTORY SECTION

### Conference Objectives

The objectives of the Conference were presented by the Zimbabwe Environmental Law Association (ZELA). It was stated that the conference was meant to bring together various stakeholders such as government officials, legislators, mining companies, small scale miners, civil society organizations, community based organizations, local authorities, international support agencies, financial institutions, auditing firms, law enforcement agents, judicial officials and the media to discuss various issues affecting the mining sector in Zimbabwe. In particular the following were set as the conference objectives;

- a. To create a platform for all stakeholders to openly discuss existing and perceived problems of transparency and accountability in the mining sector.
- b. To discuss economic aspects of mining, negotiation of mining contracts, mining revenue generation and distribution, mining taxation and rights of communities in mining areas.
- c. To discuss different international and national models/initiatives that can be used to promote transparency and accountability in the mining sector.
- d. To present the findings of a survey carried out by Southern Africa Resource Watch (SARW) and Zimbabwe Environmental Law Association (ZELA) on stakeholder perceptions on the Extractive Industry Transparency Initiative (EITI)
- e. To establish a basis for sustained dialogue, trust and engagement between citizens, government, mining companies and other stakeholders on transparency and accountability.
- f. To make policy and practical recommendations for improving transparency and accountability in the extractive sector.

### Official Opening

The conference was officially opened by the Deputy Minister of Mines and Mining Development, Honourable Gift Chimankire. The Deputy Minister commended the conference for facilitating dialogue amongst various stakeholders on issues of transparency and accountability in the mining sector. He indicated that the conference should come up with policy and practical approaches and recommendations that promote sustainable development through effective utilization of revenue and royalties from the mining sector.

In his opening speech the Deputy Minister stated that the mining sector in the country has been a cornerstone of development and plays a pivotal role in the medium term economic plan. He noted that some cities and towns were created and built from the proceeds of mining and natural resources exploitation in various parts of the country. He further stated that the sector experienced considerable growth and is still expected to grow by 31% in the ensuing years. The sector is expected to be a supplier of consumer products and inputs.

However, despite the contribution the mining sector has made to economic development there are a lot of challenges in the sector. In that regard the Deputy Minister informed participants that since he was appointed as Deputy Minister he has managed to visit many mining sites and operations and has compiled information on the current status of the mining sector. He gave the examples of his visit to Chiadzwa where Mbada and Canadile are mining diamonds and Mutoko where black granite is being mined. During his visits he noted that many mining companies in Mutoko were not rehabilitating the environment as there is a lot of environmental degradation as some mine dumps and pits are left open and this endanger the lives of people and livestock. The roads are in a poor state and some bridges that collapsed due to heavy haulage trucks operated by granite mining companies have not been repaired. He also pointed out that people in Mutoko are living in poverty.

The Deputy Minister also talked about the issue of diamond mining in Marange. He said that the issue of relocated families in Chiadzwa is a cause for concern. He indicated that the diamond mining companies should ensure that adequate shelter, food, clinics and schools are provided at the sites where the people from Chiadzwa will be relocated. On the issue of exporting diamonds under the Kimberley Process Certification Scheme, the Deputy Minister stated that Zimbabwe joined the Kimberley Process Certification Scheme (KPCS) in 2003 and that this was a good decision therefore the country should comply with the KP requirements. He stated that the Ministry of Mines and Mining Development is mandated and committed to promote and advocate for the prevention of trade in blood diamonds. He informed participants that Zimbabwe is committed to promote the values of the KP as well as promoting transparency in its mining activities. The Deputy Minister also encouraged participants not only to focus on Marange diamond mining in their advocacy work, but to look at the whole mining sector and operations around the country.

Also related to the issue of diamond mining, the Deputy Minister informed participants that the Ministry of Mines had received representations from various stakeholders who had raised concern about the location of the proposed Diamond Centre which will be built in Harare. It was pointed out that many people had proposed that the Diamond Centre should be built in Mutare which is closer to Marange where the diamonds are being mined. The general argument against the Diamond Centre being located in Harare was that the geographical distance from where the mineral is extracted in Chiadzwa to Harare is too much. It is about 300km from the mining site to Harare but only about 70km from the alluvial diamond fields

in Chiadzwa to the nearest city of Mutare. However, the Deputy Minister said that with maximum benefits from diamond revenue and sustainable utilisation of proceeds from the mining industry, the country will have the financial security to address various national needs towards sustainable development in all areas.

Another aspect that was addressed in the Deputy Ministers speech was the government's position on promoting transparency and accountability in the mining sector by joining the Extractive Industries Transparency Initiative (EITI). The Deputy Minister stated that government's thrust is to join the EITI in order to maximize the economic development gains from the exploitation of country's mineral resources. The EITI calls on government and mining companies to disclose mining payments and revenue. Further, on the issue of transparency and accountability, the Deputy Minister informed participants that while the Mines and Minerals Act requires mining companies to submit monthly production or work progress reports to the Ministry of Mines and that the Ministry has a responsibility to visit all mines to verify their status, this has been hampered by lack of resources such as manpower and vehicles. In that respect the Ministry is also trying to come up with a computerized data system on mines to ensure close monitoring and accountability in allocation of mining rights.

Commenting on community participation in mining, the Deputy Minister said that community participation in mining through co-operatives or as groups is vital for poverty reduction and uplifting livelihoods and the economic status of rural communities. In that regard, he said that it was important for government to put in place legislative and policy measures that will ensure that government and communities benefit from mineral resources. In line with economic empowerment and indigenization developments, the Deputy Ministry highlighted that the Ministry was considering various models on how best to deal with artisanal or small scale miners. In addition, government is also considering making corporate social responsibility a legal issue.

## SUMMARY OF PRESENTATIONS

### Overview of Mining Sector in Zimbabwe

Mr. G.T. Kahwai from the Institute of Mining Research at the University of Zimbabwe made a presentation on the status of the mining sector in Zimbabwe. The presentation set the tone for the conference by profiling the status of the mining sector in terms of types of minerals and production levels among other issues. The presentation revealed that the country is endowed with many types of minerals with at least 60 known economic minerals. Historically, when the country was colonized in 1890 the colonialists allocated themselves mining claims and the mines were operated on a small scale basis. According to records, there are 4000 recorded gold deposits on Ancient workings and most discoveries were made on small old mines. It was also revealed that the country has 6000 known mineral deposits, yet it is only 60% of the country that is mapped. This means the full potential is still to be realized. In terms of mineral deposits, the Great Dyke which has rich mineral deposits stretches across the length of the country for 550km and varies between 10-30km in width. The Great Dyke constitutes a massive sulphide zone which bears the following minerals; gold, Platinum Group of Metals (PGMs), chrome, coal, iron ore and diamonds etc.

The mining sector contributed 49% in 2008 and 50% in 2009 to the economy ahead of agriculture and manufacturing which were at 33% and 34% respectively. It was stated that the mining sector contributed to foreign currency generation, social infrastructure development and other downstream multiplier effects. Mining also contributed to development in towns like Bindura, Hwange, Mashava, Zvishavane, Dorowa, Shamva, Mvuma, Shurugwi, Kwekwe, Gweru, Ngezi, Selous and Gokwe. The mining industry also contributed to the fiscus through Pay as You Earn by US\$25million dollars (15% of total in 2009), Value Added Tax by 37% and Customs Duty by 20%.

