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**FOURTH SESSION – EIGHTH PARLIAMENT**  
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**FIRST REPORT**

**OF THE PORTFOLIO COMMITTEE ON YOUTH, INDIGENIZATION AND  
ECONOMIC EMPOWERMENT**

**ON**

**MARANGE-ZIMUNYA COMMUNITY SHARE OWNERSHIP TRUST**

*Presented to Parliament of Zimbabwe on Tuesday, 25 October 2016*

**Sc 22, 2016**

**ORDERED IN TERMS OF STANDING ORDER No. 17 THAT:**

- 1) At the commencement of every session, there shall be as many committees to be designated according to government portfolios as the Standing Rules and Orders Committee may deem fit.
- 2) It shall be the function of such committees to examine expenditure administration and policy of government departments and other matters falling under their jurisdictions as Parliament may, by resolution determine.
- 3) The members of such committees shall be appointed by the Standing Rules and Orders Committee, from one or both Houses of Parliament, and such appointments shall take into account the expressed interests or expertise of the Members and Senators and the political and gender composition of Parliament.

**TERMS OF REFERENCE OF PORTFOLIO COMMITTEES S.O. No. 20**

Subject to these Standing Orders, a portfolio committee shall-

- a) consider and deal with all Bills and Statutory Instruments or other matters which are referred to it by or under a resolution of the House or by the Speaker;
- b) consider or deal with an appropriation or money bill or any aspect of an appropriation or money bill referred to it by these Standing Orders or by or under resolution of this House;
- c) monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, policy or any other matter it may consider relevant to the government department falling within the category of affairs assigned to it, and may for that purpose, consult and liaise with such a department; and
- d) consider or deal with all international treaties, conventions and agreements relevant to it, which are from time to time negotiated, entered into or agreed upon.

On Thursday, 6 October 2016, Mr Speaker announced that the Committee on Standing Rules and Orders had nominated the following Members to serve on the Portfolio Committee on Youth, Indigenization and Economic Empowerment:

**Hon. Wadyajena Justice Mayor (ZANU PF, GOKWE - NEMBUDZIYA) (Chairperson)**

Hon. Beremauro Godfrey (ZANU PF, Hurungwe Central)  
Hon. Hon. Chibaya Amos (MDCT, Mkoba)  
Hon. Chikuni Esther (ZANU PF, PR Manicaland)  
Hon. Chipanga Kudzanai (ZANU PF, Makoni West)  
Hon. Chiwa Darlington (ZANU PF, Chiredzi West)  
Hon. Chiwetu Jeremiah (ZANU PF, Marondera East)  
Hon. Dube Siphon (MDCT, PR Matebeland South)  
Hon. Gangarahwe George (ZANU PF, Mhondoro Mubaira)  
Hon. Guzah Keith (ZANU PF, Hurungwe West)  
Hon. Hungwa Gladys (ZANU PF, PR Mashonaland East)  
Hon. Kagonye Petronella (ZANU PF, Goromonzi South)  
Hon. Madondo Ticharwa (ZANU PF, Gutu North)  
Hon. Madubeko Josphat (ZANU PF, Vungu)  
Hon. Makonya Joyce (MDCT, PR Manicaland)  
Hon. Matienga Margaret (MDCT, Sunningdale)  
Hon. Matimba Kennedy (ZANU PF, Bikita)  
Hon. Mhlanga Jeniffer (ZANU PF, PR Mashonaland West)  
Hon. Masuku Phelela (MDCT, Nketa)  
Hon. Nhambu Betty (ZANU PF, Kuwadzana)  
Hon. Ndlovu Nomathemba (MDCT, PR Mat South)  
Hon. Nyamupinga Biatta (ZANU PF, Goromonzi South)  
Hon. Pedzisai Innocent (ZANU PF, Churumhanzu)  
Hon. Porusingazi Enoch (ZANU PF, Chipinge South)  
Hon. Shamu Webster (ZANU PF, Chegutu East)  
Hon. Simbanegavi Yeukai (ZANU PF, PR Masvingo)  
Hon. Sithole Godfrey K (MDCT, Chitungwiza North)  
Hon. Toffa Jasmine (MDC, PR Bulawayo)  
Hon. Zhou Tafanana (ZANU PF, Mberengwa North)

## FOREWORD

The Constitution of Zimbabwe states explicitly that; s3(2)(f) The principles of good governance, which bind the State and all institutions and agencies of government at every level include - respect for the people of Zimbabwe, from whom the authority to govern is derived.

This constitutes an important obligation to all citizens to not only make good on promises of development and prosperity, but to offer leadership that is defined by transparency, integrity and accountability. Our leadership, ultimately, is in service of the people; s3(2)(g) Transparency, justice, accountability and responsiveness.

In as much as the politicians and public representatives of the day are expected to provide solutions to the most pertinent challenges faced by the people they represent, they must, with equal fervour, admit when they have failed. This humility will allow us as a nation to not only learn and grow from our mistakes, but will ensure that the electorate is certain of the sincerity and good faith of its leadership.

The promises that the Government makes to citizens of Zimbabwe, as well as the confidence the citizens hold in the government cannot be taken for granted and must be honoured and safeguarded, always. While this inquiry brings to light damning evidence of misrepresentation and impropriety by some public officials to the people of Zimbabwe in general and the communities of Marange-Zimunya in particular, it offers an opportunity to fully hold to account those responsible for the deliberate deception to H.E Cde. RG Mugabe and the communities that agreed to erstwhile sacrifices in the name of the nation's progress.

To leave one's home, making way for development, even on the promise of a better life is neither a light feat nor an easy task. We as Zimbabweans know only too well how intrinsically bound we are to the land of our ancestors and know the spiritual symbolism of home. We must know, then, that when we beg such sacrifices from our citizens, we are morally obliged to honour all of the guarantees we make to them.

It then becomes not only folly but disingenuous and treacherous for politicians and public servants alike to prejudice the good people of this nation any entitlements for personal benefit on account of the temporary position of borrowed power they exercise.

The Committee hopes that this report provides adequate basis for redress of wrongs committed against the communities of Marange-Zimunya and further hopes that the Government of Zimbabwe will take the requisite actions to restore the confidence of the people of this community and the nation at large.

## **1.0 INTRODUCTION**

1.1 Zimbabwe's Indigenisation and Economic Empowerment Programme is an endeavour by the Government of Zimbabwe to economically empower the previously disadvantaged and economically deprived majority of indigenous Zimbabweans by guaranteeing them ownership and control of the country's natural resources and the national economy. Zimbabwe's Indigenisation and Economic Empowerment Regulations establish various mechanisms for delivering this broad-based empowerment, including the Community Share Ownership Trusts (CSOTs). CSOTs are established in terms of section 14B of the 2010 Indigenisation and Economic Empowerment Act [Chapter 14:33] as read with the Indigenization and Economic Empowerment General Regulations of 2010 to provide surrounding communities whose natural resources are being explored by any 'qualifying business' a guaranteed shareholding in businesses that are active in their area.

