



Zimbabwe Environmental Law Association
(ZELA)

WORKSHOP REPORT

MINERAL RESOURCE GOVERNANCE AND POVERTY REDUCTION IN ZIMBABWE



Holiday Inn, Harare, 7 September 2012



Stakeholder Workshop on
Mineral Resource Governance and Poverty Reduction
in Zimbabwe

Jointly Organized by
Poverty Reduction Forum Trust (PRFT)

and
Zimbabwe Environmental Law Association (ZELA)

Holiday Inn, Harare

7 September 2012

With Support from



Table of Contents

List of Acronyms.....	4
Overview of the workshop.....	5
Workshop objectives.....	5
Introduction	6
Mining Licensing system and fees.....	8
Revenue Collection, Management and Distribution: A Pro-poor Perspective....	11
Mining and Gender: Women in Mining	13
Community Voices: Impact of Mining on Community and the Youth	15
Impact of mining on the Environment	19
Conclusion	21
ANNEXES	23
References.....	22

List of Acronyms

COMZ	Chamber of Mines of Zimbabwe
CSR	Corporate Social Responsibility
EIA	Environmental Impact Assessment
EMA	Environmental Management Agency
GDP	Gross Domestic Product
GNU	Government of National Unity
MDG	Millennium Development Goals
NIEEB	National Indigenisation and Economic Empowerment Board
NIEEF	National Indigenisation and Economic Empowerment Fund
PRFT	Poverty Reduction Forum Trust
ZELA	Zimbabwe Environmental Law Association
ZIMRA	Zimbabwe Revenue Authority
WLSA	Women and Law in Southern African Research and Education Trust

Overview of the workshop

The workshop on ‘mineral resource governance and poverty reduction’ was co-hosted by Poverty Reduction Forum Trust (PRFT) and Zimbabwe Environmental Law Association (ZELA) on the 7th of September, 2012 at Holiday Inn in Harare. The workshop was conceived from a background of exorbitant mining fees that were gazetted by the Minister of Mines and Mining Development, Hon. Obert Mpofu in January 2012 through Statutory Instrument 11 of 2012.

Approximately 39 people participated representing; The Prime Minister’s Office, Chamber of Mines of Zimbabwe, Parliament of Zimbabwe (Legislators representing the Portfolio Committee on Mines and Energy), Community based organizations working in mining areas (Chiadzwa and Mutoko), academics and civil society organizations. The purpose of the workshop was to enable participants to gain an in-depth appreciation of the challenges related to governance of mineral resources, and to explore policy options that can be pursued to attain full national benefits from the country’s mineral resources. Each of these groups contributed to the success of the workshop by sharing their experiences, perspectives, and engaging in thoughtful exchange of information through presentations and plenary discussions.

Workshop objectives

Specific objectives of the workshop were to;

- Raise public stakeholders’ awareness about the mining fees and licensing system in Zimbabwe
- Discuss the impacts of mining on various socio-economic groups including women and the youth
- Explore and agree on policy recommendations that can be pursued to attain full benefits from the country’s mineral resources

Introduction

The mining sector has emerged as a major driving force for Zimbabwe's economic recovery. According to the 2012 National Budget presented by the Finance Minister, Honorable Tendai Biti, the sector has seen an estimated growth of 25.8% in the year 2011 while a 15.9% is anticipated by end of 2012 (Ministry of Finance 2011). Zimbabwe is rich in resources with mineral deposits of chromite, coal, platinum, asbestos, copper, diamond, nickel, gold and iron ore, and the contribution of mining to the country's economy has almost trebled from 4% between 1999 and 2008 to current levels of close to 11% of Gross Domestic Product (GDP) (Ministry of Finance 2012). The table below shows key minerals and projected outputs for the year 2012.

Table 1: Key minerals and projected outputs for the year 2012

Mineral	2011 Actual	First Half 2012	Initial 2012 Budget Projection	2012 Revised Projection	2012 Growth (%).
Gold(kg)	12 993	7100.65	15 000	15 000	15.8
Platinum (kg)	10 827	5 650.9	11 000	12 000	10.8
Palladium (kg)	8 442	4 367.5	8 800	9 600	13.7
Nickel (tons)	7 992	4 243.06	8 300	8 800	10.1
Chrome (tons)	599 079	322 774	620 000	750 000	25.2
Coal (tons)	2 562 054	972 546	3 500 000	2 000 000	-21.9
Diamond (crts)	8 718 570	5 913 762.9	9 000 000	12 000 000	37.6

*Source: Min of Mines, Chamber of Mines, Fidelity Printers
* Excluding Diamond output for Anjin for March 2012.*

Regionally, mining continues to be the mainstay of most economies of Southern Africa and represents a major source of foreign currency revenue. An average of 60 percent of foreign exchange earnings within the region are derived from the minerals industry, representing at least 10% of gross domestic product, and providing approximately 5% of formal employment (Cawood, Kangwa et al. 2001). In recent years, mining have provided a means of livelihoods to the majority of unemployed people in both rural and urban areas of Zimbabwe. The sector accounts for over 50% of total export earnings, employs in excess of 55 000 people thereby creating a livelihood for a quarter of a million Zimbabweans. (Ministry of Finance 2012).