However, despite the abundance of the mineral deposits and the contribution to development of towns, the mining sector has been negatively affected by the political and economic situation prevailing in the country. In particular the fiscal policies that were being pursued by government were not triggering further investment in the mining sector. In that regard, exchange controls, inflation and price distortions were affecting production. Mr. Kahwai pointed out that the major limitations to greater production in the mining sector were energy (electricity which was in short supply) and funding. The impact of the power crisis has been affecting companies like Metallon Gold whose output for first half year tumbled to 70%. As a result of the economic problems many mines closed in the last ten years while others had reduced capacity utilization ranging from 10% to 45%.

The key challenges facing the sector were stated as power outages, skills shortages, capital constraints, uncertainty regarding administration, interpretation and enforcement of existing regulations. In addition, there was uncertainty regarding enforcement of indigenisation programmes which affect investment. Further challenges were being posed by poor geological database, poor infrastructure, rail network, telecommunications and water.

However, it was stated that most minerals were set to record increased volumes of production in 2010-2011 compared to 2009. Mr. Kahwai stated that PGMs, coal, gold, chrome, iron ore, nickel, and diamonds were expected to be the main minerals that would contribute to economic growth in the short-medium term. Mr. Kahwai also outlined the projected production levels in the coming years. He stated that Gold production was expected to top 50 000kilograms by 2015. Zimplats and Mimosa Mining Companies are expected to be major players in PGM production, with Angloplat's Unki Mine expecting increased production in the 4<sup>th</sup> quarter of 2010. There are also potential projects which include Total, Ruschrome and ZIMARI. Platinum production is estimated to be around 8700 kilograms for 2010. Chrome Ore production is estimated at 520 000 tonnes production for 2010. ZIMASCO and Zimbabwe Alloys are back in operation with ambitions to expand. Ferrochrome production for 2010 is expected to be around 145 000tonnes and ZIMASCO invested in a sixth furnace and plans to increase plant capacity. ZIM ALLOYS also plans investment in plant capacity for expected ferrochrome production of 260 000 tonnes by 2015. In coal production, the industry require capitalisation to increase production capacity. 10 special coal mining grants were issued. A further 129 applications for coal Special Grants have also been received by the Ministry of Mines. Coal production levels are expected to be around 4 000 000 tonnes by 2015.

In addition, Nickel production which is a by-product of PGM operations is expected to increase in line with PGM production. However, Bindura Nickel Co-operation is expected to restart operations shortly. New nickel deposits were identified and prospects are expected to produce around 22 500 tonnes by 2015. On iron ore, Mr. Kahwai noted that the government was re- tendering for rehabilitation of the ZISCO steel works. Some companies from India and China had shown interest in Zisco. Zisco has not been operating to potential level for a long time; therefore its recommissioning will have positive impact on the economy.

Recently there has been expansion at Ngezi and Mimosa. Murowa Diamonds is expecting to invest US\$300m in diamond mining expansion. Diamonds were discovered in Chiadzwa and Marange communities. However, the extent of mineralization has not yet been fully evaluated.

Mr. Kahwai also informed participants that there is need for capitalisation in the mining sector from 2011 to 2015 of around US\$3 – 5 billion. Mining of gold and platinum is expected to require US\$1 billion and US\$1.2 billion respectively while Ferrochrome US\$250 million, Nickel US\$110 million, Coal US\$280 million and Diamonds US\$300 million. It is important to realize the requirement for investment in infrastructure that supports growth in mining. There is need to invest in electricity generation to support the mining sector and this will require around US\$10billion for projects like Sengwa and Batoka to realize additional generating capacity of 3 000 MW. Mr. Kahwai estimated that the country requires about US\$4 billion to re-capacitate the energy sector which is critical for the mining sector. There is also need for investment in diesel generators. Some of the mining projects that will be resuscitated include Freda Rebecca, Eureka, Cam & Motor mines.

In conclusion, Mr. Kahwai highlighted that if mining is to reach its full potential there has to be technological transfer from seasoned miners. The industry needs knowledge and skill development for capacity development. Therefore, it is also important to adopt the Extractive Industries Transparency Initiative (EITI) in order to maximize the economic development gains from the exploitation of the country's mineral resources.

## Overview of the Mining Taxation Regime in Zimbabwe

The Zimbabwe Revenue Authority (ZIMRA) presented a paper which outlined the mining taxation regime in Zimbabwe. Mr. Muremba from ZIMRA started by defining the key terms contained in the Income Tax Act that relate to the mining sector. Some of the terms that are defined in the Act are as follows;

- “Income derived from mining operations”; means income derived from a particular mining location.
- “Mining operations” means;
  - a) any operations for the purpose of winning a mineral from the earth; and
  - b) any operations for the purpose of winning a mineral from any substance or constituent of the earth which are carried on in conjunction with operations referred to in paragraph (a) by the person carrying on those operations; and
  - c) such operations for the purpose of winning a mineral from any substance or constituent of the earth which are not carried on in conjunction with operations referred to in paragraph (a) or by a person carrying on those operations as the Commissioner may determine to be mining operations for the purposes of this Act;
- “Mineral”; includes any valuable crystalline or earthy substance forming part of or found within the earth's surface and produced or deposited there by natural agencies but does not include petroleum or any clay (other than fire-clay), gravel, sand, stone (other than limestone) or other like substance ordinarily won by the method of surface working known as quarrying;
- “Estimated Life of Mine' means”; the number of years not exceeding, in the case of a mine established for the purposes of producing, lead and or zinc, 10 years, iron, 5 years and any other mineral, 20 years during which mining operations are expected to continue from the beginning of the year of assessment.

In relation to how ZIMRA calculates and determines the estimated life of a mine for tax purposes, Mr. Muremba informed participants about the formula that is used. The formula is stated below;

### **ESTIMATE OF THE MINE'S ORE RESERVES**

#### **ESTIMATED ANNUAL PRODUCTION**

According to Mr. Muremba the calculations must be submitted every year for the Commissioner's approval.

## **Mining Expenditures**

During his presentation he stated some of the common expenditures incurred by mining companies in terms of the Income Tax Act. These include;

- a. Prospecting and exploratory works by a miner – Section 15(2)(fii)
- b. Capital Redemption Allowance (CRA) – Section 15(2)(fi) as read with the 5<sup>th</sup> Schedule
- c. Royalties Paid by a miner – section 15(2)(fiii)
- d. Assessed loss b/f from the previous year – section 15(3) Note that assessed losses from mining operations may be carried forward indefinitely – proviso (iv)(b) to section 15(3)
- e. Revenue expenditure e.g. salaries and wages – section 15(2)(a)
- f. Assay fees – section 15(2)(a)

## **Allowable Deductions**

Allowable Deductions are provided for in Section 15 of the Income Tax Act and deductions allowed in determination of Taxable Income especially at the prospecting stage and preproduction stage. Below are the details;

### **Prospecting Stage**

Section 15(2)(f)(ii) provides for boreholes, trenches, pits, surveys and other prospecting and exploratory works.

### **Preproduction Stage**

Provided for in Section 15(2)(f)(i) as read with 5<sup>th</sup> schedule and refers to boreholes, shaft sinking, general administration and management, cost of mining claims, interest on loan, buildings, machinery, equipment, mules, hire of plant and machinery. Further, construction of buildings, crushers, housing for employees, schools, hospital, nursing home and clinic, housing for staff at a mine school, hospital etc. The Act also provides for passenger motor vehicles, sales and minerals and ores and produced. Capital Expenditure includes staff housing for mine employees (full cost).

