

# RESEARCH PAPER ON THE POWER DIMENSION TO MINERAL RELATED CORRUPTION



**Preliminary findings from a study conducted by  
Transparency International Zimbabwe (TI-Z) on the State of  
Corruption in the Mining Sector - The case of Gold, Diamond and  
Platinum mining in Kwekwe, Gwanda, Marange and  
Mhondoro- Ngezi**

## **Authors**

**Farai S. Mtondoro, Godwin Chitereka  
Mary-Jane Ncube and Andrew I. Chikowore**



**TRANSPARENCY  
INTERNATIONAL  
ZIMBABWE**

*The Coalition Against Corruption*

## **ABOUT AUTHORS**

**Farai S. Mtondoro** is a developmental researcher leading the Research and Information unit with Transparency International Zimbabwe (TI-Z). He has over five years of developmental research. He holds a Bachelor of Social Science (Hons) Degree in Sociology and Psychology. Mtondoro coordinated the research project on the State of Corruption in the Mining of Gold, Diamond and Platinum in the mining areas of Kwekwe, Gwanda, Marange and Mhondoro-Ngezi.

**Godwin Chitereka** is developmental research consultant with over five years of experience. He holds a Bsc (Hons) degree in Administration and a Masters degree in Public Administration from the University of Zimbabwe. Over the past three years Godwin has participated in various surveys and evaluation programmes conducted by both local and international agencies. He has taught undergraduate courses in the department of Political and Administrative Studies of the University of Zimbabwe as a teaching assistant.

**Mary-Jane Ncube** is the Executive Director with TI-Z with over ten years of experience in anti-corruption policy and governance. She holds a Bachelor of Arts Degree and Postgraduate Law Degree from Rhodes University, South Africa. Currently Ncube is completing an online Masters degree program in Poverty Reduction and Development Management with the University of Birmingham, UK.

**Andrew Itai Chikowore** is the Programmes Manager with TI-Z with over nine years of NGO experience in governance and sustainable development, programme management, development research and policy analysis. He holds a Masters degree in Leadership, Peace and Governance from Africa University, Bachelor of Art (Hons), Midlands State University (MSU), Diploma in Training Management-IPMZ. Currently he is working towards a second Masters degree in Public Policy and Governance.

**Transparency International Zimbabwe (TI-Z)**  
96 Central Avenue, Harare,  
P O Box CY 434 Causeway, Harare Zimbabwe  
E-mail: [tiz@transparency.org.zw](mailto:tiz@transparency.org.zw)  
Web: [www.transparency.org.zw](http://www.transparency.org.zw)  
Tel: +263-4-793246-7, 793277

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## Introduction

Rampant corruption in the mining sector threatens to erode the potential the sector has to contribute to economic recovery and drive socio-economic development in Zimbabwe. Endemic corruption that has permeated the mining sector brings to fore the resource curse phenomenon<sup>1</sup>. The resource curse phenomenon magnifies the negative correlation between natural resource abundance and socio-economic growth<sup>2</sup>. Broadly conceptualized, the resource curse theory maintains that export-driven natural resource sectors- minerals, precious metals and gemstones- generate substantial revenues both for the state and foreign-owned multinational businesses, yet these do not translate into broad based economic development benefiting all sectors of the population and especially the poor<sup>3</sup>. Evidence of the resource curse is widespread environmental degradation, pollution of water systems, loss of livelihoods, forced evictions and relocations, drug shortages at rural hospitals and clinics, dilapidated school infrastructure, collapsed bridges and poor roads networks in areas where mining is taking place.<sup>4</sup> Thus instead of being a blessing Zimbabwe's mineral resources are increasingly turning out to be a resource curse. This paper thus presents preliminary findings of a recent study carried out by Transparency International Zimbabwe on the state of corruption in the mining sector. The focus of the study was on corruption in the extractive sector in Zimbabwe with special attention on gold, diamond and platinum mining in Kwekwe, Gwanda, Mhondoro-Ngezi and Chiadzwa areas. This paper presents the findings from this study with specific focus on the power dimension to mineral related corruption in gold and diamond mining in Zimbabwe. The power dimension to mineral related corruption brings to fore corruption involving those entrusted with power and authority in Zimbabwe, the politicians, military leadership, bureaucrats and influential business people.

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<sup>1</sup> Evans, B, R (2000) The Cost of Corruption A discussion paper on Corruption, Development and the Poor

<sup>2</sup> Kronenberg, T (2004) The Curse of Natural Resources in the Transition Economies Oxford Blackwell Publishing,

<sup>3</sup> Hawkins, T et al (2009) The Mining Sector in Zimbabwe and its Potential Contribution to Recovery United Nations Development Programme Comprehensive Economic Recovery in Zimbabwe Working Paper Series p 13

<sup>4</sup> Mtisi, Shamiso , et al (2012) Extractive Industries Policy and Legal Handbook Analysis of the Key Issues In Zimbabwe's Mining Sector: The Case Study of the Plight of Marange and Mutoko Mining Communities, Harare, Zimbabwe Environmental Law Association (ZELA).