In a speech at the official opening ceremony of the 'Mine Entra' held in Bulawayo on 26 July 2012, the Vice President of Zimbabwe, Hon. Joice Mujuru acknowledged the importance of the mining sector to the country's economy, and as a vehicle for driving sustainable human development in the country. According to the Vice President, mining is forecast to grow by 16,7% ahead of agriculture, manufacturing and tourism sectors, and she made the assertion that

with its current ranking of being the 7th largest producer of diamonds in the world, Zimbabwe is likely to see increased translation of revenues from diamonds into additional resources for the country's national development¹.

In a resource-rich but economically-poor country like Zimbabwe, the mining sector has great potential to unlock significant socioeconomic benefits, contribute towards poverty reduction, and to support the nation's progress towards achieving the Millennium Development Goals (MDGs). Increased public funds and investor contribution can enhance social infrastructure and improve service delivery in areas as education, health, water, sanitation, agriculture, roads and electricity. At the local level mineral resources can increase local fiscal revenues and enhance the economic multiplier effects in surrounding areas. However, the extent to which these benefits are achieved depends heavily upon how the country deals with the institutional and policy challenges that come with mineral resource wealth. There is a relationship between the governance of mining revenues and poverty reduction. Good governance in the revenue collection, management and distribution has the potential to achieve many developmental goals. However, current mineral governance systems in Zimbabwe present wide gaps between people's expectations and concrete socioeconomic realities. This is being exacerbated by lack of transparency, secrecy and lack of accountability surrounding extraction the mineral resources as well as utilization of revenue from the mining proceeds.

In order to gain an in-depth appreciation of the challenges related to governance of mineral resources, and to explore policy options that can be pursued to attain full national benefits from the country's mineral resources, Poverty Reduction Forum Trust (PRFT) in collaboration with Zimbabwe Environmental Law Association (ZELA) organized a half-day workshop in Harare. The workshop was attended by participants from the Prime Minister's Office, Chamber of Mines of Zimbabwe, parliament of Zimbabwe (Legislators representing the Portfolio Committee on Mines and Energy), community based organizations working in mining areas (Chiadzwa and Mutoko), academics and civil society organizations. Key discussion points debated during the workshop included; mining licensing system and fees; revenue collection, management and distribution; impact of mining on gender, community, youth and the environment.

The sections below summarise policy issues that emerged during the workshop, and recommendations that were put forward by participants to ensure that the country maximizes on the benefits from its abundant mineral resources.

¹ <http://www.vpmujuruoffice.gov.zw/index.php/component/content/article/137-vice-president-of-the-republic-of-zimbabwe-hon-jtr-mujuru-at-the-official-opening-ceremony-of-mine-entra-bulawayo-26-july-2012>

Mining Licensing system and fees

The workshop discussed the legislative framework that guides mining and mineral resources in Zimbabwe. The mining sector in Zimbabwe is regulated by an Act of parliament (The Mines and Minerals Act [Chap 21:05]. The Act provides for security of tenure and has clear provisions for acquisition, maintenance and relinquishing of mining titles. The Mines and Minerals Act has been in force since 1963, and has been amended several times over the years.

Rights to Minerals

According to the Act, the dominium in and the right of searching and mining for and disposing of all minerals, is vested in the President on behalf of the state.

Acquisition of Mineral Rights

The Mines and Minerals Act provides regulations and requirements for obtaining Ordinary/special prospecting licence (PART IV), Exclusive prospecting order (PART IV), Mining lease (PART VIII), Special mining lease (PART IX) and Special grants (PART XIX), among other provisions. The legislation provides for the right of any person of 18 years of age or older who is a permanent resident of Zimbabwe or his agent to acquire one or more prospecting licences on payment of the appropriate fee, and the license (s) so acquired is/are valid for 24 months.

Mining fees and Poverty Reduction

Through Statutory Instrument 11 of 2012, the Minister of Mines and Mining Development, Hon. Obert Mpofu, gazetted new mining fees under the categories of application fees, special Licence fees, registration fees, ground rental fees, Export permit fees amongst others in January 2012. The mining fees have been reviewed by about 5 000 percent to between US\$3 000 and US\$5 million. **Table 2** below shows previous and reviewed fees for the various mining categories².

Table 2: Reviewed mining fees under Statutory Instrument 11 of 2012

Category	Previous fee	Reviewed fee
Registration of diamond claims	US\$1million	US\$5million with a new ground rental fee of US\$3 000 per hectare per year
Application fees for prospective coal investors	US\$5 000	US\$100 000 and registration or renewal fees is US\$500 000.

² Detailed fees structure is presented in Annex A.

Ordinary and special platinum prospecting	US\$200	US\$500 000
Licence to deal in precious stones (cutting and polishing)	US\$20 000	US\$100 000
Gold-buying licence	US\$2 500	US\$5 000,
Gold jewellery permit	US\$1 000,	US\$2 000
custom milling licence	US\$2 000	US\$8 000

There has been an outcry that the fees imposed by the statutory instrument are very hefty, and as such is generally viewed as a ploy to elbow out ordinary citizens from the mining sector. While legislators from the three-tire government of national unity (GNU) have not reached agreement on the reviewed mining fees, there is consensus that the fees impose a heavy financial burden on citizens and potential foreign investors who opt to invest in the mining sector. The government did not consult relevant stakeholders on how the proposed mining fees would respond to investment challenges that the country is facing, and most importantly, its effects on the country's indigenization and poverty reduction efforts. The Senate sitting of 28 March 2012 noted with concern the solitary actions by the Minister with re-iterations that the *"hefty fees have been imposed through a statutory instrument, with little, if not, input from ordinary Zimbabweans through their elected representatives"*³. Annex C compares Zimbabwe's mining fees with other selected countries.