## **Categories of Taxes Paid by Mining Companies**

ZIMRA also outlined the various categories of taxes and rates that are charged to mining companies. It was stated that mining companies are required to pay corporate tax which is

now pegged at 25% of taxable income. In addition, they are required to pay Value Added Tax (VAT) which is levied at 15%. However, it was pointed out that since most minerals are being exported, VAT is chargeable at 0% hence many mining companies are claiming refunds on a monthly basis from ZIMRA. The other form of tax paid by all mining companies is Pay As You Earn (PAYE) which ranges from 0% to 35% depending on how much each employee earns.

The major tax payments by mining companies are Royalties. The rate of tax for royalties on precious metals is 3.5%. On diamonds the rate is 15%. ZIMRA was designated as a collecting agent for royalties on all minerals except gold which is to be collected by financial institutions who will in turn remit the proceeds collected to ZIMRA within a prescribed timeframe.

Apart from royalties and other taxes, mining companies also pay Withholding tax. Withholding tax on tenders is 10% for clients without tax clearance certificates and withholding tax on non-resident tax on technical services, royalties, interest, dividends and other remittances is levied at 15% while on management fees it is 20%. In addition, in respect of Chrome ores and Chrome Fines in order to encourage value addition, an export tax of 15% is being levied on the value of gross exports proceeds of Chrome ores and fines with effect from 1 January 2010. Additional profits tax is another tax paid by mining companies. Additional profit tax is levied on holders of Special Mining Leases. It is charged over and above normal Income Tax and based on Net Accumulated Cash Position in terms of Section 33 as read with the 23<sup>rd</sup> Schedule of the Income Tax Act.

In concluding the presentation, ZIMRA pointed out some of the major challenges faced in the administration of the current tax regime in the mining sector. These problems are transfer pricing and tax evasion through re-invoicing, underpricing, thin capitalisation and what is called an arms length relationship.

## **Building Understanding of Transparency and Accountability in the Extractive Sector**

This presentation was made by Mr. Claude Kabemba the Executive Director of SARW. Mr. Kabemba noted that the conference took place in the context of reconstruction of Zimbabwe, a country that is rich in mineral resources. He stated that in Zimbabwe the extractive industry has continued to inspire passion and debate, especially since the discovery of diamonds in Marange. However, despite all the abundance of natural resources, Zimbabwean citizens are among the poorest in the world. In the SADC region 45% per cent of SADC citizens live on US\$ 1 per day. He stated that natural resources in Africa will only be beneficial to the people if they are properly managed. The importance of natural resources to African countries is that natural resources represent an important source of state revenues and a valuable asset for sustaining growth, reducing poverty and achieving the Millennium Development Goals (MDGs).

He highlighted that the reason why society was not benefiting from natural resources is asymmetrical in the form of dubious contracts, corruption and tax evasion. There is also asymmetrical balance of power in the form of weak regulatory frameworks. In that regard, governments might not have in place a system that sanctions adherence to certain formalities. This is a situation where mining companies may end up controlling governments because of their power and resources control. Some states are weak and unaccountable to the extent that they may end up negotiating mining contracts that do not benefit the country but a few elites and those who are politically connected. Mr. Kabemba also encouraged participants to dispel the myth that foreign direct investment is more important than our natural resources. In the above context, it is therefore necessary to promote greater accountability and transparency in the extractive industry. Accountability can be enhanced if there is a balance of power between mining companies and government by ensuring that parliament is vibrant to monitor and control use and management of the nation's resources. In the same vein, civil society can play a critical role in advocating for economic, political and socio-political balance.

### **What is accountability?**

Mr. Kabemba explained to participants that accountability is about holding people to account for their impact on the lives of other people and the planet. When it works, it means those impacted on have the right to be heard, and to have their views taken into account. It means those with power have the obligation to listen and respond. It further means that there are adequate sanctions to enforce these rights and obligations.

Further, he also stated that accountability is the process through which an organisation makes a commitment to respond to and balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment. An accountability relationship exists when a principal delegates authority to an agent to represent and act in their interests

(the representative model and the principal-agent model). Holding an agent to account requires clearly defined roles and responsibilities, regular reporting and monitoring of behavior against these roles, and the ability for principals to impose sanctions for breaches of responsibilities.

### **What is Transparency?**

Mr. Kabemba defined transparency as relating to the provision of accessible and timely information to stakeholders. It is the opening up of organisational procedures, structures and processes to their assessment. Therefore, “transparency requires government bodies that are open to public scrutiny. Openness suggests that a government body is “available for outside scrutiny.” Transparency is necessary for accountability because, without access to information, an institution cannot be held to account. Transparency in essence increases a sense of responsibility and reduces the risk of corruption. Further, it supports democratic debate.

### **Accountability and Transparency in the Extractive Industries.**

Mr. Kabemba also established the importance of transparency and accountability in the extractive sector. He informed participants that the primary aim of transparency and accountability in the extractive sector is to make the extractive industries such as mining benefit the society. The way resources are extracted and revenue is distributed affects society in multiple and profound ways. Citizens need to protect resources against any kind of exploitation by both local and outside actors. Accountability and transparency in the extractive industries ensures that government is responsible when managing the resources and revenues.

In addition, accountability and transparency in the extractive sector ensures that revenues are distributed equally. However, accountability is also meant to ensure that minerals or oil or timber are produced responsibly; safely; with respect of human and communities' rights in conflict-free zones and with beneficiation to communities and payment of fair prices to government.

Mr. Kabemba pointed out that countries that have achieved a high level of control over their resources are those countries that have put in place systems of management that are transparent and accountable. He also stated that accountability and transparency promotes a pro-poor extractive industry. It empowers people with information necessary to hold both governments and companies to account.

### **Governments**

The role of Government in promoting transparency and accountability was also profiled during the presentation. It was stated that Governments are responsible for the management of natural resources and the government formulates policies and regulations (exploration, development, production, rights-concessions, leases, licenses or contracts). Efficient and effective award policies should exhibit the following characteristics;

transparent, competitive and non-discretionary procedure for award of exploration, development and production rights, clear legal, regulatory and contractual framework and well defined institutional responsibilities. Governments also have the responsibility to collect taxes, royalties and distribute revenues. Therefore, governments are key stakeholders in ensuring that accountability and transparency are respected and are expected to provide information to citizens. They must consult all the stakeholders when making decisions. Further, governments must protect civil society and must commit to uphold freedom of expression.

### **Companies**

Mr. Kabemba also talked about the role of companies in promoting transparency and accountability. He said that companies' activities must be conducted in a transparent and accountable manner and in respect of national laws and international norms and standards in the extractive sector. He pointed out that it is vital for extractive industries/companies to publish their payments to governments. They must also provide information on environmental impact assessments, corporate governance and practices and procurement policy which is all critical to the communities from which they will be extracting resources. In addition, Mr. Kabemba informed participants that many foreign companies have better advantages, strategies and ways of knowing certain information about the natural resources such as minerals that may not even be known by the host governments (especially developing countries). Further, they often have a way of avoiding paying mining taxes.

### **Civil Society**

The role of civil society in promoting transparency and accountability was also defined. It was stated that accountability and transparency are important for civil society work. Civil society must provide accurate information that is critical to various stakeholders and must monitor both government and companies. In addition, civil society must promote initiatives that promote transparency and accountability and must train and organize communities to build the culture of demanding for information and call decision makers or companies to account. Some of the initiatives that civil society may promote include the Publish What You Pay (PWYP) campaign and the Extractive Industries Transparency Initiative (EITI).