CSOTs are constituted by a Deed of Trust presided over by trustees comprising Chiefs, Local Government Authority representatives and representatives from interest groups within the community. The key objective of CSOTs is to facilitate development and stimulate growth of the local economy while adding value to the wider national economy. To date, a total of 61 CSOTs have been duly registered with the Deeds Office. Of these, 60 are located in rural Zimbabwe, with one being situated in the urban area of Mabvuku -Tafara.

There has been wide-spread concern around the perceived general failure, maladministration and abuse of the country's 61 established CSOTs, including the Marange-Zimunya Community Share Ownership Trust (M-Z CSOT). These concerns arose against a backdrop of various unfulfilled commitments by qualifying businesses to provide capital that facilitate administrative and local development activities as pledged. Specifically, misgivings around the efficacy of the M-Z CSOT emanate from reports that despite the extensive mining of diamonds in the area, which is believed to be among those with the highest probable reserves globally, the local communities have not benefitted in any meaningful way. In particular, reports from community interest groups and the media alleged that the communities continue to languish in poverty and underdevelopment, unable to access the

most basic services, including healthcare, schools and clean water<sup>1</sup>. This was suggested to be, in part, as a result of six diamond mining companies not honouring a number of key commitments made to the communities, including a \$50 million contribution towards the MZ CSOT, the provision of \$1,000 in compensation to families relocated from Chiadzwa mining field and derisory land allocated to resettled families.

1.2 In accordance with its mandate to examine the administration and policies of the Ministry of Youth, Indigenisation and Economic Empowerment, and matters falling under its jurisdiction, the Committee embarked on an enquiry to establish the extent of these claims. To this end, in launching its investigations the Committee set out to achieve the following objectives:

- i) To determine the nature of the commitments made by Anjin Investments, Diamond Mining Company, Mbada Diamonds, Marange Resources, Jinan Investment Private Limited and Rera Diamonds to the Marange-Zimunya Community Share Ownership Trust;
- ii) To understand the obligations, if any, binding Anjin Investments, Diamond Mining Company, Mbada Diamonds, Marange Resources, Jinan Investment Private Limited and Rera Diamonds to the Marange-Zimunya Community Share Ownership Trust;
- iii) To analyze the causes of the failure of the implementation and operationalisation of the Marange-Zimunya Community Share Ownership Trust; and
- iv) To ascertain the nature and extent of the challenges faced by families relocated from the Chiadzwa mining fields

This Committee Report is a culmination of observations emanating from the investigation. It presents:

- a) Background information on indigenisation and economic empowerment and the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET);
- b) Outline of issues linked to the failure to effectively implement the relocation of displaced villagers in ARDA Transau by the diamond mining companies;
- c) Summary and outcomes of oral evidence gathered;
- d) Committee findings and;
- e) Recommendations.

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<sup>1</sup> The Herald, 23 March, 2016

## 2.0 BACKGROUND

2.1 A number of factors motivated the necessity for this inquiry. These included, firstly, the prominence of CSOTs in the national development agenda as identified in the Indigenisation and Economic Empowerment Policy and the Zimbabwe Agenda for Sustainable Socio-Economic Transformation. Failure to recognize the central role that CSOTs are intended to play in socio-economic prosperity, and consequent failure to efficiently implement and operationalize CSOTs by key stakeholders provided just cause for examination. Secondly, the lack of clarity of the exact nature and extent of commitments (as well as conflicting claims of the same) made by relevant mining companies and other stakeholders towards the M-Z CSOT provided grounds for concern. Thirdly, disturbing reports of the bitter disappointment on the part of families relocated from the Chiadzwa mining fields around the non-remittance of their compensation funds, the inadequate size of the newly allocated plots and their inability to access basic services appeared to constitute unmet obligations on the part of the mining companies. Fourthly and finally, the proposed consolidation of all Zimbabwean diamond concessions and companies and the inheritance of all assets and liabilities of existing mining companies by Zimbabwe Consolidated Diamond Corporation brought to bear the question of what the exact obligations would be in respect to the M-Z CSOT.

These issues gave basis for the pursuit of an investigation by means of oral and written submissions of evidence by related stakeholders as well as fact-finding missions to relevant localities.

### 2.2 Policy Framework

The Indigenisation and Economic Empowerment Policy informs and guides the coordination of the national indigenization and economic empowerment agenda primarily through the implementation of the Indigenisation and Economic Empowerment Act [Chapter 14:33] as read with Indigenisation and Economic Empowerment regulations of 2010. The policy, if well implemented, facilitates the institution of measures to ensure participation in the economy by a broad spectrum of the indigenous Zimbabwean population. Thus, the policy drives a noble cause of economically empowering indigenous people who were historically disadvantaged before and after our independence in 1980. The Act seeks to bestow majority ownership and control of the country's resources to the black majority. More specifically, the Act advises that at least: "51 per centum of the shares of every public company and any other business shall be owned by indigenous Zimbabweans". The Indigenization and Economic Empowerment Act also provides for the creation of an Empowerment Fund to finance the acquisition of working capital, shares, and other forms of finance for indigenous people.

### **2.3 ZIMASSET and Community Development**

The Zimbabwe Agenda for Sustainable Socio-Economic Transformation not only complements the Indigenisation and Economic Empowerment Policy in its goal to revive the economy, but maintains indigenisation and empowerment as its core thrust. The foreword of the blueprint, penned by His Excellency, President Robert Mugabe, reads, “ZimAsset was crafted to achieve sustainable development and social equity anchored on indigenisation, empowerment and employment creation which will be largely propelled by the judicious exploitation of the country’s abundant human and natural resources.” Additionally, the Cluster on Social Services and Poverty Reduction directly refers to the establishment of CSOTs as a key deliverable for improved economic empowerment and indigenization. CSOTs, therefore, act as vital vehicles through which some of the ends of ZimAsset are to be met.

The M-Z CSOT was officially launched on 25 July, 2012 by President Mugabe. It is at this launch that the five companies operating in the area, namely, Anjin Investments, Diamond Mining Company, Mbada Diamonds, Marange Resources and Jinan Investment Private Limited, allegedly pledged to contribute US\$10 million each to the Trust. To date, the diamond mining companies have remitted a combined total of just \$400 000 out of \$50 million in pledges. It is against this background that the failure by diamond mining companies to honour their alleged \$50 million pledge towards the M-Z CSOT scheme is widely viewed as having stalled development programmes in the community.

### **2.4 Unclear Expectations**

Among the factors driving this enquiry was the appearance of a lack of clarity and consistency across the five mining companies of the role they were to play in the M-Z CSOT. Anjin Investments, for instance, had previously expressed that it was not aware of the Marange-Zimunya Community Share Ownership Trust (CSOT) and that it had not made any pledges towards its implementation. This was contrary to the assertions of the former Youth Development, Indigenisation and Empowerment Minister, Honourable Saviour Kasukuwere, who accused the mining companies of dishonesty. Reports of the diamond companies’ failure to pay \$10 million towards the pledged \$50 million target for Marange-Zimunya Community Trust, therefore, could not be understood, given reports and speculation that the companies were enjoying significant profits.