## **Background**

Zimbabwe like many African countries is well endowed with precious mineral resources. These precious mineral resources include significant gold deposits scattered across the country, huge platinum deposits on the Great Dyke and the recently discovered diamonds in Marange. Everything being equal Zimbabwe's precious mineral resources have the potential to generate export earnings in the region of US\$2 billion annually over the medium term and upwards of \$5 billion a year within 15 years, by far making mining both the largest exporter and earner of revenue<sup>5</sup>. The staggering potential revenues that can be generated from Zimbabwe's precious minerals can place the country on a solid path of economic recovery and general socioeconomic development that benefits Zimbabweans as a whole. Despite Zimbabwe's abundant mineral wealth, there are no tangible benefits accruing to the ordinary people in terms of socioeconomic development. Rather than benefiting the majority poor trapped in poverty and stimulating socioeconomic development Zimbabwe's mineral wealth is benefiting the power elite. The high levels of affluence enjoyed by the power elite not only reveals the extent to which the gap has widened between the rich and poor in Zimbabwe but also the extent to which corruption has unjustly enriched a few at the expense of the poor majority. In fact the Zimbabwean case demonstrates that there is a strong nexus between the nation's mineral wealth and the frequency of mineral related corruption which is fuelled by power dynamics.

## **Conceptual Issues**

### **Corruption and Corrupt practices**

In this study corruption is defined as behavior which deviates from the normal duties of a public role because of private-regarding (family, close clique), pecuniary or status gain; or violates rules against the exercise of certain types of private-regarding influence<sup>6</sup>. It is corruption when those entrusted with public office abuse that office for private benefit. Thus corruption occurs

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<sup>5</sup> Hawkins, T op cit p14

<sup>6</sup> Nye, J.S. (1967) "Corruption and Political Development: A Cost-Benefit Analysis." American Political Science Review 61(2): 417-27



when politicians and bureaucrats enrich themselves through extorting bribes from those seeking government favors for performing those very services that they are employed to do<sup>7</sup>. There is no denying that the biggest loser from corruption is society at large as corruption causes unnecessary resource leakages, discourages honest entrepreneurship, and retards economic growth.

Corrupt practices include bribes and fraud. A bribe is the payment, in money or kind, given to or taken by the state official in a corrupt relationship<sup>8</sup>. It could be in the form of a kickback, sweetener or grease money. By greasing the palms of politicians and government officials, many rich individuals, corporations and business interests are for instance able to buy political favors to acquire lucrative mining contracts, escape the full burden of taxation and trade illegally in highly regulated precious minerals. Fraud is a crime that involves some kind of trickery, swindle or deceit used by the power elite to make more benefits for themselves, and as such the concept is also known as extractive corruption<sup>9</sup>. It is fraud when for instance state agencies and state representatives are engaged in the black market, and when networks of forgery as well as illegal trade in precious minerals and smuggling are propped up by official sanction and involvement.

## **Politics, Power, Power Elites and Corruption**

It must be noted that the power dimension to mineral related corruption operates within the characterizations of politics defined as “*who gets what, when and how*”. Politics is also defined as the authoritative allocation of goods valued in society. From the fore going definitions of politics it is those who possess and exercise political power ( the policy makers, military leaders and the rich) who have the capacity to decide or determine who gets what, when and how of a country’s resources in this case mineral resources. In fact they have unfettered say in the allocation of resources including mineral resources in accordance with their preferences. That

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<sup>7</sup> Makumbe, J (1999) Anti- Corruption Efforts in The SADC in Southern Economist African Political Economy Monthly Vol 13 No 3

<sup>8</sup> Amundsen, I (1999) Political Corruption: An Introduction to the Issues Bergen Michelsen Institute Development Studies and Human Rights.

<sup>9</sup> Amundsen, I op cit p 4



allocation of resources can be done through corrupt means as is manifesting in Zimbabwe's mining sector.

At the heart of politics is power. This is because politics is to all intents and purposes about power; its capture, maintenance and loss. Power can be defined as the chance that an individual in a social relationship can achieve his or her own will even against the resistance of others. Thus power is the ability to achieve a desired outcome, through whatever means. The 'whatever means' in the definition of power alerts us to the fact that power has also a dark side which manifests itself in the form of corruption. Therefore, political power can be taken to mean an authority held by a group within a society that allows for the administration of public resources and implementation of policies for the benefit of society. As it were, political power is open to abuse and can be used manipulatively to unfairly enrich those who possess it.