Because most small scale miners cannot afford the financial investment levels required in order to venture into mining - many are forced into illegal mining dealings, *makorokoza*, thereby prejudicing the state of millions of dollars which otherwise could have contributed to the national fiscus.

With roots of corruption vehemently crippling in every bureaucratic structure of the government, the mining sector, particularly the Diamonds Fields in Marange, have recently emerged as a source of easy money for senior government officials. Workshop participants expressed concern that senior government officials are getting richer and richer from diamond proceeds, while ordinary citizens, including residents of the Marange community are riling in poverty.

There is great suspicion that the recent increase in mining fees has been fuelled by corruption. This, according to workshop participants is evidenced by the dramatic amassing of wealth by senior government officials, building of

"Government employees are the least paid, but some of them drive the latest and most expensive cars in town"

³ http://www.parlzim.gov.zw/attachments/article/35/28_March_2012_21-26.pdf

economic empires around them, within a short period of time since the Marange Diamonds were discovered. Although citizens have the constitutional right to public information, mining contracts with foreign investors are not open to the public, raising eyebrows that senior government officials might be accepting bribes in exchange for mining licenses.

Recommendations:

- Lessons from Botswana have shown that mining revenues can contribute significantly to the development of a nation. In order to achieve this, there is need for wider consultations with key stakeholders whenever regulations, such as mining fees, are being reviewed.
- Monitoring has to be strengthened, and the Zimbabwe Revenue Authority (ZIMRA) has to play its oversight role by placing its officers where mining activities are taking place
- The country does not have a Diamond policy and the Mines and Minerals Act has become obsolete. The Ministry of Mines and Mining Development has to expedite formulation of a new Mines and Minerals Act and a national Diamond Policy that captures changing trends in the mining sector, and also pave way for the effective participation of small scale miners.

Revenue Collection, Management and Distribution: A Pro-poor Perspective

By Judith Kaulem (Poverty Reduction Forum Trust)

High levels of poverty have remained a major hindrance for Zimbabwe to achieving the Millennium Development Goals. While the nation boasts of an abundance of natural resources, including mineral resources and arable land, availability of these resources have not translated into meaningful poverty reduction interventions. From a pro-poor perspective, it is important to emphasize the relationship between the governance of the nation's natural resources, revenues management and poverty reduction. Successful harnessing of extractive resources for growth, poverty reduction, and social development depends on good governance and sound management practices. However, current trends in governance of the country's resources, especially minerals, have presented wide gaps between citizens' expectations and concrete socioeconomic realities. Lack of transparency, secrecy and lack of accountability by those in charge have been the major causes of concern.

Opportunities in the mining sector

There are many opportunities that the nation can harness from its abundant mineral resources in order to fight poverty. Increased public funds and investor contribution can enhance social infrastructure and improve service delivery in areas as education, health, water, sanitation, agriculture, roads and electricity. At the local level mineral resources can increase local fiscal revenues and enhance the economic multiplier effects in surrounding areas.

Challenges

A number of challenges emerge from the relationship between the management of revenues and poverty reduction. There has been poor governance of the generated mining-based wealth resulting from lack of institutional capacity, lack of policy coordination, lack of broad-based participation, lack of transparency and accountability. The governance of revenues is currently characterized by influence of power, widespread corruption, rent-seeking behaviours and diversion of revenues from the state budget. As a nation, Zimbabwe is failing to convert revenues from mineral resources into poverty reduction outcomes and improve the lives of majority of citizens. Mineral resources revenue streams have not been used appropriately to foster development and linkages between the natural resources sector and other sectors of the economy are weak or non-existent. Benefits from the mineral resource revenues accrue only to a few, widening the inequality gap. Civil society strongly feels that the redistribution of national resources and spending patterns are not pro-poor.

Recent admission by the Finance Minister, Hon. Tendai Biti, that mining companies in Chiadzwa are not remitting anything to treasury despite making serious profits is a clear indication of misappropriation of public funds by those in power. According to the Minister, Anjin Investments, the largest of the five companies operating in the reputedly rich diamond fields at Marange, is taking most of the revenues out of the country, and its murky operations are reminiscent of settler-colonial exploitation. The Minister claimed that although diamond production had increased from 2,5 million carats to 4,5 million carats this year, revenues had been stagnant at US\$41 million⁴.

Workshop participants felt that while towns like Kwekwe, Zvishavane, Dorowa, etc. were built with proceeds from local mineral resources this has not been the case with the Diamond rich Marange and Mutoko (where granite is being extracted). Minerals from these areas are being extracted only to enrich a few individuals in government.

Recommendations

- Good governance is a fundamental pre-requisite to turn Zimbabwe's mineral endowments into a blessing that can promote growth and reduce poverty.
- Wealth generated from mineral resources should play a critical role in achieving robust and sustained economic growth and human development.
- Need for a realistic mining policy as well as Act of Parliament with objectives balanced between those of industry, the community in which mining occurs and government.
- The majority of revenues from mining projects that accrue to the government should be directed towards the development needs of the communities in which mining occurs by way of royalty sharing- beyond the Community Share Ownership Trusts.
- The country should convert revenues from mineral resources into poverty reduction outcomes- there should be visible improvement in the lives of the majority of citizens.