### **2.5 Relocated Community Members**

The Committee was concerned with the relocation of the displaced villagers by the mining



companies. Villagers were allocated land in Arda Transau but complained of being allocated one hectare plots, which were insufficient in meeting their needs. It was also reported that their compensation of \$1.000 per family has not been remitted (this was still the case as of March 2016.)

## **2.6 Consolidation of Diamond Concerns**

The Zimbabwe Consolidated Diamond Corporation (ZCDC) seeks to amalgamate all diamond concessions in the country. ZCDC will inherit both the assets and liabilities of the diamond mining companies, including the pledges towards share ownership trusts. Minister of Mines and Mining Development, Honourable Walter Chidhakwa has stated that new diamond firm will honour the \$50 million pledge to the Marange-Zimunya Community Share Ownership Trust “The successor company will inherit both assets and liabilities of the merging companies...What this means is that companies in Marange, as is the case, took a position on the community share ownership trust...The new company will take over that responsibility and will, therefore, have to fulfil that pledge.”<sup>2</sup> As such the exact nature of this commitment must be established and clarified for the benefit of the communities and the ZCDC.

## **3.0 METHODOLOGY**

In undertaking this enquiry, the Committee adopted the following methodology:

### **3.1 Oral Evidence Sessions**

The Committee held oral evidence sessions with the following key stakeholders:-

- k) The board of Trustees of the Marange-Zimunya Community Share Ownership Trust on 13 and 27 February, 2014;
- l) The Diamond Mining Companies (i) Anjin Investments (ii) Diamond Mining Company (iii) Mbada Diamond (iv) Marange Resources and (v) Jinan Investment Private Limited on 07 March 2014;
- m) Honourable Christopher Mushowe, then Minister of State for Provincial Affairs, Manicaland Province on 10 April 2014;
- n) Honourable Francis Nhema, then Minister of Youth, Indigenisation and Economic Empowerment on 03 April 2014 and 26 June 2014;
- o) Honourable Walter Chidhakwa, the Minister of Mines and Mining Development on 12 March 2015;

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<sup>2</sup> The Chronicle, 25 November, 2015

- p) Mr Masunga, Acting Permanent Secretary for Youth, Indigenisation and Economic Empowerment on 07 May 2015;
- q) Mr Chizhou, then Acting General Manager of Zimbabwe Mining Development Corporation (ZMDC) & Acting Permanent Secretary for Mines and Mining Development on 7 May 2015;
- r) Honourable Saviour Kasukuwere, then Minister of Youth, Indigenisation and Economic Development on 9 July 2015;
- s) Honourable Obert Mpofu, then Minister of Mines and Mining Development on 30 July 2015;
- t) Zimbabwe Diamond Workers Union on 14 April 2016 and;
- u) Jinan Investment Private Limited on 23 June 2016

### **3.2 Written Submissions**

The Committee received written submissions from the Board of Trustees of the Marange-Zimunya CSOT; Zimbabwe Diamond Workers Union as well as from participants on the Public Hearings.

### **3.3 Fact-finding Visit**

The Committee undertook a fact-finding mission to Chiadzwa and the Arda Transau resettlement area from 31 March to 01 April 2016 which included:

- a) A meeting with the Provincial Administrator in Mutare;
- b) Visits to the Corporate Social Responsibility projects in Transau Estate, including Welling Primary School and Charasika Primary School built by Mbada Diamonds; Anjin Investments Water Reticulation Plant for villagers relocated in Transau Estate; and
- c) Visits to Mbada Diamonds Corporate Social Responsibility projects, including St. Noah College and the Chiadzwa sub-chief homestead, both built by Mbada Diamonds;

### **3.4 Public Hearings**

The Committee conducted public hearings and evidence gathering exercises at Chirasika Business Center (ARDA Transau), Zimunya Business Center on 01 April 2016 and Bambazonke Business Center, Marange 02 April 2016.

## **4.0 ORAL SUBMISSIONS TO THE COMMITTEE**

### **4.1 Marange-Zimunya CSOT Board**

The Board of the Marange-Zimunya CSOT appeared before the Committee twice, on 13 and 27 February 2014. The Chairperson of the Trust, Chief Marange, informed the Committee that in June 2013, the Trust received USD 400,000 in their account. He further informed the Committee that the Trust was astonished about the amount deposited given that during the official M-Z CSOT launch, a cheque of USD 1.5 million was displayed. Chief Marange pointed out that they were surprised to receive USD 200,000 apiece from Marange Resources and Mbada Diamonds instead of the USD 50 million, USD 10 million apiece from the 5 major mining companies in the area.

**4.1.2** The Trust Secretary Mr Chinaka highlighted that the Trust was facing challenges in managing the public expectations as the mining companies were not remitting funds into the Trust. He indicated that the communities were expecting projects to the tune of USD 50 million but the Trust was working with the sum of USD 400,000. Meeting public's expectation was an unattainable task, a point reinforced by Chief Marange who lamented that the rumour mill at the time was awash with stories that the Trustees were abusing the Trust funds. Chief Zimunya also questioned why the USD 1.5 million which was displayed at the launch amid pomp and ceremony had not been remitted to the Trust. He accused the mining companies of misleading and lying to the President on the amount of money to be released. Chief Zimunya further challenged the National Indigenisation and Economic Empowerment Board (NIEEB) to explain to the Trust and the Committee why the rest of the money had not been released.

**4.1.3** Chief Zimunya informed the Committee that there was interference by the Provincial Leadership in the operations of the Trust and within the mining companies. He alleged that this interference by the political leadership could be the reason behind the failure by the Mining companies to fulfil their pledges. He emphasised interference by ZANU PF political leadership in the Province led by Mr. Didymus Mutasa, the then Head of Manicaland Province who has since been expelled from the ruling Party. He further alleged that there were cash donations and motor vehicles donated to individuals and not to the Trust which could have contributed to the companies not meeting their obligations. Chief Zimunya challenged the Committee to go on the ground and investigate why the funds had not been remitted into the Trust account two years after the launch of the CSOT.

### **4.2 Marange Resources**

**4.2.1** On 7th March 2014, Marange Resources made its presentation to the Portfolio Committee on

Youth, Indigenization and Economic Empowerment. The company informed the Committee that it fully complied with the Indigenization and Economic Empowerment Act: that it was 100% government owned; and 100% Zimbabwean in its management structure. The company reported that 92% of profits generated was spent in the local economy, and that only 8% was used to source raw materials that could not be sourced locally. In terms of employment, the company reported that 54% personnel were recruited from Marange-Zimunya area and 46% from other areas of the country; 90% of workers were said to be males while 10% were females; and that 75% of 589 workers were youths, in the age group of 40 years and below.