Those who wield power determine and decide the allocations of resources in society are referred to as the power elites. The power elites, though a relatively small group, comprises of the politicians, members of the military class and influential business leaders. Through the exercise of political power, the power elites can administer public resources including mineral resources in a self-serving manner that excludes the majority who are supposed to be the joint beneficiaries of these resources. The power elites in mineral rich countries in Africa, Zimbabwe included, have corruptly used political power vested in them to plunder the mineral resources for personal benefit.

## **Political Corruption**

Political corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs<sup>10</sup>. In a more narrow definition, political corruption involves political decision makers<sup>11</sup>. Power elites are usually associated with political corruption. Political or grand corruption takes place at the highest levels of the political system. It is when the politicians and state agents, who are entitled to

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<sup>10</sup> Amundsen, I op cit p5.

<sup>11</sup> Heidenheimer, Arnold J.: "The Topography of Corruption: Explorations in a Comparative Perspective" in International Social Science Journal, vol.48, no.3, Sept. 1996, pp.338-347.



make and enforce the laws in the name of the people, are themselves corrupt. Political corruption not only leads to the misallocation of resources, but it also affects the manner in which decisions are made.



## **Bureaucratic Corruption**

Bureaucratic or petty corruption is corruption in the public administration, at the implementation end of politics. This form of corruption occurs in the government ministries, departments and parastatals that are owned by the government<sup>12</sup>. The main culprits are the civil servants who abuse offices and positions of authority they occupy for self-enrichment. A corrupt bureaucrat regards his or her office as a business from which he is able to extract extra-legal income.

## **Research Findings**

### **The power elites involved in mineral related corruption**

#### ***1. Politicians and political corruption***

The study established that politicians, notably senior government ministers were implicated in most corrupt activities concerning the extraction, sale and exportation of gold and diamonds in Zimbabwe. Government ministers command power and often abuse that power to engage in political corruption. It emerged that the politicians particularly government ministers use their influence to derive personal gains from gold and diamond mining through forming syndicates with illegal panners and agents (runners) who act on their behalf. To escape attention and public scrutiny the politicians use agents or runners who act on their behalf in the mining and trade of gold and diamonds. The runners are responsible for mining and even the illegal buying and selling of gold and diamonds on behalf of the politicians. Runners of politicians enjoy immense protection from the law such that their illegal activities are not usually investigated by the police. Where they are investigated the cases usually go cold as the police cease investigations with no plausible reason or they fail to secure a conviction ostensibly on the grounds that there was no sufficient evidence.

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<sup>12</sup> Amundsen, Iop cit p9



The study also established that certain areas where there is illegal gold or diamond mining are not raided by the police; because of they are protected by influential politicians. One such area is in Kwekwe, in an area known as Sherwood, popularly known by the locals as Kuhasha. In this area senior politicians have formed syndicates with police officers and the illegal gold panners to engage in an organized and complex chain of hidden corruption. The gold that is mined at Sherwood is not sold directly to the Reserve of Zimbabwe as required by the law but finds its way out of the country through murky transactions. The Sherwood gold belt is not raided often giving credence to the widely held claim that the area is protected by senior politicians who directly benefit from the illegal gold mining activities taking place there. Whenever there are impending raids the illegal gold miners seem to be well informed of the raids, their timing and how they will be carried out. This clearly shows that the politicians in cohort with the police as well as the illegal miners are working to deprive the country of gold and attendant revenues which should contribute to the national fiscus. From the in-depth interviews high ranking officials from the Zimbabwe African National Union- Patriotic Front (ZANU-PF) were identified by the respondents interviewed as the main politicians who were corruptly promoting and protecting illegal mining and trade of gold as well as diamonds in Zimbabwe.

In the mining of diamonds, particularly in the Marange diamond fields, the politicians are believed to be influencing the awarding of diamond mining contracts. Currently there is no transparent and accountable process in which concessions to mine diamonds in Zimbabwe are awarded. Basing on evidence prevailing on the ground, the study found out that all the companies that have been given mining rights to mine diamonds in Zimbabwe are those with close links to senior politicians in government and the military. The Chinese company Anjin is a beneficiary of having close links with senior politicians in government and the military as the instrumental means through which it gained access to the Marange diamonds. There is strong reason to believe that the senior politicians and the top brass in the military are getting kickbacks for granting diamond mining licenses to companies of questionable repute through opaque processes that are not open to public scrutiny.



The failure by companies mining diamonds to remit their contributions through the normal channel, which is directly to the Ministry of Finance, further creates a veil of secrecy already shrouding diamond mining in Zimbabwe. At the same time the unexplained accumulation of wealth by senior government ministers and the top military brass with close links to diamond mining in Marange is a clear indication of abuse of position, authority and influence for self – enrichment at the expense of the majority who have to make with poorly equipped hospitals, clinics and schools.