⁴ <http://www.newzimbabwe.com/news-8606-Rhodes%20an%20angel%20compared%20to%20Anjin%20Biti/news.aspx>

Mining and Gender: Women in Mining

By Portia Mabasa Manhema (Women and Law in Southern African Research and Education Trust (WLSA))

Mining has been identified as one the key drivers of the local economy and provides great opportunities for women to participate in socio-economic development initiatives. However, there are grave challenges which hinder women engagement in mining, including prohibitive legislation and exorbitant mining fees. In order to explore the plight of women miners in depth, Women and Law in Southern African Research and Education Trust (WLSA) conducted a baseline study with 122 respondents, 84 (61 women and 23men) involved in mining, and 38 (16 men and 22 women) non-miners in Midlands province in 2011. The study investigated conditions for women`s participation and economic empowerment in the mining industry and presented a situational analysis in terms of legal, policy and practical socio-economic issues affecting women in mining.

Key Findings of the baseline

Mining provides a source of livelihoods for women. From the study, it emerged that mining provides a major source of income for over 81% of the women interviewed and they are mainly involved in gold processing involving crushing, pounding, sieving and using mercury for amalgamation of gold. Analysis of the survey results showed that women constitute 93% of respondents who have not completed secondary school level of education. The implication is that they are not able to understand the laws, procedures and environmental, health and safety issues which affect them as miners.

The recently reviewed mining fees present a major challenge to women; substantial financial capital is required for prospecting and registration of mines as well as carrying out Environmental Impact Assessments (EIAs), which cannot be afforded by many women. Although most mining laws and policies are gender neutral, they are not informed by principles of gender equality, access and benefit sharing. The laws create an illusion that since there are equality laws in place it means gender equality exists in all spheres of life. The assumption is that gender equality translates automatically into practical equality. There are gender stereotypes that give the impression that mining is predominantly a male domain and women cannot work underground and on shift work. In cases where women bulldoze their way into the mining sector, they are faced with the challenge of inadequate equipment and cost of hiring equipment which is beyond their reach. From the baseline study, all the women interviewed are operating without the legal requirements.

Women miners bear the brunt of negative social impacts of mining such as health, safety & environmental risks as a result of contamination of drinking water; reduced quality of life due to unclean & unhealthy environment caused by air, water & noise pollution; the burden of caring for the sick and; exposure to mercury poisoning during gold processing & indirectly expose families through cooking, handling of food and caring for the sick. Because of biting socio-economic conditions, women continue to join the illegal mining rush despite the dangers of police repression, unhygienic sanitary conditions, crowded squatter settlements, exploitation by middlemen and rape.

Women in the mining industry are susceptible to sexual harassment and bullying by male miners, as they try to negotiate favorable prices for the minerals. Being family caregivers women miners indirectly expose their families to chemical poisoning like mercury during food handling, and even when they are not directly engaged in mining, they often bear the brunt of caring for victims of mining related sicknesses.

Recommendations

- In order to support women's participation in mining there is need for specific quotas or affirmative measures that promote women's participation and economic empowerment
- The various Acts related to mining should be amended so that quota-type and affirmative action measures are legally entrenched
- Registration and compliance procedures for mining activities can be simplified to ensure effective involvement of women
- Improve legal literacy among women miners on the legal and policy framework that regulates mining
- Encourage women to form syndicates and associations to enhance their participation in the mining sector.

Community Voices: Impact of Mining on Community and the Youth

By Melani Chiponda (Chiadzwa Community Development Trust) and Emmanuel Chivasa (Zimbabwe Youth Chamber of Commerce and Industry)

Mining plays a central role in employment creation and poverty alleviation in light of the high unemployment rate in Zimbabwe. It has become a source of livelihood for a great number of unemployed young Zimbabweans. The sector currently provides more than 55,000 formal jobs, with a multiplier effect on other related sectors. Mining has provided the social benefit of fighting delinquency amongst the youth; youths who would otherwise be involved in anti-social activities are now engaged in mining.

The government's economic empowerment thrust has managed to ignite amongst the youth the desire to play a greater role in the mainstream economy and this includes the mining sector. The government has made a clarion call to the youth to embrace opportunities to join the mining sector and numerous youth organizations including the Zimbabwe Youth Chamber of Commerce and Industry have heeded this call. The Mines and Mining Development Ministry has recently rolled out an equipment loan scheme through the office of the Chief Mining Engineer whereby it purchases equipment for holders of mining claims which they take on a rent/lease to buy basis. It is expected that this program will capacitate numerous youth who hold mining claims but lack the equipment to exploit them. Besides providing employment opportunities to locals, mining companies have also invested in building infrastructure including roads, schools and clinics.

Section 14(b) of Statutory Instrument 21 of 2010 provides for establishment of community share ownership trusts in communities where mining is undertaken. The programme is meant to see more communities benefiting from the proceeds of resources in their areas. The main objectives of the trusts, which are in line with the provisions of the Fourth Schedule of Section 16 of the Indigenization and Economic Empowerment Act, are to ensure accelerated rural development by using proceeds of Trust Assets to undertake activities in a non-profit manner for the benefit of communities⁵. The share ownership programme provides a great opportunity for communities to benefit from resources in their areas.