**4.2.2** The Committee was informed that in its socio-corporate responsibility, a total of \$22 million, between 2011 and 2013, had been disbursed of which 86% went to the relocation exercise, where out of a target of 350 houses, it built, 184 houses and relocated 116 households. Other areas of Social Corporate Responsibility include education, sport, and subsistence assistance including school feeding programmes for local schools, and distribution of food hampers and agricultural inputs to households, as well as construction of community projects which include Marange Vocational Center, Marange Hospital donations, Murwira Children's Home, and Zororai Old People's Home.

**4.2.3** The Committee was informed that the company's contributions to its Corporate Social Responsibility projects had been hampered by liquidity constraints in the economy, as a result the company was facing acute shortage of working capital and capacity constraints. Consequently, it was experiencing difficulty in contributing towards the \$50 million for the M-Z CSOT. However, the company informed the Committee that it had made a contribution of \$200 000 from the 2 million dollars it was supposed to contribute towards the Trust Fund. The company further alleged that from the onset, the pledges were prorated in line with the capacity of the company. Thus Marange Resources would contribute 2 million and not 10 million. The Committee heard that there was no documentation on the pledges to be paid to the Marange-Zimunya Community Share Trust.

### **4.3 Diamond Mining Corporation (DMC)**

**4.3.1** On 07 March, 2014 Diamond Mining Corporation (DMC) made its presentation to the Committee. The Committee heard that the diamond mining company was summoned for a meeting at the Ministry of Mines chaired by the Permanent Secretary, Prof. Gudyanga, to discuss the CSOT. The discussion centred upon a collective contribution of USD 10 million which was needed as a capital investment by the trustees on a diamond mining project on behalf of the community. The company alleged that during the discussion it was understood that a concession area was already

allocated to the community by government and that capital investment was all that was needed. The company further alleged that of the USD 10 million to be paid, each company was to contribute USD 1.5 million dollars. The company informed the Committee that pursuant to the launch of M-Z CSOT, it expressed commitment to pay USD 1.5 million in small amounts. The company further mentioned that contrary to its pledge, it later learnt that USD 1.5 million was required immediately and as a lump sum, an undertaking that was not achievable for the company. The Committee learnt that the matter was brought up at several meetings held between the mining company and ZMDC wherein clarification was sought and correction was called for. The company alleged that ZMDC responded by saying that the matter was decided at a higher level and would be addressed in due course but was later advised by ZMDC not to make a contribution to the CSOT.

**4.3.2** DMC further highlighted challenges of weak coordination between relevant authorities, trustees, and mining companies to see through the successful implementation of the Trust fund. It was the view of DMC that USD 1.5 million per company should be spread over smaller payments rather than being paid at once. The company reported that it had relocated 50 families, yet from the progress reports on relocation provided by the Provincial Administrator's Office, had only constructed 30 houses and relocated 30 households, out of a target of 114 households. The company also informed the Committee that it was involved in sinking boreholes, the supply of seeds, fertilizers, food packages and cash hand-outs, yet during public hearings, such schemes were said to have stopped as far back as 2012.

#### **4.4 Anjin Investments**

**4.4.1** On 07 March, 2014 Anjin Investments made its presentation to the Portfolio Committee on Youth Indigenization and Economic Empowerment. The Committee was informed that the company was compliant with the Indigenization Act being a joint venture company between Afec and Matbronz on a 50:50 basis. On the payment of the pledged USD 1.5 million towards the Marange-Zimunya Community Share Ownership, the company reported that it was advised by the then Minister of Youth, Honourable Minister Kasukuwere that payment of the USD 1.5 million was supposed to be paid over a period of five years, rather than a once off payment. The General Manger, Public Relations, Mr M Machacha emphasized that Honourable Minister Kasukuwere knew there was no money to honour the dummy cheque but insisted on the President presenting the said dummy cheque.

The Committee heard that the company was not making its payments towards the Trust Fund, because when the pledge was made, the economic situation was 'good' and that the company was now facing

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The Committee heard that the company was not making its payments towards the Trust Fund, because when the pledge was made, the economic situation was 'good' and that the company was now facing

cash-flow challenges and decreasing productivity and sales were declining. The company also informed the Committee that in spite of the decline in productivity and sales, it had built a total of 471 houses, primary and secondary schools, clinics and a shopping centre and water reticulation for the villagers' relocation to Arda Transau at a cost of USD 80 million. Other Corporate Social Responsibility projects were said to include the provision of treatment to 800 relocatees suffering from eye cataracts and sending students to study in China.

#### **4.5 Mbada Diamonds**

**4.5.1** The Committee was informed that since its inception, Mbada Diamonds had exceeded the USD 1 billion mark in its turnover and that the bulk of the money was remitted to the national fiscus. The company stated that at one point Mbada Diamonds was contributing USD 15-20 million a week into national fiscus. The Committee established that Mbada Diamonds had not pledged any contribution to the CSOT but stands ready to contribute to the fund to help improve the lives of people in the community. The Committee also noted that the USD 200, 000 dollar contribution Mbada Diamonds made to the CSOT was under its Corporate Social Responsibility programme.

**4.5.2** The Committee gathered that the Chairman of Mbada Diamonds, Dr Mhlanga, was one hundred percent certain that he never pledged anything to the Trust and that Mbada Diamonds was not represented at the launch. He also dismissed as malicious fabrication of the rumour that Mbada Diamonds gave Mr M Madiro cash or vehicles or any gift whether in kind or otherwise.

#### **4.6 Honourable Francis Nhema, then Minister of Youth Development, Indigenisation and Empowerment**

**4.6.1** Honourable Nhema, Minister of Youth Development, Indigenisation and Empowerment, confirmed to the Committee that there was no written agreement and/or correspondence between the Ministry of Youth Development, Indigenisation and Empowerment, and the Companies on the USD 50 million dollar pledge. The Minister alleged that the pledge was made in a meeting, and no minutes of proceedings were produced. He pointed out that he had not seen any documentation from the companies to the Ministry and vice versa, he stated that no written agreement existed although he assumed there was a "gentlemen's agreement."

**4.6.2** Honourable Nhema pointed out that in any event, if he were to meet with the mining companies, the Ministry of Mines and Mining Development would be present because the companies fall under the jurisdiction of that Ministry. He expressed concern over the negotiations, noting that they were

not holistic and did not involve all stakeholders. He pointed out that had all parties been present during the discussions, there would have been more transparency. Honourable Nhema informed the Committee that the Ministry had learnt that in all dealings and pledges, all interested parties must be represented so that work is done amicably by all parties and that everything be documented to enable easy follow-ups. The former Minister further stated that the correspondence purported to have been signed by his predecessor, Hon. Minister S. Kasukuwere did not exist at his offices and even security had failed to track and locate it.