## ***2. Bureaucrats and bureaucratic corruption***

The study revealed that other than political corruption, there is also widespread bureaucratic corruption in gold mining stemming from the concentration of wide discretionary powers in the hands of bureaucrats and the opportunities that government structures create for corruption. The main bureaucrats involved in bureaucratic corruption in gold mining are the officials in the Ministry of Mines and Mining Development and members of the police force. It emerged that officials in the Ministry of Mines and Mining Development (MoMMD) are in the habit of overtly demanding bribes or kickbacks from members of the public who wish to venture into mining in return for gold mining licenses and mining claims in areas that are deemed lucrative in terms of gold mining. The Ministry of Mines officials have made it extremely difficult and almost impossible for people who want to venture into mining without paying some form of a bribe. It has become common occurrence that those who fail to pay bribes to the Ministry of Mines officials find themselves being supplanted under flimsy reasons either for encroaching into an existing claim or having being allocated the wrong claim. Those who are able to pay hefty bribes to the Ministry of Mines officials are able to gain access to lucrative gold claims.

### **The Police and bureaucratic corruption**

Evidence from the study clearly point out that the police are involved in corrupt activities in gold mining mainly. There is strong evidence to suggest that the police are acting corruptly by receiving bribes. In Gwanda and Kwekwe it emerged that the police were receiving bribes from people illegally involved in gold mining. As a result of this, it was noted that senior police officers were living lavish lifestyles. Some of those who were allegedly fingered to be engaging



in corrupt activities are amassing wealth at a rate that defies their salary scales. The police officers have become an emergent business class owning taxis, shops and commuter omnibuses. It is most likely that they are getting all this money to start businesses through bribes from those with the financial muscle and politicians to forcefully remove people with legally acquired claims by applying the law in a selective and biased manner. The study established that those with money are approaching the police and offering irresistible amounts of cash to secure gold claims that have been allocated to certain individuals who cannot match the bribe money offered by their rivals. The police upon receiving the bribes embark on eviction operations which lead to the dispossession of gold mine claims from those who had legal rights. Overnight those with legal claims find themselves destitute of the right to legally mine gold and the bribe payers became the new claim owners. The threats from the police combined with high legal costs and the bureaucratic processes involved to regain the lost claim discourages most people who had been dispossessed of their claims to seek legal recourse. In fact the police are regarded as law unto themselves whatever they proclaim is law.

It also emerged from the study that the police are also receiving bribes from the illegal gold miners who want to pan or are already panning for gold in restricted areas without mining certificates. Mining laws in Zimbabwe require mining activities to be lawful and this is done through the acquisition of mining licenses. It is also critical to note that mining licenses are only granted if the miners satisfy laid down criteria that are also compliant with environmental regulations stipulated by the Environmental Management Agency (EMA). In Gwanda and Kwekwe the study established that the majority of the gold miners were mining gold illegally as they did not possess the requisite mining licenses and environmental certification. To circumvent this legal requirement the illegal miners simply paid bribes to the police to facilitate their illegal mining operations. More so the police are also receiving bribes from the unlicensed miners who intend to sell their gold. Mining laws in Zimbabwe are clear that only licensed dealers can sell or buy gold. By allowing unlicensed dealers to sell or buy gold on condition that they would have paid the police a bribe, distorts information of how much gold has been extracted and the revenues it generates. The bulk of the gold that is traded illegally does not



find its way to the Reserve Bank but is usually shipped out of the country thereby depriving the country of the much needed revenue.



### **3. The Rich**

Corruption in the gold and diamond sector is not only perpetrated by the politicians and the bureaucrats. The rich, particularly the local business and international business people as well as cartels are also heavily involved in mineral related corruption in Zimbabwe. Chinese, Korean, Israeli and Russian fortune seekers are some of the many foreign nationals that have invaded the Zimbabwean mineral Eldorado. The study established that wealth business people both locally and internationally had and exercised financial power to corruptly muscle their way into gold and diamond mining. Because of the financial power they possess international business people have the capacity to get lucrative mining contracts by bribing the politicians and bureaucrats. In fact the study established that foreign treasure seekers are prepared to pay large amounts in bribe form to acquire mining rights of Zimbabwe's precious minerals. The study established that this supply side of corruption goes beyond bureaucratic corruption which is petty corruption to political corruption which is classified as grand corruption. Grand corruption involves the exchange of mega bucks in return for high value mining concessions. This form of corruption involves the big guns, those in power and the rich business people or cartels<sup>13</sup>.