Again the issue of consultation emerged as an important element to foster the enjoyment of full benefits of local resources by communities. Community representatives raised concern that they

⁵ http://www.sundaymail.co.zw/index.php?option=com_content&view=article&id=30439:share-ownership-trust-the-right-way-to-go&catid=41:business&Itemid=133

were not consulted during inception of the Community Share Ownership Trusts, and this has fuelled internal squabbles among traditional leaders, which may affect sustainability of the initiative. Communities also feel that introduction of the Community Share Ownership Trusts has been driven by political motives rather than responding to the real local cause. For example, questions were raised why government decided to combine Marange with Zimunya into the ‘Zimunya-Marange share ownership trust’ instead of taking Chimanimani which is more adjacent to Marange and is directly affected by negative externalities from the mining. In addition, the government has not built local capacity to manage the trusts, and sadly there is no national framework on how to operationalize the programme. The share ownership trusts may eventually become a mere political talk without livelihood fruits. Communities fear that mining companies will no longer engage in corporate social responsibility (CSR) activities that they used to provide because they are now channeling the resources through community share ownership trust.

Raising of mining fees through Statutory Instrument 12 of 2012 has largely impeded the entrance of more young people into the sector. This eventually closes potential livelihood avenues for Zimbabwe’s youth and is a step backward in the fight against poverty. Youth also lack the funding for vital technical services such as geological surveys and Environmental Impact Assessments (EIAs). Geologists at the government’s department of geological service are normally supposed to provide survey services to Zimbabwean citizens for free but practically, they require allowances to cover the costs of their travel to and from the areas where they conduct the geological surveys for prospective miners. This is also inhibiting youth participation in mining activities. To worsen the situation are the unscrupulous consultants working with the Environmental Management Agency who charge high prices for the environmental assessments.

Lack of confidence in the capabilities of the youth has led to a funding crisis for youth and has seen government driven funding initiatives such as the CABS Kurera/ Ukondla youth projects fund and the Stanbic Wealth Creation fund been largely ineffective. For instance out of 10 000 loan applicants for the CABS Kurera/Ukondla Fund only 900 have had their applications approved to date and only 693 have actually received funding more than a year after the launch of the fund. Zimbabwe Youth Chamber of Commerce and Industry view this as a sign of insincerity on the part of the financial institutions driven by a lack of confidence in the capabilities of youth. Poor/no proper communication channels have resulted in most citizens, particularly women and the youths, being left out in developmental projects, e.g. very few youths are aware of the Mines Ministry’s equipment loan scheme.

“seven years after the discovery of the precious gems, roads, schools, clinics and people’s livelihoods in the community have remained in a sorry state, yet the diamonds were being mined for self- enrichment”

While mining should contribute towards the socio-economic

development of a community, representatives from Mutoko and Chiadzwa expressed that this has not been the case in their communities. For example Hon. Shuwa Mudiwa, the legislator for Mutare West Constituency lamented that “seven years after the discovery of the precious gems, roads, schools, clinics and people’s livelihoods in the community have remained in a sorry state, yet the diamonds were being mined for self- enrichment”⁶. There are claims of abuse of local employees, physical harassment and sexual abuse, including sodomy, by foreigners especially Chinese who are operating in Marange. Women are also being marginalized, for example, one company which is operating in Marange has only 2 women out of more than 1000 employees. Road network which has become busy of vehicles frequenting the diamond fields in Marange puts the community and their livestock at risk of road accidents.

The education system is affected negatively, high absenteeism due to would-be-school children engaging in the mining activities results in poor performance. Chiyadzwa School recorded a 5% pass rate and parents are now transferring their children to other schools which are quite a distance from home in search of a better learning environment.

Forced relocations have contaminated the social fabric of communities. Families have been disintegrated and it takes time for moved families to adjust to new environments. HIV/AIDS incidences become more pronounced in mining settlements as prostitution tends to become the norm in the mining compounds.

Also, foreigners bring with them living styles and norms which are alien to local communities’ tradition and cultures. Mining activities cause pollution and environmental damage which eventually affects the health and wellbeing of communities.

Recommendations

- Capacitate government departments to enable them to properly perform their mandate. This can be done through the National Indigenisation and Economic Empowerment Fund (NIEEF) established in terms of the Indigenisation and Economic Empowerment Act.
- There is a need for the setting up of other funding initiatives to complement the existing ones such the CABS and Stanbic Wealth Creation Fund. We suggest that National Indigenisation and Economic Empowerment Board (NIEEB) creates a separate fund for youth in mining through the NIEEF.
- Funding for youth business skills training must be set aside from the NIEEF amongst other sources of funding. A number of youth organisations including the Zimbabwe Youth Chamber

⁶ <http://www.newsday.co.zw/article/2011-08-29-mp-bemoans-marginalisation>

of Commerce and Industry have decided to conduct capacity building programs for Zimbabwean youths but have inadequate resources to effectively carry out these programs.

- Government should develop a more defined framework for the community share ownership trusts so that the intended benefits reach to communities.

Impact of mining on the Environment

By Shamiso Mutisi (Zimbabwe Environmental Law Association)

The Environmental Management Act requires mining companies to carry out Environmental Impact Assessments (EIAs). However enforcement of the law is lax and EIAs have only been carried out to satisfy the legal requirements. EIAs reveal the potential environmental, economic, social and cultural impacts of proposed projects such as mining, and possible mitigation measures. There are reports that companies in Marange started mining without carrying out EIAs as required by the Environmental Management Act. The Environmental Management Agency (EMA), which is supposed to enforce the law, has been affected by lack of resources both financial and human, thus not being able to effectively monitor and ensure that companies undertake the EIAs.