#### **4.7 Honourable Christopher Mushowe, then Governor of Manicaland Province**

The Committee was informed that on 20 August 2012, Honourable Mushowe received a letter from Hon. Minister Saviour Kasukuwere requesting him as Governor to make follow ups and ensure that the pledges made by the diamond mining companies were met for the benefit for the Marange-Zimunya Communities. The Committee established that Honourable Mushowe told some companies verbally that they should honour their pledges and that he wrote formally to Anjin reminding them to honour their pledge. He pointed out that he had written to Anjin only because Anjin was the only company that came to the launch and had presented the USD 1.5 million dummy cheque. He further pointed out that he made follow-ups via telephone reminding Anjin to deposit the amount pledged to the CSOT.

#### **4.8 Honourable Walter Chidhakwa, Minister of Mines and Mining Development**

The Committee gathered that when the Minister of Mines and Mining Development, Honourable Minister Chidhakwa, had a meeting with the mining companies they informed him that at the inception of the M-Z CSOT, there was no meeting held to discuss contributions to the CSOT. The Committee heard that the companies further alleged that no discussions were made on the amounts that would be deposited in accounts, the manner and the purpose of the CSOT and how it linked with the companies Social Corporate Responsibility. He informed the Committee that the companies had shown commitment that they were ready, willing and able to discuss with Government on the figures to be paid because the figures that were mentioned during the launch of the CSOT, were only mentioned but had never been agreed to. He further elaborated that the companies reiterated that a meeting was never held to discuss the sum that each company would pay into the CSOT.

#### **4.9 Mr Masanga, Acting Permanent Secretary Youth, Indigenisation and Economic Empowerment.**

The Acting Permanent Secretary informed the Committee that in terms of Clause 3 subsection 2 of



Statutory Instrument 21 of 2010, the Minister of Youth, Indigenisation and Economic Empowerment, and the company that is exploiting the resources within various communities, have to agree to the value of share and other interests to be disposed to the CSOT taking into consideration the State's sovereign ownership of the resources being exploited. In this vein, with regards to the Marange-Zimunya Community Share Ownership Trust, he alleged the Minister responsible had met with the mining companies and pledges were made formally in spite of being unable to produce correspondence to that effect.

#### **4.10 Mr Chizhou Acting Permanent Secretary Mines and Mining Development and ZMDC Acting General Manager.**

**4.10.1** He informed the Committee that when the President launched the M-Z CSOT, there was a reported USD 50 million initial contribution by the 5 diamond mining companies in Chiadzwa. This meant that each entity was to contribute \$10 million. He further pointed out that the launch was conducted solely by the Ministry of Youth, Indigenisation and Economic Development with the ZMDC only being invited to attend the event but that it was not involved in meetings prior to the launch or preparations to the launch.

**4.10.2** The Committee learnt that the Ministry of Mines and Mining Development called upon ZMDC to ensure that the diamond mining companies deposit an initial amount of USD 200,000 to the M-Z CSOT bank account. The Committee was further informed that ZMDC called for a meeting wherein companies were urged to concur with the Ministry's directive of making remittances to the Trust. In the meeting, it was noted that each diamond mining company was required to make a payment of USD 200,000 to the account with immediate effect.

**4.10.3** The Committee determined that there was no correspondence from Hon. Minister Kasukuwere, the former Minister of Youth, to Hon. Minister Mpofu, the former Minister of Mines in relation to the M-Z CSOT. Mr Masunga stated that the pledges were verbally made and that there wasn't any correspondence nor existing minutes to that effect. Mr Masunga emphasised that the pledges were not in writing and they had consulted thoroughly within the Ministry of Youth and had gone through all the files but could not find any correspondence or minutes regarding the pledges.

#### **4.11 Honourable Saviour Kasukuwere, then Minister for Youth Development, Indigenisation and Empowerment**

**4.11.1** The Committee heard that the former Minister for Youth Development, Indigenisation and

Empowerment had engaged unnamed "Zimbabwean Principals in the joint ventures" of the mining companies. He stressed that there was no need to sign agreements with the mining companies because government had equal shareholding in them. He further alleged that since it was government's position that the alluvial resources must benefit the communities at the local level and as such, there was no need for a signed agreement with the mining entities. He argued that the discussions with regards to the empowerment of the people of Marange were handled at Cabinet and senior levels. The Minister alleged that the Ministry of Defence was responsible for Anjin Investments, for Marange Resources initially under Mr Kurotwi, Director of Core Mining and Mineral Resources, and later by ZMDC which in turn was represented by the Ministry of Mines. He further alleged that the Principal for the other companies was ZMDC, a Parastatal under the auspices of the Ministry of Mines. To this end, the Minister alleged that the people who had appeared before the Committee were not the ones he had entered into agreement with and he had never met them even at ministerial level.

**4.11.2** The Committee heard, from Hon. Minister Kasukuwere, that a company owned by the people of Marange was set up and allocated a concession. The USD 50 million seed capital expected from the mining companies was to capacitate and capitalize this company to enable the community to mine and benefit from the resources. He pointed out that the companies might not have met their pledges because of lack of adequate funds. He further pointed out that Marange Resources had committed to paying a sum of USD 50 000 and that Mbada Diamonds had paid USD 400 000 into the M-Z CSOT when he was still with the Ministry. This, however, has proven not to be a factual assertion as the CSOT only received USD 400 000 from Mbada Diamonds and Marange Resources. He informed the Committee that he was not responsible for the dummy cheque that was displayed during the launch of the CSOT. He explained that he did not work for BANC ABC and that he did not draw up the dummy cheque.

**4.11.3** The Minister reiterated that he did not discuss the pledge with Mr Machacha whom he claimed was merely a Chairman of the company. He denied ever instructing Anjin to display the USD 1.5 million dummy cheque during the launch of the CSOT. He informed the Committee that since it was government policy, Mr Machacha was instructed by the powers that be to bring the cheque, not by the Minister. He pointed out that Mr Machacha was just an employee or somebody who had been asked to stand in for the stakeholders. The former Minister further pointed out that he had discussed the pledges with Government, the shareholders.

**4.11.4** The Committee was informed, by Hon. Minister Kasukuwere, that a position was taken by

Government, the technical teams from NIEEB and the Ministry of Mines who discussed and agreed that although a percentile of Shares would be given to the community, and it was more beneficial for government to capitalize the fund by having a seed capital of \$10 million apiece. According to the Minister, it was a result of various discussions by Ministry officials that government reached an agreement on the amount to be paid with the Ministry of Mines who were the major shareholders of the 50-50% joint ventures. The Committee learnt that Hon. Minister Kasukuwere had not engaged General Mhlanga, CEO of Mbada Diamonds or even AFFEC shareholders who owned 50% of both Anjin Investments and Jinan mining entities. He pointed out that these entities were treated differently from the private companies because these were State linked entities. He emphasized that the understanding that \$10 million apiece be availed to the CSOT was agreed to by all officials. He, however, refused to mention the names of the so called higher offices that he consulted or had given him directives to strike some working arrangement with the Ministry of Mines.