### **Community**

Accountability and transparency are important for community work. Communities are the most affected by the activities of companies. Communities are increasingly playing an important role in the extractive industry. They are involved in monitoring companies'

activities. They are managing revenues which have been paid to them by the central government or companies as their share.

### **What Parliaments must do to promote Transparency and Accountability**

Parliamentarians have an important role to play in enacting good laws that can lead to transparent and efficient management of natural resources. At national level the parliament has to promote transparent and accountable systems of managing revenues and to increase their oversight role and capability. Parliament has to encourage governments to confront multinationals to ensure that communities benefit and to ensure that "world class" mining public administrations are set up.

In order to carry out their mandate there has to be capacity building and technical assistance of parliaments. There is also need to ensure that an appropriate legal framework to guide the extraction and commercialisation of natural resources is in place. The need to undertake strategic and comprehensive assessment of the 'political economy' of laws, institutions and strategic orientation of governments cannot be over emphasised. Investigations have to be undertaken in a bid to evaluate processes. Parliamentarians themselves need to increase their knowledge and capacity in resource management.

Parliament must work with civil society and support the creation of Publish What You Pay networks at national and regional levels. It must conduct complete analysis of governments' revenue transparency laws and regulations and propose changes where necessary. This will entail analysing the strengths and weaknesses (SWOT analysis) of each county's laws and institutions. Parliament will also need to undertake content mapping and cooperation on combating companies' corruption, tax evasion and tax avoidance.

Mr. Kabemba also stated what is expected of parliament. He said that parliament has to deliberately engage in the analysis of national laws and regulations pertaining to transparency, for example Access to Information Acts, if any, investment codes per country, minerals laws and royalty regimes and systems. Parliament has to interrogate Tax and accounting standards and codes per country and Stock Exchange regulations pertaining to disclosures as well as engagement with social codes of compliance.

Parliament is expected to monitor government compliance with key national, international and regional instruments. Of special importance is the Constitution, national laws and regulations, the United Nations Convention Against Corruption (UNCAC). Due regard has to be given to regional anti-corruption protocols (e.g. the African Union Anti-Corruption Protocol), Equator Principles, the Kimberley Process and the Extractive Industry Transparency Initiative.

### **Accountability and transparency Challenges**

In concluding the presentation, Mr. Kabemba outlined some of the challenges that are often faced in promoting transparency and accountability. In any given country if there is no viable policy and legislative framework, accountability and transparency is threatened. It was also stated that in many countries, transparency and accountability is threatened by confidentiality clauses in natural resources extraction contracts as this will result in governments and mining companies making wide claims of confidentiality even on information that is not confidential in the legal sense. Challenges to transparency and accountability turn to be associated with a weak state of regulatory framework that allows corruption. Further, the absence of the rule of law in a state negatively impacts on these values.

In certain instances there are limited amounts of qualified non-governmental organisations working in the field of natural resources to promote transparency and accountability. Therefore, civil society should play a watchdog role to enhance transparency and accountability on behalf of society. Mr. Kabemba said that if we sustain advocacy and lobbying efforts we will be able to force the government to publish contracts. He opined that although confidentiality clauses are a major setback in terms of transparency and the DRC government has been pushed to publish contracts entered with mining companies.

## **RESULTS OF SCOPING STUDY ON THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI) IN ZIMBABWE**

During the conference one of the key presentations was the report of a study and assessment that was commissioned by SARW and ZELA to assess stakeholders' perceptions about the Extractive Industries Transparency Initiative (EITI). The presentation was made by Mr. Rodger Mpande and Benson Zwizwai. The following represents the issues that were raised during the presentation.

### **Objectives of the Study**

The objectives of the study were to assess the perceptions and views of the stakeholders on the Extractive Industry Transparency Initiative (EITI), to identify the potential and actual challenges and opportunities for introducing EITI in Zimbabwe and to make recommendations on strategies that can be adopted to eliminate the negative perceptions about the EITI and increase the chances of the country joining the initiative. Further, the assessment was meant to gather the views of stakeholders on other mechanisms that can be used to promote accountability in the Zimbabwean mining sector to ensure that exploitation of mineral resources benefit the majority of Zimbabweans.

### **Methodology and Target Stakeholders**

The assessment was mainly conducted through interviews and literature reviews. Existing publications and materials on EITI from other countries that are already part of the EITI family were reviewed. Reports of previous workshops, media reports, official Government statements and Parliamentary reports were also part of the literature which was looked at. Unfortunately, the assessment did not benefit from the knowledge and perspectives of members of parliament and community representatives since the assessment was conducted at a time when many people were busy and engaged in the Constitutional Reform Outreach programme which started in August 2010. In addition, many development partners/donors could not be reached as some were on summer break hence their participation was minimal. In certain instances the subject of the survey proved very sensitive as the survey was done during the period when the Kimberly Process monitoring team was in Zimbabwe, as a result some government officials were not ready to talk about issues of transparency and accountability as they feared this had implications on what was happening in Marange diamond fields where allegations of corruption and mismanagement of revenue and human rights abuses abound.

### **Government Perception about EITI**

The study revealed that there is limited knowledge on the EITI amongst some Government officials. Further, there is no official Government position on EITI but the Ministry of Mines

and Mining Development was reported to be in dialogue with World Bank on how to implement EITI or a local initiative encompassing similar principles. In addition, the Ministry of Finance had made recommendations in his July 2010 Mid-term Fiscal Policy Statement that the country should consider joining the EITI. According to some government officials the term “transparency” itself is burdened with perceived negative connotations to some government officials, particularly when initiated externally or by some civil society organisations. Some government officials are skeptical about the objectives of internationally driven EITI which they view as an attempt to restrict the country from freely trading and using its mineral resources. The EITI is also being viewed as another attempt by NGOs and western countries to subject the country to the same conditions as those under the Kimberly Process in relation to Marange diamonds.

Given the fact that the current government is made up of government officials from different political parties as it is a Government of National Unity, there are some government officials who view the EITI as a potential solution to the secrecy and corruption taking place in the mining sector. In particular the Minister of Finance had publicly stated that the country should join the EITI so as to prevent the problems associated with diamond mining in Marange where mining revenue is not being accounted for. In that regard, some government officials stated that mining companies and government should disclose in detail the payments and revenue from mining operations so that the public can access and understand what is happening in the sector.

However, despite these differences, it also emerged that even amongst government officials who are opposed to EITI they also stated that transparency and accountability in the mining sector is important. It appears the only difference is what methodology to use to promote transparency and accountability. Generally, many government officials are of the view that mining companies are not contributing adequately to government revenue and national development and should be made to pay more.

### **Mining Sector Perceptions about EITI**

Since the mining sector is critical for the EITI, the research team also interviewed some mining companies. From the interviews and discussions it emerged that the mining sector is supportive of EITI as a positive development that can ensure transparency and public accountability by government and the mining companies. The mining companies views the EITI as important in that once the payments in the form of corporate taxes, licensing fees, royalties, environmental taxes and other social expenditures which they are paying to government as a contribution to the economy are disclosed, the public and all stakeholders will recognize and notice how significant their contribution is. This would then dispel the perception that the mining sector is not doing enough. The mining sector feels that there is a lot of risk and uncertainty and long gestation period of investments in mining which is not appreciated or understood by many people.