#### **An Ambiguous Mining Policy Framework**

The power elites in Zimbabwe have used ambiguity to camouflage their corrupt activities in the mining sector. In the context of this study policy framework denotes scheme of courses of action that guide to conduct. Usually the mining policy framework is explicitly stated in the country's national budgets, Mid Term Plans and at times in the speeches made by the President and government ministers. The power elites are the ones who make policy pronouncements. Policy pronouncements are difficult to make in a polarized political environment as currently experienced in Zimbabwe. Under the GNU, Zimbabwe has witnessed a strained policy environment characterized by conflicting policy statements which have created confusion in the

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<sup>13</sup> [http://www.zimdiaspora.com/index.php?option=com\\_content&view=article&id=10279:mugabe-to-fire-corrupt-ministers&catid=38:travel-tips&Itemid=18](http://www.zimdiaspora.com/index.php?option=com_content&view=article&id=10279:mugabe-to-fire-corrupt-ministers&catid=38:travel-tips&Itemid=18)



country's mining policy framework. A confused policy environment sends ambiguous policy signals which are seized upon by the power elites to engage in corrupt activities.

Invariably, mining policies in Zimbabwe recognize that minerals must be profitably exploited for socio-economic development. For the policy goal to be realized in the mining of gold, diamonds and platinum there has to be transparency, accountability and probity in how mining deals are negotiated and transacted as well as a record of revenues generated by the minerals. However, policy practice prevailing in Zimbabwe is an anti-thesis to the principles of transparency, accountability, probity and fairness. The power elites are negotiating mining deals in gold, diamonds and platinum under a veil of secrecy. What is generated from these deals is not known to the general public save for doctored financial statements which clearly show that the country's mineral wealth is being underpriced to conceal corrupt dealings involving the power elites. The four mining companies that have been awarded diamond mining rights in Chiadzwa, Mining Corporation, Anjin Investments, Marange Resources and Mbada Diamonds in Chiadzwa are still to make their shareholding structure known to the public. The fact that they can maintain silence on their shareholder structure for a considerable period of time shows that they are enjoying the support of the power elites who are keen to keep their levels of benefit from diamond mining away from public scrutiny.

The policy pronouncements regarding the application of the Indigenisation and Economic Empowerment Act remain controversial. Again the controversy is emanating from the differences in ideology characterizing the partners in the GNU. The problematic establishment of Community Share Ownership Trusts in the mineral rich areas of Zimbabwe reflects the diametrical policy perspectives of the GNU partners. Depending on one's political inclinations CSOTs are seen as impositions on communities which are used to enrich members of a certain party at the exclusion of supporters of a certain political parties. The other view is that CSOTs are for community empowerment and those opposing them are pushing an alien and externally sponsored agenda. This has created uncertainties in the mining sector and paved way for rent-seeking behaviour. Further the policy on indigenisation is being enforced with little coordination among key ministries such as the Minister of Finance, Mines and Mining



Development, Industry and Commerce and cabinet in general, and this creates confusion to the investors in the mining sector. Such uncertainty is used by the power elites to enrich themselves as they are given bribes to uphold deals even if they do not comply with the law.



## **Gaps in the legal framework that promote mineral related corruption**

The legislative framework governing mining in Zimbabwe is not water tight and has created opportunities for corruption involving the power elite. Power elites are quick to exploit any gaps in the legal system for self-enrichment. Mining in Zimbabwe is regulated by a raft of legislative instruments. The study had a particular interest in the Mines and Minerals Act (Chapter 21:05), Gold Trade Act (Chapter 21:03), Precious Stones Trade Act (Chapter 21:06). The Diamond Act is yet to be enacted. These pieces of legislation are the principal laws governing the mining sector in Zimbabwe, as they specify clear provisions for the acquisition, maintenance and relinquishing of mining title and how precious minerals such as gold, platinum and diamonds should be traded. Particular emphasis in this study was on the Mines and Minerals Act (Chapter 21:05) which is the principal governing law mining in Zimbabwe.

### **Mines and Minerals Act (Chapter 21:05)**

The Mines and Minerals Act (Chapter 21:05) is the main piece of legislation governing mining in Zimbabwe and is administered by the Minister of Mines and Mining Development through the Ministry of Mines and Mining Development. This law besides providing for security of tenure stipulates provisions for acquisition, maintenance and relinquishing of mining title. The law has been in force since 1965 and has been amended several times to reflect the prevailing socio-economic realities. The fact that the law has survived colonial times and continues to be relevant in the post-independence era is probably its major weakness. On this basis, the Act is deemed to be old and perpetuates the colonial legacy. In all intent and purpose the colonial era was characterized by despotism, racial bias and the enactment of laws that unfairly empowered those in power. This legacy seems to have been carried over into the post-independence Zimbabwe and this has created an environment that promotes corruption involving the power elites. Close scrutiny of the Act reveals that it has sections that are out of sync with democratic and good governance tenets. These anachronistic sections have created unnecessary room for rent seeking behaviour.