#### **4.12 Honourable Obert Mpofu, then Minister of Mines and Mining Development**

**4.12.1** The former Minister submitted that his then Ministry facilitated the actualisation of the indigenisation law but the implementation and administration fell under the purview of the Ministry of Youth. He outlined that the Ministry of Mines and Mining Development was not involved in the engagement of diamond mining companies. He maintained that he had no recollection of any kind of correspondence from the former Minister of Youth, Hon. Minister Kasukuwere, it be on the pledges made by Diamond Mining companies or inviting him to the launch of the M-Z CSOT. He pointed out that, “This is a serious decision that would require proper documentation of that arrangement and you do not discuss such major transactions verbally. If there was such arrangement, they should have been some documentation to that effect and I am not aware of that documentation”.

**4.12.2** He submitted that he did not remember entering into any agreement with ZMDC on making any pledges. He further denied the existence of any agreement, documentation or discussion arrangements on the USD 10 million pledges by the five diamond mining companies nor between the Ministry of Mines and Mining Development and ZMDC. He stated that he had no recollection whatsoever of any directive that was made from the Cabinet or from anywhere to his then Ministry regarding the USD 50 million pledges by the five mining companies in Chiadzwa. He further distanced himself from the activities of Hon. Minister Kasukuwere stating that he was never invited to participate at the launch of the Marange-Zimunya CSOT which was strange considering that mining firms fell under his ambit.

#### 4.13 Jinan Mining Private Limited

4.13.1 Mr Goronga, the Deputy Marketing Director of Jinan, informed the Committee that in accordance with the agreement of the joint venture between Marange Resources and AFFEC two percent of the joint venture company net profits shall be allocated for the funding of the CSOT. He pointed out that pursuant to this clause Jinan had not remitted anything to the CSOT because it has been making losses since it started operations on 5 October 2012. He elaborated that the year ending December 2013 a loss of USD 56.9 million was made and the subsequent year 2014, Jinan made a loss of USD 64.3 million. Mr Goronga pointed out that pursuant to this, the 2% which was not on gross sales but net profit was not realized. He submitted that for the past two years excluding 2015, Jinan had not made a profit.

4.13.2 In response to the Committee's enquiry on the USD 500 million which was siphoned from Jinan Mining Private Limited to BancABC Botswana, Mr Goronga advised the Committee that the issue is under the Zimbabwe Republic Police, Serious Fraud Squad Department. He further advised the Committee that the name Jinan Mining Private Limited was used by two different entities. He expounded that the monies which were coming in for investment in Zimbabwe from AFFEC came through the account of "Jinan Mining Private Limited" which is not the Jinan Mining Private Limited in Chiadzwa.

#### 5.0 RELOCATION OF CHIADZWA VILLAGERS: MANICALAND PROVINCIAL OFFICE SUBMISSION

5.1 During a courtesy call briefing with the Manicaland Provincial Administrator, Mr Mbetsi informed the Committee that the Local Government, Rural and Urban Development circular No. 162 dated 18th November 1991 stated that, *“Any organization which intends to implement a project that displaces people must take all the necessary measures to compensate all the people entitled to be compensated in respect of all the losses suffered including loss of land”*. It was, therefore, the responsibility of the project sponsor to ensure that compensation is provided to the displaced families. The Committee gathered that when diamond mining began in Chiadzwa, Transau Estate was identified for the resettlement of the displaced families. The Committee was informed that the estate comprises 12 000 hectares, of which 500 hectares is occupied by the Grand Reef Aerodrome, leaving 11 500 hectares for the resettlement of displaced Chiadzwa villagers. The Committee heard that a committee was set up to oversee the relocation exercise process, under the Provincial Governor/Resident Minister. The resettlement committee comprised the Provincial Administrator (Chair), Agritex Department, Irrigation Department, Public Works Department, Ministry of Lands,

District Development Fund (DDF), Zimbabwe National Water Authority (ZINWA), Physical Planning Department; Ministry of Education; and Ministry of Health and Child Care. The Committee was further informed that preliminary planning activities conducted included Chiadzwa household census, planning and demarcation of Transau, valuation of Chiadzwa households immovable property for compensation purpose, construction of core houses, Blair toilets, roads, dip tanks, and drilling of new and maintenance of old boreholes. The resettlement was also to include establishment of social and commercial facilities and more importantly, irrigation scheme that would afford relocatees sustainable livelihoods since they would depend on food handout until the completion of the scheme.

**5.1.2** The Chiadzwa Household Census to determine the actual number of affected families concluded that 31 villages with a total of 4 321 households, 11 564 cattle, 17 208 goats, 1 458 sheep and 362 donkeys would be affected by the mining activities. The Committee was informed that currently, 10 villages, with 1 800 households, had been identified for relocation on the villagized model A1 scheme, and that they will take up 4 500 hectares of the 11 500 hectares available. The homesteads constructed for relocatees would consist of 3 bedrooled core house, a traditional kitchen, and a toilet, on a one hectare piece of land.

**5.1.3** The remaining balance 5 000 hectares was set aside for grazing, 1 000 hectares for the development of socio-economic infrastructure, including clinics and shops, and the other 1 00 hectares is set for potential investors. Thus, a lot still needs to be done in terms of relocation of affected households. The Provincial Administrator's Office indicated that those that are yet to be relocated have been affected by pollution coming from mines. This was confirmed by villagers at Bambazonke Business Center, on 2 April 2016, where it was revealed that Diamond Mining Company (DMC) was spewing effluent into Chenyu and Singizi rivers both of which are Save River tributaries, thereby exposing aquatic life, the surrounding villagers and livestock to contaminated water.

**Table 1.0 Progress on Relocation Programme**

<b>Company</b>	<b>Total No. Of houses to be constructed</b>	<b>Total No. Of houses constructed</b>	<b>Total No. Of households allocated housed</b>
Anjin Investments	474	474	474
Mbada Diamonds	487	100	100

Diamond Mining	114	30	30
Marange Resources	350	184	116
Jinan Investment	350	110	31
Rera Diamonds	92	Nil	Nil
<b>Total</b>	<b>1947</b>	<b>989</b>	<b>751</b>

5.1.4 On the Marange-Zimunya Community Share Ownership Trust (CSOT), the Provincial Administrator's Office informed the Committee that the payment of the pledged USD50 million, where individual companies were supposed to pay USD 10 million each, and the USD 1.5 million that was presented as a dummy cheque when the President launched the trust in 2012, has remained elusive. Not a single company has fulfilled its pledge. As of March 2016 the following were the payments made by companies according to Provincial Administrator's Office:

**Table. 2.0 Marange-Zimunya CSOT Income: March 31, 2016**

Marange Resources	\$300 000
Mbada Diamonds	\$200 000
Donation - CBZ	\$500
Donation – Agribank	\$520
Interest	\$38 092
Burumwe Sec Contributions	\$ 3 620
<b>Total Income</b>	<b>\$542 732</b>
Expenditure to date	\$488 951
Cash at hand	\$53 781

5.1.5 The Committee was further informed that the Trust had implemented projects in all the 36 Council Wards with a minimum of value of USD 5 000 per ward. Projects implemented in the wards ranged from borehole drilling and rehabilitation, construction of classroom blocks, construction of bridges, grading of roads and purchase of school furniture. This was confirmed during public hearings

at Zimunya Business Center and Bambazonke Business Center in Marange. The Trust also financed 3 district projects Madanga Clinic (Mutare South), Matiza Clinic (Mutare West), and grading of roads in Mutare North. The Committee was also told that the Trust had no secretariat of its own and that its administration was run by the Council Administration through the Finance Department while the Council Engineer is handling its project management.