The mining companies also think that EITI may help project a good image of the country and promotes investor confidence. However, the mining sector believes that a multi-stakeholder platform will be the key to ensure that all stakeholders come together to discuss the issues, but more importantly government's unclear position on EITI may be the major challenge.

The assessment also revealed that the Chamber of Mines is prepared to consider a voluntary reporting system in line with EITI principles and criteria. The Zimbabwe Chamber of Mines is also keen to look at ways in which local communities can receive more benefits from exploitation of mineral resources within their areas through such mechanisms as distribution of mining royalties, benefit sharing and the establishment of value addition enterprises.

However, from the assessment it also emerged that there are mining companies who believe that EITI is not of any additional value, since what is only needed in Zimbabwe is enforcement and implementation of existing laws and policies which can promote transparency and accountability. In addition, big mining companies also stated that there is need to ensure that artisanal and small scale miners are also responsible and accountable on environment.

### **Civil Society Organizations Perceptions about EITI**

There is agreement within civil society circles that the country should join the EITI. However, since the initiative is new, information on EITI in Zimbabwe is limited to a few organisations such as ZELA which is driving the process of advocating for transparency and accountability in the mining sector. There is also a general consensus on the need to establish a transparent system for the public disclosure of mining contracts and the revenue accruing from these contracts. Several issues were raised that are of concern to civil society organisations in Zimbabwe such as corruption, lack of access to information, human rights abuse, environmental damage from mining operations, displacements of communities, occupational health and safety and the need for corporate responsibility.

Civil society also noted the key challenges in the extractive sector that hinder transparency and accountability that may then be addressed by the EITI. These include restrictive legislation that hinders access to information in the mining sector, secrecy in the diamond mining sector and refusal by government to allow parliament and civil society to monitor the situation in mining areas like Marange.

Civil society also believes that while EITI will be critical there is need to ensure that the local communities themselves benefit from mining through participation. This can be done by extending the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) concept to mineral exploitation in those areas endowed with

mineral resources. In addition, CSOs stated that if EITI is adopted it should be complemented by a repeal of restrictive legislation and old mining legislation that stifles transparency and accountability. CSOs are supportive of efforts to review mining legislation such as the Mines and Minerals Act and coming up with a Diamond Act.

### **Development Partners**

Coverage of development partners was not comprehensive since most were on summer vacation. However, the World Bank stated that a Multi Donor Trust Fund to support EITI has been set up and this can be used to support EITI initiatives in Zimbabwe if government expresses an interest and is committed to implement EITI. What was also revealed was that the World Bank has been consulting different government departments and stakeholder to assess if they are willing to join the EITI. The World Bank has been discussing with the Ministry of Mines and other ministries on the issue. Other donors are supporting civil society work on transparency and accountability and protection of the rights of communities affected by mining operations.

### **Opportunities and Constraints**

The assessment report also pointed out a number of political, economic, institutional, legal and policy opportunities and constraints that may enhance or militate against transparency and accountability in Zimbabwe's mining sector. Below is an outline of the opportunities and constraints identified by the report.

#### **Political**

Corruption seems to flourish where access to information is limited and revenue-flows lack transparency. Attempts to establish systems that pose checks and balances can be resisted by those benefiting from corruption. It was also pointed out that western countries that happen to be the main proponents of EITI have strained relations with some elements in the Zimbabwean government. Some government officials are of the view that current international initiatives (supported by civil society organizations) along the lines of transparency and accountability are not genuine but meant to advance political aims. Further, the report also revealed that some government officials questioned why the EITI seems to be only confined to developing countries as candidate and compliance countries with the exception of Norway. Does this mean then that corruption and lack of transparency and accountability is a feature only common or associated with the developing countries? Further, corruption in the extractive industries is intertwined with activities of mining companies that are headquartered in developed countries.

The opportunity however, is that there are also people in government who are willing to see the government join the EITI, especially the Ministry of Finance.

### **Economic**

It was also noted that the government seems to be pre-occupied with the indigenization programme and how the mines can be indigenized as well as the Kimberly Process Certification Scheme which had not allowed the country to freely export diamonds from Marange. There are people in government who feel that a parallel process in the form of EITI would be found to be attention diverting. However, the opportunity in EITI is that it reduces potential international (& local) investors risk perception level of the country. It can attract international investment on better terms. If government joins EITI at this stage it may lead to more investment in mining exploration and development, which has been missing in the sector.

### **Institutional**

There are relatively well developed institutional systems already in place in the country to meet the set EITI criteria. e.g. Office of the Auditor General, the ZIMSTAT Department, Parliamentary Portfolio Committees, a Chamber of Mines and a strong civil society sector that is willing to see the country join EITI. The Chamber of Mines has already expressed interest in establishing a voluntary reporting system. A multi-donor trust fund to provide technical and financial support to EITI candidate countries is accessible once a country declares interest. However, capacity constraints in some public agencies related to finances and human resources e.g. Zimbabwe Revenue Authority, the Auditor General, the Parliamentary Portfolio Committee on Mines Energy and Natural Resources may be an obstacle though. This would affect the government's ability to properly gather and process information and to adequately audit mining companies and disclose that information to the public. Some mining companies (including Government owned ZMDC) have allegedly not produced audited annual reports for the past three years.

### **Policy and Legal Framework**

Lack of a comprehensive policy and legal framework governing various aspects of the mining sector can retard progress in implementing measures to support transparency and accountability. The existing legal framework in the form of the Mines and Minerals Act is old while the access to information laws like the Access to Information and Protection of Privacy Act has restrictive provision especially on classes of information that may not be disclosed by public bodies as well as the issue of confidentiality. However, the opportunity is that the government has been trying to amend the Mines and Minerals Act as well as coming up with a new Constitution. This should be taken as an opportunity to advance the concept of transparency and accountability.

## Recommendations

The assessment report came up with a number of key recommendations on EITI and generally issues of transparency and accountability. These are as follows;

- There is need to initiate a program of building awareness on the overall objectives of EITI and the advantages of being a candidate or compliant country. Efforts to effectively engage government should be a priority, in addition to engagement of other stakeholders. The awareness campaign should be targeted at the following: policy makers in key Government Ministries (Finance, Mines, Environment, Local Government and Rural and Urban Planning), parliamentarians, local authority representatives, representatives of communities in mining areas, civil society organizations, mining companies, financial institutions, media, law enforcement agents, donors and political parties.
- There should be an undertaking of a comprehensive review of legislation and policies governing the mining industry with the objective of streamlining issues related to transparency and accountability and see whether the current laws can be stated as sufficient to promote transparency and accountability in the mining sector.
- ZELA and other civil society organizations should undertake a study to review the experience and performance of EITI member and candidate countries in ensuring transparency and accountability in the extractive sector.
- Given the opposing views about the benefits of EITI in government, it may be vital for the government to adopt measures that promote transparency and accountability that can still fulfill the requirements of EITI. This will be a customized or local version of the EITI. The justification is that all government officials agree that there is need to promote transparency and accountability, but are not agreed that EITI itself is the solution.
- A voluntary reporting system for mining companies should be launched. In that regard the Zimbabwe Chamber of Mines should take a leading role as the think tank and should encourage members to be transparent. A database should be established on the relevant statistics that are necessary to promote accountability and transparency in the extractive sectors of Zimbabwe.
- Principles of transparency and accountability should be extended to include the artisanal miners/small-scale miners, including the illegal gold panners. It is of utmost importance to conduct capacity building programs for local authorities endowed with mineral resources to facilitate the translation of the CAMPFIRE concept to include mineral resources. Through a consultative process, there is a

need to undertake a stakeholder analysis on key players in the mining sector for purposes of establishing a national coalition that addresses issues around the extractive sector.