Section 269 of the Environmental Management Act requires mining companies to protect open workings such as shafts, open surface workings and excavations upon abandonment to ensure the safety of persons and stock (livestock). Mining (Management and Safety) Regulations, SI 109 of 1990 also provide scope for protection of workers, communities and the environment. Section 257 (A-L) of the 2007 Mines and Minerals Amendment Bill seeks to establish an Environmental Rehabilitation Fund by large scale miners, and it provides for small-scale miners the option of contributing funds to the Environmental Rehabilitation Fund as a group. The Fund would be used to rehabilitate the environment when mining operations cease and for carrying out any other works to protect or restore the environment and may help promote Corporate Social Responsibility (CSR) activities from an environmental perspective (making sure that money is available when mine closes).

While the country has legislation and structures in place, policy makers seem to concentrate more on political priorities rather than promoting sustainable extraction of mineral resources which should emphasize environmental protection. Studies done by the Zimbabwe Environmental Law Association (ZELA) has shown the extensive damage and pollution of the Save river catchment area by mining companies in Marange and the government seems to be casting a blind eye on the situation.



Figure 1: (a) livestock struggle to get clear and drinkable water in the polluted Save river; (b) Muddy water collected from Save river (Photos by ZELA)

Dams in the area are silting as a result of the indiscriminate activity of alluvial diamond mining companies and both the Odzi and Save Rivers are being polluted and silted by the operations of the mining companies.

Recommendations

- Promote democracy, transparency and accountability: systems change Wealth generated from mineral resources should play a critical role in achieving robust and sustained economic growth and human development. Good governance is a fundamental pre-requisite to turn Zimbabwe's mineral endowments into a blessing that can promote growth and reduce poverty.
- Amend Mines and Minerals Act- Need for a realistic mining policy as well as Act of Parliament with objectives balanced between those of industry, the community/ environment in which mining occurs and government. The policy should also take into consideration the various groups women and youths' development.
- Handling of revenues should be done with highest degree of accountability and transparency. The majority of revenues from mining projects that accrue to the government should be directed towards the development needs of the communities in which mining occurs by way of royalty sharing- beyond the Community Share Ownership Trusts. The country should convert revenues from mineral resources into poverty reduction outcomes- there should be visible improvement in the lives of the majority of citizens.

Conclusion

The paradox of abundance of mineral resources in the midst of high levels of poverty should not be allowed to exist in Zimbabwe. Zimbabwe being mineral rich should be able to uplift the majority of its population out of poverty. However, for the mineral resources to benefit all, there is need to make good governance a pre-requisite. To reduce poverty there is need for direct and indirect redistribution of wealth to the various social groups targeting vulnerable groups like children (through education/ health), women, the elderly and the poor.

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ANNEXES

ANNEXURE A: COMPARATIVE STATEMENT OF FEES FOR 2011 and 2012

PROVISION	Fees as at Dec 2011 SI 13 of 2011 US\$	Fees as at Jan 2012 SI 11 of 2012 US\$	Comments
PRESCRIBED FEES			
Application fee for registration as an Approved Prospector	1500	5 000	This is similar to a practicing certificate fee. Even at recommended levels is too high. Indigenous Zimbabwean are mainly involved, at this level barrier to entry is high
Application for renewal as an Approved Prospector	250	1 000	
Fee for Duplicate Certificate of registration as an Approved Prospector	1500		
Fee for a Prospecting License			These are instruments used by indigenous players in mining. If too high then goes against indigenisation programme
Ordinary	100	500	
Special	150	1 000	
Fee for a duplicate Prospecting License	150		
Fee for application for registration of Precious metal or Precious stone block	200	100 000 precious stones 1 000 000 diamond 500 000 platinum	At this stage in the development of projects no income is being generated.
Fee for application of registration of a base mineral block			Based on principle of standardisation of fees. In line with proposal in Mines and Minerals Amendment Bill to have one type of title
Ordinary	300	2 000	
Special	500	4 000	
Registration fee for sites	100		
Fees for duplicate certificates of registration	300		
Application for revocation of forfeiture	500	5 000	To reduce work for ministry and enforce prudence
Fee for Special Grant application under Part XIX	1000	10 000	Areas are reserved against prospecting or mining for a reason. Those with justifications to go against such reservations must pay a premium
Annual fee for renewal Special Grant under Part XIX US\$ per Ha per year	20	100	Fee for renewal of SG are a cost when no income is being generated. Fees already too high
INSPECTION FEES			