## **6.0 PUBLIC HEARINGS AT CHIRASIKA BUSINESS CENTER (ARDA TRANSUA)**

**6.1** On 01 April 2016, the Committee conducted a brief public hearing at Chirasika Business Center, ARDA Transau. The Committee was informed that Chirasika Primary School was built by Mbada Diamonds. Teachers' accommodation is inadequate. It was also mentioned that the school comprised of 7 classrooms only, hence some lessons take place in the open and/or in makeshift classrooms.

**6.2** The Committee was also informed that some homesteads built were overcrowded and in some cases *muroora* (daughter-in-law) is compelled to share accommodation with her in-laws. The relocated villagers also complained of high water bills at \$4 per month while they paid between USD 100-150 per household for irrigation plots. The Committee was informed of severe food insecurity in ARDA Transau because their half hectare allocated plots cannot produce enough food. The villagers confirmed that during the relocation exercise they were given USD 1000 disturbance allowances.

## **7.0 PUBLIC HEARING AT ZIMUNYA BUSINESS CENTER**

**7.1** On 1 April 2016 the Committee conducted a public hearing at Zimunya Business Center. The following were the major issues raised.

**7.1.2** Villagers were concerned about the USD 50 million allegedly pledged by the mining companies in the Chiadzwa area, and in particular the USD 1.5 million that was displayed during the launch of the M-Z CSOT which was never remitted. They alleged that either the companies did not fulfil the pledge or it was paid but was then misappropriated and did not benefit local communities. Villagers, however, acknowledged receipt of the USD 5 000 from the Trust which they used to do projects, such as refurbishing of Community Hall at Zimunya Business Center. They had hoped that money from the Trust would be handy to rehabilitate bridges destroyed by Elnino in 2000 at Nyahuni River. They were concerned that youths in the area were made to fill out forms so that they would benefit from the pledged USD 10 million from each of the companies. No such funds were availed.

**7.1.3** The Committee was also informed about the DMC mining activities which pollute rivers like

Singwizi yet nothing was being done to protect villagers and their livestock from contaminated water. Most speakers, especially headmen expressed concern that diamond mining companies were not employing youths from Marange-Zimunya area because they were recruiting from Mashonaland provinces. Villagers weren't amused about the location of diamond factory in Harare yet the mining was being carried out in Marange-Zimunya area, a move which denied their local youth job opportunities. A proposal was made by the villagers that diamond mining companies should have a policy of guaranteeing 60% of jobs for local youths in order to economically empower them.

## **8.0 PUBLIC HEARING AT BAMBAZONKE BUSINESS CENTER, MARANGE**

**8.1** Marange-Zimunya Development Trust, represented by Mr. M Tafirenyika, and The B-Ment Youth Organization in Marange-Zimunya represented by Eng. Nemasase highlighted the following major concerns in the communities about diamond mining: (i) that the government and diamond mining companies should explain to local communities about what happened to the purported USD 50 million pledge, and in particular the USD 1.5 million displayed at the launch of the Trust by the President in 2012; (ii) the location of diamond polishing companies in Harare while avoiding Mutare and centers like Bambazonke Business Center which marginalizes local communities who are denied employment opportunities; (iii) that it is disturbing for local communities to receive reports that alluvial diamonds were being exhausted before communities have experienced any tangible benefits such as construction of roads, schools, clinics, and the electrification projects; (iv) that there are local projects including the 1972 Bambazonke Irrigation Plan which could improve the livelihoods of locals had the Trust fund been channeled properly towards these projects; (iv) that mining activities by companies like DMC which are polluting Chenyu and Singwizi rivers, are not made accountable for their actions. Communities accused government, in particular the Ministry of Mines and Mining Development, of making a deal with the mining companies which benefited a few people at the expense of the affected communities. They further accused Chief Marange and Headman Chiadzwa of individually benefiting at their own expense since the companies donated motor vehicles and built homesteads for these community leaders. This was reiterated by most villagers who claimed that government and the mining companies benefited while the communities serve for a few aforementioned individuals, were languishing in poverty. They demanded that a meaningful and transparent agreement amongst the key stakeholders i.e. Government, mining companies and community was needed to enable the community to claim what was due to them.

**8.2** The Committee was informed that villagers were not happy that the name of the President was abused since he officiated at the launch of the M-Z CSOT and displayed a dummy cheque of USD1.5



million which has not been honoured. There was the general perception that, as expressed by Mrs Mavhunaga, the non-payment of pledged funds by the companies have abused the name of the President. She demanded that the person who misled the President should be arrested, failure to arrest the person would imply that the President himself had unwittingly made a misrepresentation to the people

**8.3** The ZCDC has refused to take responsibility over what transpired between locals and former diamond mining companies regarding relocation and related issues. The community was concerned with the settlement of the salary arrears that were incurred by the mining companies in view of the recent mining companies' amalgamation. They were concerned about who would take the responsibility of settling the payments. They urged government to clarify this issue and to make arrangements that benefited the locals.

**8.4** The Committee was informed of police brutality to local residents during their patrols around diamond mines. Mrs Ziduche informed the Committee that her son Fungai Ziduche sustained serious injuries leading to the loss of his testicle after he was assaulted by police.

**8.5** The local traditional leadership was not happy that there was no compensation by the diamond mining companies who had destroyed local shrines, including the sacred Baobab Tree that was used as the place for rain-making ceremonies by Chief Mkwada and Chiadzwa.

**8.6** The villagers could not hide their shock about the revelations made by His Excellency, President Robert Mugabe that around \$15 billion of diamond money was unaccounted for. They argued that the President must have been made aware of what was happening at the diamond fields as every Wednesday a plane would come to pick up diamonds for resale.

## **9.0 COMMITTEE FINDINGS**

### **9.1 Marange-Zimunya Community Share Ownership Trust (CSOT)**

**9.1.1** After being reassigned to a different ministry in September 2013, Hon. Minister Saviour Kasukuwere continued to demonstrate an unusually keen interest in his former ministry, to the extent that he remained highly visible in the public media, commenting on issues related to the Marange-Zimunya CSOT well beyond his tenure. Additionally, when the Hon. Minister Saviour Kasukuwere finally appeared before Committee, his submission did not offer any clarity whatsoever as to the authenticity of the pledges by mining companies. Moreover, his appearance before the committee

was characterized by a clear intention to obstruct the Committee's investigations and on one occasion, he made overt threats directed at the Committee Chairperson, Hon. Justice Mayor Wadyajena.