- Donors should assist by providing resources to support projects in the mining sector, especially in marginalized communities. There should be the promotion of dialogue and interaction among stakeholders.
- As far as the media is concerned, there should be information dissemination for greater public awareness on developments in the mining sector through accurate, factual and timely reporting.

## **Regional Experiences on Transparency and Accountability in the Extractive Sector: The Case of Mozambique**

Mr. Dionisio Nombora from the Centre for Public Integrity in Mozambique made a presentation on Mozambique's experience with the Extractive Industries Transparency Initiative (EITI). He informed participants that Mozambique was admitted as a candidate in May 2009 and will submit its first report to the Extractive Industry Transparency Initiative Secretariat in Oslo by 14 May 2011. Mozambique has established a Committee which is driving the EITI implementation process. The Committee has a Committee President who is the Deputy Minister of Mineral Resources as well as government representatives from the Ministries of Mineral Resources, Planning and Development, Ministry of Environment and Ministry of Finance. Civil society organisations that are part of the Committee include the Center for Public Integrity, Institute for Economic and Social Studies, Eduardo Mondlane University and the Union of Journalists. Further, the EITI Committee also includes the private sector and the participants are Statoil & Artumas representing oil companies and Vale and Kenmare representing mining companies.

The first EITI Report that will be submitted by Mozambique will include the following elements that are critical for EITI;

- All payments and receipts starting from 2008 will be published in details;
- Disaggregated disclosure: Reporting by company and type of payment;
- All companies in the sector with an organized financial data will be covered;
- Eventual discrepancies will be investigated.

However, Mr. Nombora also informed participants that there were a lot of delays in the implementation of EITI in Mozambique. These included delays by the government in establishing a Secretariat and failure by the World Bank to establish the Trust Fund on time. At the moment Mozambique should quickly select the administrator and ensure that all payments and revenues are disclosed to the administrator.

### **Beyond the Basic EITI Criteria**

Mr. Nombora also stated that in order for the EITI to be effective, contract negotiation or renegotiation has to be part of the process. When negotiating contracts, conditions on transparency and accountability should be included in the contract for oil extraction or mining. He also advised participants that there is need to ensure that clear rules for the

management of social funds from minerals are put in place. In addition, state-investor agreements as well as the environmental and social impacts of oil or mineral exploration and exploitation should be publicly disclosed. The EITI process should also be supported by a clear regulatory framework. Mr. Nombora also pointed out that one of the major hindrance to disclosure of revenue and payments are confidentiality clauses that are inserted in state-investor agreements.

## Perspectives of the Mining Sector on Transparency and Accountability

Dr Chris Hokonya the Chief Executive Officer of the Zimbabwe Chamber of Mines presented a paper on the perspectives of mining companies on issues of transparency and accountability. His presentation sought to address some of the major allegations leveled against mining companies that they are not honest about the profits they make, the quantity of minerals extracted, discoveries and their responsibility to the environment and communities.

In his presentation, Dr. Hokonya stated that mining companies represent a major contributor to export earnings in Zimbabwe; they contribute 16-20% of the Gross Domestic Product. In Zimbabwe mining is also a major export earner, creator of employment and links with downstream industries such as construction and engineering. Mining has also contributed to social development in that many towns in Zimbabwe were built as a result of mining. He gave the examples of Bindura, Ngezi and Kwekwe among many others. Yet, despite this contribution, it still remains a vague industry to many, including policy makers.

He also pointed out that most people do not know and understand how the mining industry operates. A lot of question are often asked such as; why do mining companies often report losses, that they have more information than all people and why do they hold on to ground or mining claims? Dr. Hokonya said that mining is different from every other form of business in that the gestation period for return in investment is between 15-20 years and because of that fact there is need to treat mining as different from any other business. The life cycle of a mine should be understood which include exploration, mine development and production. Mining is also affected by ore body location and structure, market conditions and capital intensity (capital allowances and loss carry overs). Due to this fact, there is need for government to allow for loss carry over. He stated that the government should have incentives, the absence of which will impact negatively on the economy as there will be no returns on investment.

On the issue of mining companies having more information than anyone else including government, Dr. Hokonya said that mining companies are in fact required by the law to file and declare all discoveries with the Chief Mining Commissioner. It is an offence to fail to do so. His conclusion on this was that the problem lies in the administration of the system which is improper.

On environmental issues, Dr. Hokonya indicated that mining companies have taken an initiative to come up with best practices of late in relation to the environment. Most mining companies are aligning with international best practice in that regard. Generally, on whether the mining sector is giving the country a fair share, he said that the mining sector has been

contributing through taxation, payments of royalties, corporate social responsibility activities and possibly through the indigenization and economic empowerment programme which will be implemented by government.

Due to pressure from NGOs and other stakeholders, the mining sector the world over has responded positively to new initiatives that seek to promote transparency and accountability such as the Extractive Industries Transparency Initiative (EITI) and ICMM. This means mining companies must engage and consult stakeholders.

Dr. Hokonya also talked about the most desirable situation for the mining sector. Some of the issues he raised included, well structured mining development policy to make mining the driver of economic growth and transformation, clear legislation that is cognizant of the need to balance gains for investors and host nation, strong administration of the law (fair and consistent application) and overallly a 2-way transparency and accountability mechanism for government and mining companies. He further noted that the Chamber of Mines is ready to promote transparency and accountability in the mining sector.

As the Chamber of Mines, there is increased proactive engagement with stakeholders, more information sharing, mines are being encouraged to take own initiatives, trying to promote investor friendly policies on indigenization, promoting Corporate Social Responsibility through support to small scale miners and promoting safety, health, environment programmes.

### **Publish What You Pay (PWYP)**

Mr. Claude Kabemba from SARW made a presentation on Publish What You Pay (PWYP) campaign that sought to explain the potential benefits of the initiative to CSOs in Zimbabwe. He started by informing participants that people need to be organized to demand their rights to control the resources. The PWYP campaign was launched in 2002 and works with civil society organizations in 70 countries. It started from the position that there is a lot of obscurity in developing nations on how companies relate to government as far as payment and revenues from oil, gas and mining are concerned. Therefore, the PWYP seeks to hold resource rich governments accountable for the management of revenues from oil, gas and mining industries. It is a campaign which calls on companies to disclose what they pay to governments and also for governments to disclose what they receive from companies. It advocates and campaigns for mandatory disclosure of company payments and government revenues and also calls for disclosure of licensing arrangements and contracts.

Mr. Kabemba also stated that it is vital for those who are advocating for PWYP to ensure

that the government signs up for EITI. However, the difference between EITI and PWYP is that PWYP is entirely a civil society initiative whereas EITI is a government led initiative. Currently there is a movement of educating the masses on the advantages and the disadvantages of adopting the PWYP campaign. The movement is not only on issues of revenue but also contract negotiation. Publish What You Pay is not for organic civic society, but there is need to expand it to include people's movements such as those in mining communities like Chiadzwa. In other countries civil society have started and launched their PWYP chapters. Mr. Kabemba concluded by stating that the Southern African Resource Watch is prepared to put in seed money for the initiative to start a chapter on Publish What You Pay campaign in Zimbabwe.