Section (2) Part I of the Act vests the rights to minerals in Zimbabwe in the President instead of the State. This provision of the Act gives the President unfettered control over all the mineral



resources in the country. The President, as the dominant member of the power elites, can give mining rights to people of his own choosing without him explaining or accounting for his actions to anyone. In a highly polarized political environment such as is currently prevailing in Zimbabwe the actions of the President when it comes to the granting of mineral rights is often highly contested. This is perceived to be one of the reasons why the mining sector is riddled with corruption. Thus the granting of special mineral rights without following due procedure to foreigners such as the Chinese to mine diamonds in Chiadzwa's diamond fields is a typical example of how the Act gives an individual boundless powers to singly allocate the country's mineral resources.

The Act also gives wide discretionary powers to the Minister of Mines and Mining Development and his Ministry officials. In a way the Act gives the Minister of Mines powers to act unilaterally with little regard for the principles of accountability, transparency and professionalism that should guide his conduct as a government minister serving the people. Thus these wide discretionary powers have been abused by the Minister and his officials for personal enrichment as is the case currently prevailing. For example under the Act the Minister of Mines has the final say in the granting of Exclusive Prospecting Order (EPO) instead of it being done collectively with the Mining Affairs Board. An EPO confers the exclusive right to prospect for specified minerals in any defined area in Zimbabwe. The maximum possible period for operating an EPO is six years. Thus EPOs in the mining of gold, diamonds and platinum are highly sought by those who intend to mine these minerals and are prepared to bribe government officials in particular the Minister to get hold of them. In the Chiadzwa diamond fields companies such as Anjin have been granted EPOs by the Minister under unclear circumstances. The lavish lifestyle of the Minister of Mines which is not commensurate with the \$900 salary per month makes it beyond doubt that there is abuse of office for personal enrichment.

Part II of the Act gives the Minister the powers to appoint the Mining Affairs Board whose function inter alia cover the issuance of mining licenses. The Minister appoints the chairperson of the Board and the bulk of its members. This opens room for patronage politics as the people



appointed to the Board, in more often cases than not, pay allegiance to the Minister. Objectivity in the granting of mining licenses is eroded as the whole Board cannot oppose the Minister even in cases where there is evidence of outright corruption in the awarding of licenses.

The Act gives the Mining Commissioner discretionary powers in the awarding of mining claims. A mining claim is simply a permit to mine. Ordinary claims are up to 25ha and special claims are between 26 and 150ha. The claim confers on the holder the exclusive right to mine the mineral resource for which the claim was registered and of prospecting for other minerals on the claim. According to the Act the claim must be inspected annually and fees paid annually as well. This has opened an avenue for corruption involving the Mining Commissioner and officials in the Ministry of Mines. What is obtaining on the ground is that miners are not following the provisions of the Act. Claims are not inspected annually as prescribed by the law. Those with backlogs in fee payments are bribing officials in the Ministry of Mines who are mysteriously making current their claim rights. In Kwekwe there was a case in which claims were made current when it was evident that the claim holder was not making any payments for six years. The Act is clear, if a miner fails to pay the annual fees for three consecutive years that claim is repossessed.

Further the Mining Commissioner is using his powers to revoke some claims and awarding them to certain individuals under unclear circumstances. This has seen a number of miners being unfairly dispossessed of their claims. For those dispossessed of their mining claims it is difficult to repossess the claim. The Act (Section 89(3)) limits the rights of an applicant to appeal to the Administrative Court against the decision by the authorities to revoke their claim. With full knowledge of this provision of the Act, officials in the Ministry of Mines have accepted bribes to illegally dispossess legal holders of claims. As of 2012, Transparency International Zimbabwe's Advocacy and Legal Advice Centre (ALAC) received 4 cases of different individuals from Kwekwe and Chegutu who have lost their gold claims to government officials and business people in corrupt ways involving both the police and officials from the Ministry of Mines and Mining Development.





### **Loopholes in the institutional framework that encourage mineral related corruption**

The existing institutional framework in Zimbabwe's mining sector promotes corruption involving the power elites who are aware of its inherent weaknesses. By manipulating these weaknesses the power elites are abusing the institutions that are supposed to be responsible for the administration of mining for personal benefit. The institutional framework that administers mining in Zimbabwe spans from the Ministry of Mines and Mining Development to its specialized parastatals such as the Zimbabwe Mining Development Corporation (ZMDC) and the Minerals Marketing Corporation of Zimbabwe (MMCZ). Institutions as administrative structures through which government policies and legislations are enforced are significantly shaped by the socio-political environment in which they operate. If the socio-political environment is one that promotes and sustains corruption it is likely that the institutions will reflect this environmental influence.