PROVISION	Fees as at Dec 2011 SI 13 of 2011 US\$	Fees as at Jan 2012 SI 11 of 2012 US\$	Comments
Fee for inspection by declaration of work Registered blocks First Inspection US\$ per 5 claims Subsequent inspections US\$ per 5 claims Mining lease First Inspection US\$ per 5 Ha Subsequent inspections US\$ per 5 Ha	5 10 5 10	1 000 1 000 1 000 1 000	These fees appear small in absolute numbers. However, because of the number of claims that are held that run into thousands for one to make commercially acceptable returns, the effect of high charges increase rapidly. Suggest that we maintain fees at 2011 levels
Inspection by production Precious metal blocks US\$ per 5 claims Base mineral blocks Chrome tonnes for every 5 claims Iron Ore tonnes for every 5 claims Limestone tonnes for every 5 claims	ZW\$2 000 24 tons 60 tons 60 tons	1 000	This is the value of minerals production necessary to inspect every 5 claims These tonnages are deemed sufficient as minimum work requirements
Fee for inspection by survey US\$ for every 5 claims	10	1 000	Note 1. The principle regulations state these shall be as per section 17 which are recommended at US\$20
Fee for inspection of precious metal block without development work US\$ per 5 claims or part thereof	10	1 000	Note 1
Unit of expenditure equivalent to 10m of development work US\$	ZW\$300		Note 2
Fee for inspection of base mineral blocks by payment US\$ per 5 claims	20	2 000	Note 1
Protection fee for claims US\$ for each period of 2 months for a certificate Fee for protection US\$ per 5 claims	10	1 000	Note 3
Annual fee for Precious stone blocks US\$ for every 5 claims Mining leases US\$ for every Ha	10 10	1 000 1 000	Note 1
Fee for inspection of mining leases by production	As for the blocks above		

PROVISION	Fees as at Dec 2011 SI 13 of 2011 US\$	Fees as at Jan 2012 SI 11 of 2012 US\$	Comments
Fee for inspection of mining leases by making up deficient work by payment US\$ per 5 Ha	10	1 000	Note 1
Annual fee for alluvial, alluvial, rubble or dump precious metal claims US\$ per 5 claims	10	1 000	Note 1
Inspection of mining lease by production Precious metal blocks US\$ per 5Ha Base mineral blocks Chrome tonnes for every 5 claims Iron Ore tonnes for every 5 claims Limestone tonnes for every 5 claims	24 tons 60 tons 60 tons		Provided for under section 26 of the principal regulations RGN 247/1977
OTHER FEES AND CHARGES			
Search fees: US\$ per hour	4		
Certificate of ownership: US\$ per block of claims	15 with a minimum charge of 30		
Copies of agreement: US\$ per application	30 when prepared by an official 30 when prepared by applicant		

Source: The *Chamber of Mines of Zimbabwe (COMZ)*, 2012

ANNEX B: Fees That Are Not Provided For In the Mines And Minerals Act

PROVISION	FEES AS AT JANUARY 2012 SI 11 OF 2012 US\$	COMZ RECOMMENDED FEES US\$	COMMENTS
PRESCRIBED FEES			
Fee for a Prospecting License Ordinary for whole country Special for whole country	1000 3000	300 450	These licenses will breed confusion in the registration of mining title.
Registration fees	1 000 000 diamondss 1 000 000 diamond 2 500 000 platinum 500 000 coal 2 000 Chrome 5 000 Chrome Special PL	300 300 300	The law recognises Application fees for registration. The split of these fees into Application Fees and Registration fees makes the applicant pay double for a permit or license
Ground Rentals	3 000 per Ha\year for daimonda 100 per Ha\yr for Coal, CBM, Minerals Oils, Energy Minerals 1 000 per Ha\yr Platinum 300 per ordinary block 3 000 per Special block	100	Ground rentals are the same as fees for inspection of mining titles or mineral exploration Providing for inspection fees and ground rentals is charging twice for the same activity.

Source: The *Chamber of Mines of Zimbabwe (COMZ)*, 2012

ANNEXURE C: REGIONAL COMPARISON OF MINING TITLES FEES

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
Application fee for registration as an Approved Prospector	\$5 000	N/A	N/A	N/A	N/A	N/A		N/A
Ordinary Prospecting license fee	\$500 \$1 000 for an ordinary Prospecting License – not provided for in law	\$69 Application fee License fee \$346	US\$279.57 application fee (for 200 Ha Max area)	\$100	Have an exploration license for all minerals and for all sizes of operations - fee of \$126	Have a non-exclusive prospecting license fee?	\$64 (Application fee of R500)	Fee is US\$0.14/ km ² / year – max area of 1000km ²
Special Prospecting license	\$1 000 \$3 000 Provide for Special prospecting license for the whole country which is not provided for in the law	N/A	\$279.57 application fee - (Special Prospecting license for Gold – Area 10 Ha Max)	N/A	N/A	N/A		N/A
Application for registration for precious stones	\$100 000	Fees for small scale operation and large scale operations Small scale \$17 Large scale \$69	The title for mining is a mining lease. Application fee for a lease is \$424.73 Applies to all minerals	\$100	There is a fee for large scale and another for small scale For small scale \$63.20 For Mining Lease \$316 For Quarry Lease \$126	Have a Mining Lease for all minerals . \$128.53 for mines with earning up to N\$10 million (\$1.2 million) \$642.67 for mines with earnings above N\$10 million	\$129.41 Applicable to all minerals	