## **Alternative Business Models for Promoting Transparency and Accountability in the Mining Sector**

Mr. Rodney Ndamba the Executive Director of the Centre for Environmental Accountability (CENAC) made a presentation on alternative business sector models that can be used to promote transparency and accountability in the mining industry. His presentation was mainly aimed at discussing the merits and elements of initiatives such as the Global Reporting Initiative (GRI), Stock Exchange Systems, International Financial Reporting Standards (IFRS) and the International Standards Organisation (ISO) systems such as ISO 1400 certification system. He identified four stages in environmental accounting which are; the accounting stage based on accounting standards, reporting stage which involves sustainability reporting frameworks, auditing stage which relates to auditing standards and the regulatory stage which relates to sector and financial markets requirements.

Mr Ndamba pointed out that the world over mining industries and governments are implementing transparency and accountability measures for purposes of sustainable development. However, the developing world has lagged behind in terms of recognition and implementation of the reporting regulations and standards.

On the accounting Stage which includes International Financial Reporting Standards (IFRS), Mr Ndamba pointed out that there are various instruments available as guidelines for financial reporting such as the IFRS6 which provides for the exploration and evaluation of mineral resources. At the reporting stage and sustainability reporting frameworks, Mr. Rodger Ndamba propounded that the regulation for reporting is the Global Reporting Initiative (GRI)'s 3G which stresses economic, environmental, social, labour practice, human rights, society & product responsibility. The IFAC Sustainability Framework deals with economic viability, social responsibility & environmental responsibility of companies. There is also the Integrated or Connected Reporting System (Prince Charles Project) which focuses mainly on business strategy and sustainability, Key Performance Indicators (KPI) and action taken and overallly the Connected Performance report.

The AA1000 Accountability Principles is hinged on inclusivity, materiality and responsiveness – towards an organization's performance. At the auditing Stage, Mr Ndamba talked about the International Standards of Auditing (ISA). He said that on the auditing stage there is ISA 1010 which caters for the consideration of environmental matters in the audit of financial statements. Further, the ISA 620 stresses the use of the work of an auditor's expert. ISA 250 is on the consideration of laws and regulations in the audit of financial statements and ISA 540 which focuses on the auditing accounting estimates.

As far as the regulatory stage is concerned, Mr. Ndamba informed participants that there are mining industry regulations and requirements. For example ISO14001 Certification is

important while statutory provisions in the Environmental Management Act are also important for mining companies to comply with in their environmental management programmes.

On financial markets requirements as a way of promoting transparency and accountability, Ndamba stated that the Zimbabwe Stock Exchange (ZSE) does not stipulate strong obligations on companies on reporting or corporate social responsibility. However, in the South African jurisdiction, the Johannesburg Stock Exchange (JSE) stresses on mining companies fulfilling expected corporate social responsibility expectations. The King George 111 Code of Corporate Governance makes reference to Global Reporting Initiative (GRI) -3G Compliance.

Overall, Ndamba's presentation showed that there are business sector initiatives that can be used as an alternative to promoting transparency and accountability by mining companies as well. However, the major problem is that most of these initiatives are voluntary, but can still work if effectively implemented at the national level.

## Community Perspectives on Mining Operations

The conference also included presentations from mining community representatives. Marange community where diamond mining is taking place was represented by Mr. Lovemore Mukwada who is the Spokesman for Chiadzwa Community Development Trust, while Mutoko community was represented by Mr. Peter Sigauke the Chief Executive Officer of Mutoko Rural District Council.

Mr. Mukwada stated that the Chiadzwa community in Marange is not in principle opposed to relocation or displacement from the diamond mining area. However, what they want is dialogue, respect of human rights and every other right that comes with such relocation. As a community they want government and mining companies to give them adequate compensation, social services at relocation site and to be consulted when decisions are being made. He lamented the fact that the community lacks development projects such as clinics, schools with adequate resources and roads. Most of the infrastructure is dilapidated. Further, diamond mining activities in Marange have resulted in restrictions of freedom of movement as public transport is not allowed by security forces to enter some villages in the area and this has resulted in people walking long distances. In some cases people are beaten by the security forces on allegations of illegal diamond dealing and digging. For villagers with cars, the police and military require them to apply for a permit on a monthly basis and if one is found without one, he/she will be taken away. This is because the area was declared by government to be a protected area in terms of the Protected Places and Areas Act.

The people in Marange would want the mining companies to be transparent and plough back some of their profits to build schools, clinics, irrigation schemes and rehabilitate land. Further, the mining companies should employ the local villagers instead of recruiting people from far off districts especially on jobs that do not require expertise. More importantly, the community in Marange wants to be allocated diamond mining claims in the area so that they can act as small-scale miners in areas where large scale commercial mining is not possible.

For Mutoko community where black granite is being mined, the presenter, Mr. Peter Sigauke stated that black granite was declared a mineral in 1986. Before that the local authority used to collect royalties from mining companies. With the royalties, they managed to build the office complex which houses the rural district offices and Mutoko High School. After 1986 the royalties have been going to the treasury. However, the authority has only been receiving levies from mining companies until 2010 when a dispute with the mining companies over the amount of levies charged by the local authorities on mining companies ensued. He stated that a tonnage of black granite in Mutoko is levied at US\$0.40cents by the Mutoko Rural District Council and this anomaly in pricing is robbing

the community of realistic and sustainable income. The council had resolved to raise the levies and the mining companies opposed this move by taking the case to the High Court. The case is still pending in the Courts.

Mr. Sigauke opined that the mining operations in Mutoko are not benefiting the people, but instead are causing environmental degradation, destruction of roads and affecting the rights and the social fabric of the community. In future, the local authority will draft agreements with mining companies on the levies they should pay to avoid disputes. Mr. Sigauke suggested that there is need to have a community representative to monitor the production of black granite and compare the records of royalties and payments which companies pay to government and any other information pertinent for corporate social responsibility. This will at least ensure transparency and accountability. He also stated that the indigenization programme being implemented by government should also be fully implemented in Mutoko for the benefit of the local people.

## CONSOLIDATED PLENARY SESSION DISCUSSIONS

During the conference a lot of questions and comments were made by participants. It is not possible to capture all of them in this report, therefore, the editor has deliberately decided to only summarise and present the key comments, questions and discussions that ensued.

- Participants managed to discuss the presentation on the EITI stakeholders' perceptions assessment. It was noted that the EITI study should also have included the voice of communities and some legislators who were not consulted during the assessment due to the limited timeframe and the fact that the assessment was conducted at a time when the Constitutional outreach programme was underway, therefore many stakeholders were not available. It was therefore suggested that the assessment report should not be finalized until an assessment of the perceptions of legislators and communities is done.
- Participants also inquired about the position of different mining companies on whether they are willing to join the EITI. The Chamber of Mines responded by stating that what will be important is to further engage mining companies through the Chamber of Mines by organizing dialogue meetings on EITI.
- Since participants had also queried why companies based in western countries have not been opening up and promoting transparency and accountability, Mr. Kabemba stated that the solution may lie in requiring western countries to put in place measures that will ensure that all companies operating in developing countries are forced to report and comply with transparency and accountability measures.
- During the discussion session participants also noted that claims of confidentiality by governments and mining companies is the major threat to access to information and this makes it possible for them to hide information from citizens.
- During the discussion session some legislators who attended the conference expressed frustration against the government which had denied them permission to visit Marange diamond mining area to play an oversight role over diamond mining activities in the areas and to meet communities affected by mining activities. In response to this concern the Deputy Minister of Mines affirmed that the parliamentarians should play their oversight role. He stated that the government should allow the parliamentarians to visit Marange and that the Ministry is willing to facilitate any visits to the area if requests are made in future. It was also pointed out that the legislators should table the issue of Marange in

Parliament and make recommendations on how to improve transparency and accountability in diamond mining.