It is noteworthy to point out that the highly politicized political environment currently in Zimbabwe is a fundamental aspect that has contributed to the manifesting weaknesses in the institutional framework overseeing mining in the country. Government Ministries in Zimbabwe at the formation of the Government of National Unity (GNU) via the Global Political Agreement (GPA) have been apportioned on partisan lines. The Ministers and bureaucrats instead of acting in the national interest act according to the narrow interests of the political parties they are affiliated to. This apart from creating a dysfunctional government has created an environment where there is intrigue and secrecy in the conduct of government business. The mining sector has not been spared.

Under the GNU the Ministry of Mines and Mining Development was given to ZANU-PF which automatically places it under the control of a ZANU-PF Minister. Given the differing political ideologies between the parties in the GNU the ZANU-PF Minister acts unilaterally and in accordance with the preferences of his party. ZANU-PF ministers and bureaucrats as well as military leadership affiliated to it have over the years been accused of being corrupt with high profile corruption cases widely publicized in the media. For example the late Godwin Nhari a ZANU-PF functionary was caught at the airport illegally in possession of diamonds whilst trying



to leave the country. The Minister of Mines has at many public fora defended his partisan actions. At a meeting organized by the Public Accountability of Zimbabwe refused to shade detail on the diamond mining operations in Chiadzwa citing prejudice to national interest which of course is defined by his own party. By hiding behind narrow partisan definitions of national interest, Zimbabweans were denied information on how diamonds were being mined at Chiadzwa and who the main buyers of the country's diamonds are as well as how much is being generated by the diamonds.

The Minister of Mines and Mining Development on the basis of the wide discretionary powers he wields has usurped the powers and functions of Ministries such as Finance. In fact the Minister of Mines has maintained a stranglehold on the mining of diamonds in Zimbabwe. Vesting excessive powers in an individual politician is a recipe for corruption and rent seeking tendencies. For example the Minister of Mines covertly controls the proceeds from the sale of diamonds mined at Chiadzwa, a function that is supposed to be that of the Ministry of Finance and Zimbabwe Revenue Authority. The incessant war of words between the Minister of Finance and the Minister of Mines concerning revenues from Chiadzwa's diamonds is a clear manifestation of a turf battle going on and alerting the nation to abuse of national resources with little or no accountability and transparency. Not much is known about what the diamond companies at Chiadzwa are generating from the mining of diamonds apart from the Minister and his party colleagues. What is visible though, are the dramatic changes in the life styles of politicians and the top military brass with close connections to the Marange diamonds that have become absurdly affluent in the midst of widespread poverty.

The ZMDC is one such institution that was created by the government to oversee mining in Zimbabwe. ZMDC's key responsibilities are to invest in the mining industry of Zimbabwe on behalf of the state, planning, coordinating and implementing mining development projects on behalf of the state, advise the minister on all matters concerned with corporate investments in the mining industry, reviewing annually the economic conditions and prospects of the mining industry. However, the situation obtaining on the ground is that the ZMDC lacks the institutional capacity to effectively carry out its mandate. For example due to ministerial



intervention ZMDC has lost control of its function to monitor and control the joint venture initiatives that the Government of Zimbabwe is going into in the diamond fields of Chiadzwa. In fact the veil of darkness covering the mining of diamonds deals in Marange smack of organized grand political corruption where the nation is not fully appraised on how much is being generated by the diamond sales. The ZMDC is also failing to control the operations of small scale gold miners so that they contribute fairly to the national fiscus. Most of the gold of the small scale miners is finding its way to foreign markets in South Africa and Botswana thereby prejudicing the country of the much needed revenue.

The MMCZ is part of the institutional structure responsible for mining in Zimbabwe. Its broad mandate include the marketing and selling agent for all minerals, investigating marketing conditions for all minerals, purchasing and acquiring any minerals for its own use account and to sell and dispose them, advising the minister on all matters relating to marketing of minerals, encouraging local beneficiation and utilization of minerals. The role of the MMCZ has been supplanted by the Minister of Mines. Evidence on the ground clearly point out that the Minister is using his powers to grant marketing rights to mining companies relegating the MMCZ to a bystander. As a result the rights for the marketing and selling of Zimbabwe's gold diamonds and platinum have been given to companies with links to the Minister and his party. Again how much revenue is generated by the companies is not declared to the Zimbabwean populace thereby raising strong suspicions of corruption.

The Zimbabwe Republic Police Minerals Unit is the arm of the ZRP that is responsible for enforcing Zimbabwe's mineral laws. Its main function is to ensure that there is full compliance with the country's mineral laws. The study established that due to manpower shortages in the force the enforcement of mineral laws is now done by the generality of all the members of ZRP. This has given rise to bureaucratic corruption as the ZRP officers are demanding bribes from the illegal miners such as the gold panners. In Gwanda and Kwekwe the study noted that the ZRP officers even colluded with the illegal miners to facilitate the deals in gold which is unlawful and proscribed by the law. The Precious Minerals Act and the Gold Act clearly stipulate that only licensed people can only deal in gold, diamond and platinum. The fact that Zimbabwe's gold



and diamonds are leaving the country through unorthodox means despite heavy police presence is sufficient evidence that there is corruption involved and the beneficiaries are the power elites who can facilitate the presumed lax in security to enable minerals to pass through the supposed water tight net.