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
						(\$1.2 million)		
Application fee for Diamonds	\$1 million Not provided for in the law	N/A	\$424.73	\$100	\$316	N/A		N/A
Registration fee for diamonds	\$5 million Not provided for in the law	N/A	N/A	N/A	N/A	N/A		N/A
Ground Rental for Diamonds	\$3 000/ ha This should be inspection fee for precious stones as per the law	\$0.02/Ha/yr - \$0.16/Ha/yr Escalating fee structure from year 1 to year 7	\$16/Ha per year	\$10/ha	For small scale \$63.20/yr For Mining Lease \$316/yr For Quarry Lease \$126/yr	N/A	No annual fees	\$0.0165/Ha /yr
Application fee for Coal, CBM, Natural Gas, Mineral Oils, Nuclear materials	\$100 000	No distinction for separate minerals	The title for mining is a mining lease. Application fee for a lease is \$424.73 Applies to all minerals	N/A	There is a fee for large scale and another for small scale For small scale \$63.20 For Mining Lease \$316 For Quarry Lease \$126	N/A		N/A
Registration/ Renewal fee for Coal, CBM, Natural Gas, Mineral Oils, Nuclear materials	\$3 000	N/A	N/A	N/A	N/A	N/A		N/A

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
Ground rental fee for Coal, CBM, Natural Gas, Mineral Oils, Nuclear materials	\$100/ ha/year	\$0.07/Ha/yr	\$16/Ha/yr	N/A	For small scale \$63.20/yr For Mining Lease \$316/yr For Quarry Lease \$126/yr		No annual fees	\$0.0165/Ha /yr
Application fee for platinum for an ordinary prospecting license	\$500 000	\$69 application fee \$346 license fee	\$424.73	N/A	There is a fee for large scale and another for small scale For small scale \$63.20 For Mining Lease \$316 For Quarry Lease \$126	Have a Mining Lease for all minerals . \$128.53 for mines with earning up to N\$10 million (\$1.2 million) \$642.67 for mines with earnings above N\$10 million (\$1.2 million)		
Application fee for platinum for an Special prospecting license	\$500 000	N/A	\$424.73	\$1000	N/A		\$64 Equivalent to R500	
Registration fee for platinum for ordinary block	\$2.5 million Not provided for in law	\$346 license fee	NA	N/A	N/A		\$129.41	
Registration fee for platinum for Special block	\$2.5 million		N/A	N/A	N/A			
Ground rental for platinum per 5 Ha or part thereof	\$1 000	\$0.07/Ha/yr		\$10 - \$20/ha	For small scale \$63.20/yr For Mining Lease \$316/yr		No annual fees	

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
					For Quarry Lease \$126/yr			
Application fee for chrome for an ordinary prospectors license	\$500	\$69	\$424.73	\$100	There is a fee for large scale and another for small scale For small scale \$63.20 For Mining Lease \$316 For Quarry Lease \$126	Have a Mining Lease for all minerals. \$128.53 for mines with earning up to N\$10 million (\$1.2 million) \$642.67 for mines with earnings above N\$10 million (\$1.2 million)	\$64	
Application fee for chrome for an Special prospectors license	\$3 000		\$424.73	\$100	N/A		\$129.41	
Registration fee for chrome for an ordinary prospectors license	\$2 000	\$346	N/A	N/A	N/A	Have a Mining Lease for all minerals . \$128.53 for mines with earning up to N\$10 million (\$1.2 million) \$642.67 for mines with earnings above N\$10 million (\$1.2 million)	N/A	N/A
Application fee for chrome for an Special prospectors	\$5 000	N/A	\$424.73	N/A	N/A		\$64	

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
license								
Ground rental for chrome per ordinary block	\$500/ Block or \$50/ha	\$0.07/Ha/yr		\$10/ha	For small scale \$63.20/yr For Mining Lease \$316/yr For Quarry Lease \$126/yr			
Ground rental for chrome for a special block	\$3 000	N/A		N/A				
Application for registration of base mineral block pegged under an ordinary prospecting license	\$2 000	\$69	\$424.73	\$100		Have a Mining Lease for all minerals. \$128.53 for mines with earning up to N\$10 million (\$1.2 million) \$642.67 for mines with earnings above N\$10 million (\$1.2 million)		
Certificate of registration after transfer	\$5 000	\$87	\$107 per transfer	\$100				
Application for registration of base mineral block pegged under an ordinary prospecting license	\$2 000	\$69	\$424.73	\$100	There is a fee for large scale and another for small scale For small scale \$63.20 For Mining Lease			

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
					\$316 For Quarry Lease \$126			
Application for registration of base mineral block pegged under an Special prospecting license	\$4 000	\$69	\$424.73					
Application for revocation	\$5 000	\$87	N/A	N/A	N/A	N/A		N/A
Inspection fee	1 st – \$20/ha 2 nd – \$40/ha	\$0.0035/Ha/yr – \$0.16/Ha/yr	\$16.13/Ha or part there of as rental for mining leases \$14.30/Ha for rental of a General Purpose Lease (equivalent to a site)	\$	Annual service fees Small scale lease \$63.20/ year Mining Lease \$158/year Quarry Lease \$126/year			
Inspection fee by payment	\$500/ha	N/A	N/A	N/AN/A				
Special Grant part XIX registration fee	\$10 000	\$69	\$424.73	\$1000 - \$2 000				
Rental for special Grant under part XIX	\$100/ha	\$0.07/Ha/yr			Annual service fees Small scale lease \$63.20/ year Mining Lease \$158/year			

Description	Zimbabwe	Zambia	Western Australia	Tanzania	Nigeria	Namibia	RSA	Botswana
					Quarry Lease \$126/year			

Source: The *Chamber of Mines of Zimbabwe (COMZ)*, 2012

ANNEXURE D: List of Participants

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