- A participants from Ernest and Young Auditors also contributed to the discussions by stating that the mining taxation regime in the Income Tax Act allow one to fulfill their obligations under corporate social responsibility since it offers tax relief and deduction to those who undertake projects that enhance demonstrate community responsibility. Such projects include schools, hospitals and houses among others.
- Participants also discussed the issue of mining companies that hold mining claims without working on them. On that issue the Deputy Minister informed participants that the Ministry of Mines had started to look at ways of ensuring that all unused mining claims are released for use by other actors. He also highlighted that the government had identified unutilized claims in some parts of the country and will be taking action to address this. The Chamber of Mines also responded to the issue by stating that they were encouraging their members to release unused claims.
- During the discussion session participants also wanted to know the status of the proposed Mines and Minerals Amendment Bill which was gazette in 2007 but was never introduced in Parliament. In response, the Deputy Minister highlighted that the Mines and Minerals Amendment Bill was being revived and had just passed through cabinet. The Bill would require mining companies to carry out Environmental Impact Assessments and to rehabilitate the environment. In addition, the Bill sought to ensure that the allocation of mining rights is done efficiently and that a database of all mining claims issued will be created.
- The concept of corporate social responsibility was also discussed. Participants felt that there is need to make corporate social responsibility a legal issue so that mining companies will be legally required to assist communities in which they are extracting mineral resources. This is because some mining companies have been extracting minerals and creating environmental problems without even constructing roads, schools or other community infrastructure. It was also pointed out that mining companies should employ locals as part of corporate social responsibility. Dr Hokonya stated that corporate social investment is no longer just driven by what the companies want to achieve but what the community also needs. Murowa Diamonds Mine was cited as an example since the mine has a full time staff member working on issues of corporate social responsibility. Other examples of communities that have benefited from mining operations were cited. It was recommended that a good example that should be followed is the Royal Bafokeng community in South Africa which is benefiting from their agreement with Impala Platinum mines in which they have shares and have used the royalties they get to develop the community. It was

also noted that there is need for local communities to visit such communities on learning exchange programmes.

- On the issue of a poor geological database in the country, the Deputy Minister indicated that the Ministry was working on a joint project with United Nations Development Fund (UNDP) to computerise geological mapping of Zimbabwe.

## WAY FORWARD

### General Recommendations

- There was a strong call by civil society to institutionalize the Publish What You Pay (PWYP) campaign in Zimbabwe.
- It was also recommended that there is need to build the capacity of civil society organisations to articulate EITI principles and criteria through extensive research, training, networking and exchange visits. Formation of civil society coalition on extractives is also of paramount importance.
- Participants also suggested that a sustainable multi-stakeholder platform should be established to ensure that stakeholders discuss and debate the need to promote transparency and accountability in the extractive sector. In that respect it will be very important to engage political leaders in the country so as to ensure political buy. The multi stakeholder platform should also have local authorities, government, financial institutions, communities, media, civil society, parliamentarians, donors, and politicians.
- Participants also called on the Chamber of Mines to start a voluntary reporting system by mining companies so that they can declare payments they make to government. This will at least promote the ethos of transparency and accountability which are embedded in the EITI and the PWYP campaign.
- It was also recommended that the media should play a significant role in encouraging government to join the EITI and generally to promote transparency and accountability in the mining sector. There is need for CSOs to understand the media interest and also the use of columnists. It was also pointed out that awards/incentives for media practitioners for writing on issues of transparency and accountability in the mining sector should be worked out. Further, training and capacity building of journalists on what to report should be carried out. Workshops specifically targeting journalists should be organized.
- At the community level, local people should be identified who can report on what is happening as part of community monitoring of the actions of mining companies. This is most important in an area such as Chiadzwa diamond mining. Further, it was recommended that there is need for community groups to visit other communities in the region like Royal Bafokeng in South Africa to appreciate community participants in mining and to strengthen their capacity to engage government and mining companies.

- It was also recommended that legislators and civil society organisations should closely work together to advocate for legal and policy reforms that promote transparency and accountability. There is need to focus on the Mines and Minerals Amendment Bill, the proposed Diamond Act and the reform of the mining taxation laws. The Indigenisation and Economic Empowerment Act which government is trying to implement should also be looked at. If government is not willing to initiate legal reforms then civil society organisations should assist parliamentarians to come up with private members bills. Parliamentarians also invited civil society organizations to bring issues of concern with facts to the Committee on Mines and Energy.
- Parliamentary committees should also be assisted to hold public hearings in affected communities e.g. Chiadzwa and Mutoko.
- Participants recommended that corporate social responsibility should be mandatory and not voluntary. This means it should be made a legal requirement.
- There were also calls to extend the CAMPFIRE Concept into the mining sector so that communities can equally benefit from mineral resources.
- It was also recommended that the government should expeditiously conduct a comprehensive geological survey of the country since some parts of the country are not mapped.
- A call was made for independent statistics body that will compile relevant and key information and statistics in the extractive sector in Zimbabwe. This is because the current national statistical office has weak capacity and is overburdened.

### **Key Action Points and Next Steps**

In order to trigger action and cultivate change the following action points and next steps were agreed upon;

- Civil society organisations agreed to consider the establishment of a chapter of the Publish What You Pay (PWYP) campaign in Zimbabwe. The PWYP campaign will advocate and campaign for disclosure of payments by mining companies and government revenues from the mining sector as well as calling for the disclosure of mining contracts to enable the public to get more information about mining revenues, payments and agreements. This will be part of efforts to promote transparency and accountability in the mining sector in Zimbabwe. It was agreed that ZELA should act as the secretariat of PWYP Zimbabwe chapter with technical support from the Southern Africa Resources Watch (SAWR). There is also need for

ZELA to work closely with the PWYP secretariat.

- It was also agreed that all stakeholders need to work together to ensure that government, mining companies and civil society adopt and implement the Extractive Industries Transparency Initiative (EITI), either in its entirety or adopt some principles of the EITI. In that regard, more multi-stakeholder conferences will be organised by different interested organisations to generate and nurture capacity and interest. However, in the immediate future ZELA will organize more dialogue meetings.
- It was agreed that there is need to build the capacity of parliamentarians and the media on the various aspects of transparency and accountability in the extractive sector and in particular the following issues; the reform of mining legislation, mining taxation, contract negotiation and the different initiatives that can be used to promote transparency and accountability in the extractive sector. ZELA will seek funding to organize training meetings for legislators and the media. It was felt that the oversight and legislative role of parliament over the activities of government and mining companies should be strengthened while the media needs further capacity building to improve reporting on mining issues.
- Further, mining companies made a commitment to adopt a voluntary reporting system that would enhance transparency and accountability in the mining sector. The Zimbabwe Chamber of Mines will organize meetings for mining companies to talk about corporate social responsibility issues and to promote transparency and accountability.

SOWING THE SEEDS OF ADVOCACY WORK ON TRANSPARENCY  
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