## Recommendations

To deal with corruption involving the power elites the study recommends the following measures

1. Zimbabwe's political environment needs urgent pacification so that the current politics of polarization that have created room for rent seeking behaviour, corruption, lack of probity, transparency and accountability can be done away with. This can be done if all political parties and the general populace accept a democratic order where those in power can be held to account for their actions. Such a democratic order is only possible through a constitution which demands accountability, transparency and honest on those who occupy positions of power and authority in government and society at large.
2. Creating a democratic political order has to be done concurrently with the building of independent and efficient watchdog institutions such as an effective Anti-Corruption Commission with powers to prosecute those public officials found guilty of corruption in the mining sector. Civil society watchdog organisations can take a lead in ensuring that there are surveys and timely reporting on corruption issues so that the general populace is always informed on whom among the power elites are engaging in corruption. Watch dogs also include a vibrant and independent media which is free to report power elites who engage in corrupt activities in the mining sector.
3. An effective fight against corruption demands political will to back up intentions to mitigate corruption. The presidency should show serious resolve to do away with corruption in the mining sector by backing up prosecuting agencies such as the police when it comes to bringing to book politicians and bureaucrats found to be involved in corrupt deals in the mining sector.



4. Laws such as AIPPA and POSA which criminalise reporting on the power elites need to be repealed so that the media can report corrupt officials who engage in corrupt deals in the mining sector. Currently AIPPA and POSA are being used by the power elites to shield themselves from media scrutiny in instances where they will be participating in corrupt mineral deals.
5. There is urgent to enact the Diamond Act that will regulate the extraction and trade in diamonds. The absence of a diamond Act has promoted a free for scenario in diamond trade where the power elites have literally acted in a *laissez faire* fashion to enrich themselves from diamond mining.
6. All the government officials (politicians and bureaucrats) should be made to compulsorily declare their wealth upon taking office. This can help to curb political corruption as public officials will be made to account for how they would have accumulated wealth if they suddenly become very rich or show signs of unexplained affluence. Such a measure can be buttressed by a name and shame policy where those public officials who acquire wealth through the abuse of office are named and shamed in public without fear or favour. Knowledge that they will be publicly named and shamed can deter public officials from engaging in corrupt deals in the mining sector.
7. The Zimbabwe government should come up with stiffer penalties that make it unattractive to engage in mineral related corruption. Jail terms for mineral related corruption should be custodial sentences that entail more than ten years of incarceration. This should be sufficient enough to deter anyone including the power elites from mineral related corruption.
8. There is need to create a lean but efficient government which is not oversized and within the limits of what current economic performance can sustain. The current Zimbabwe government is too bloated and this has in a way created power elites who



want to become rich quickly whilst in power. Thus a lean but efficient government has to be accompanied by privatization policies that allow the participation of private players in the mining sector who play by the rules of accountability and transparency.

9. There is no doubt that the mining laws in Zimbabwe need to be overhauled. The Minerals and Mining Act needs to be revised completely so that it reflects that Zimbabwe is now an independent state where the laws are not designed to serve the class or individual interest of a certain group of people.
  
10. There is need to broaden the players involved in the granting of mining rights and mining deals. Parliament as the representative body of the people and cabinet as the highest decision making body should work jointly to all the mining deals entered into by the Minister of Mines and the President. Through parliamentary scrutiny, all the mining deals are examined to ensure that there is transparency, accountability and probity on the part of the public officials involved. This will remove the veil of secrecy currently synonymous with mining deals in Zimbabwe.
  
11. Zimbabwe should come up with a strong regulatory framework that ensures that the revenues generated from the sale of gold, diamonds and platinum are declared to the general public on a regular basis. This can be done by strengthening ZIMRA and the Ministry of Finance so that these institutions are able to assess whether there is correlation between volume of minerals sold and the revenues paid into the national fiscus.

### **Conclusion**

There is no denying that the power elites in Zimbabwe are an obstacle to socio-economic development by engaging in mineral related corruption. Their abuse of power in the mining sector has prejudiced the country of revenues that are supposed to ensure that schools, hospitals and clinics and roads are maintained in a function state for the benefit of the poor.



The only way the excessive powers of the elite can be curtailed is through a democratic political order that has strong checks and balances that make it difficult for the power elites to enrich themselves from the country's mineral resources.