9.1.2 The Committee is persuaded to conclude that the Diamond mining companies never at any point pledged the US\$10m apiece and the nation was misled by Hon. Minister Saviour Kasukuwere. There remains neither a clear paper trail nor recorded minutes between officials from the diamond mining companies and the Ministry of Youth, Indigenisation and Economic Empowerment. The Permanent Secretary as the Accounting Officer of Ministry of Youth, Indigenization and Economic Empowerment was never at any point involved by Hon. Minister Saviour Kasukuwere. The absence of supporting documents of such a nationally significant transaction calls into question the official nature of the pledges, and lends credence to suspicion claims by both diamond mining companies and the community that the pledges were the singular creation of the former Minister, Hon. Saviour Kasukuwere. No due diligence was conducted in the development of the legal constitution of M-Z CSOT. In particular, that there are no proper written and or verbal contracts or agreements amongst the key stakeholders within the Ministry of Youth, Indigenisation and Economic Empowerment, the Ministry of Mines & Mining Development and diamond mining companies, reflecting the amount of money that each company should pay, the terms of payments and the reporting mechanisms. This has negatively affected the capitalization of the CSOT.

9.1.3 The Committee noted the concerns of the locals in their pursuit for redress of their grievances that they anticipate will affect the community for generations to come. The Committee further noted the fear, rage, and pessimism of the Marange-Zimunya community around the perceived plundering of the diamonds themselves and the ensuing manipulation around the M-Z CSOT. The residents, are bitter that despite being one of the most lucrative diamond fields in the world, five years after diamond mining began, their area has remained poor and underdeveloped and revenues from mineral resources have failed to lift poor people out of the shackles of poverty. The communities are crippled by degraded environments, disease, perceived and justifiably so corruption in the handling of CSOT funds, general poor service delivery and dilapidated infrastructure such as poor roads network, under-rehabilitated bridges, under-equipped clinics with inadequate drug stock, and general food insecurity for the communities due to relocations from their plots, drought and general poverty. On account of non-payment of the USD 1.5 million that was displayed during the launch of the M-Z CSOT, local residents' hopes of benefiting from their local resources have been dashed, and led to speculation that Hon. Minister S. Kasukuwere and the diamond mining companies misled the President, His Excellency, Cde RG Mugabe and the Nation at large. This has severely impacted negatively on the

respect accorded to the President and the Chiefs in the area as reflected by the statements made by the Villagers.

## **9.2 Relocation of Chiadzwa Villagers**

**9.2.1** The Committee found that land at Arda, Transau is not sufficient to cater for the relocation of 31 villages with 4 321 households, yet there were no clear visible progress on the ground on the part of the Provincial Administrator's Office with regards to finding alternatively located land, except statements pronouncement that to finding alternative land was being searched outside Mutare District.

**9.2.2** Five companies have not met their villagers' relocation targets: Rera Diamond Company, which was supposed to relocate 92 households have not yet began the exercise. Jinan Investments was supposed to relocate 350 households, has only constructed 110 houses and relocated only 31 households. Marange Resources was supposed to relocate 350, has only built 184 houses and relocated 116 households. Diamond Mining Company was supposed to relocate 114 households, has only built 30 houses and relocated 30 households. Mbada Diamonds was supposed to relocate 487 households, has constructed 100 houses and relocated 100 households. Only Anjin Investments met its target of relocating 474 households and constructed world class water works, clinic and schools for the community in addition to tarring roads. In Transau Estate, houses that have been built but not occupied and others that have not been completed, are exposed to theft and vandalism.

**9.2.7** The handling of exhumation and reburials of the dead of the displaced villagers remains a bone of contention between Marange-Zimunya communities and diamond mining companies. While the Provincial Administrator's Office acknowledged that, nothing has been done to address this challenge.

**9.2.8** There are cases of villagers, that have not been relocated being affected by mining effluent, especially in areas being mined by DMC and Jinan, and the Committee was informed by Provincial Administrator's Office that there no formally instituted medical facilities and assistance given to the affected villagers.

**9.2.9** That villagers are now supposed to pay between \$100 and \$150 for irrigation plots, something which is not affordable to most villages.

## 10 COMMITTEE RECOMMENDATIONS

1. The committee recommends that as an absolute priority, The Ministry of Mines and Mining Development, through the new company Zimbabwe Consolidated Diamond Company (ZCDC) must expedite the relocations and compensation of displaced villagers. This process must commence within 45 days after adoption of this report in Parliament and must be completed within an acceptable agreed timeframe.
2. This timeframe must be established in consultation with the Board of the M-Z CSOT. Additionally, the Committee recommends that consultations are held in order that relocatees are accorded the chance to address concerns around the inadequacies of their new plots and associated services.
3. A firm and written commitment by ZCDC with a clear payment plan of the \$50m must be availed and agreed to with M-Z CSOT by 11 January 2017.
4. That with immediate effect, any further recruitment by ZCDC must give priority to the employment of qualifying and trainable people from the local areas and adheres to standard labour practices.
5. In order to establish a good rapport between ZCDC and the community, the company must respect the traditional leadership, norms, values and customs of the locals.
6. Henceforth, the ZCDC should submit itself to public scrutiny in the manner of all state enterprises and parastatals to ensure it is managed with the highest levels of transparency and accountability. If this is to truly mark a departure from cloak and dagger management of the sector, then new ways of working and reporting must also be employed. With respect to community relations, it is recommended that the new company adhere to international standards of reporting around sustainability, such as GRI and ISO Standards.
7. With the findings of this enquiry revealing clear deception bordering on criminal abuse of office, the Committee calls upon the Zimbabwe Republic Police, the Zimbabwe Anti-Corruption Commission, the Auditor General and all relevant authorities to institute formal proceedings within 14 days (from the day of adoption of this report) to investigate the conduct of Hon. Minister Saviour Kasukuwere, officials from the Ministry of Youth, Indigenisation and Economic Empowerment, National Indigenisation and Economic Empowerment Board as well as the

diamond mining companies in relation to the M-Z CSOT.

8. The Committee further recommends The President, H.E Cde. R.G Mugabe establishes a commission of inquiry led by a Judge or any other suitable candidate to investigate the intricate web of deceit, corruption and fraud related to the establishment and implementation of the M-Z CSOT. Further, that particular attention must be paid to a likely covert strategy meant to discredit and malign the Office of the President.
9. The ZRP and responsible authorities must work towards concluding the investigation around the alleged externalization of USD \$500 million by Jinan and possibly other mining companies. The Commissioner General of Police must issue a statement by November 30th, 2016 on progress.
10. An amendment of the Indigenisation and Economic Empowerment Act [14:33] as read with Indigenisation and Economic Empowerment General Regulations of 2010 and the Mines and Minerals Act to reflect the legal status of Community Share Ownership Trusts, as a matter of priority.
11. In general terms, a greater culture of consultation across all stakeholder groups must be encouraged within the nations' diamond mining industry. Industry practitioners and experts, policy makers, affected communities, local and traditional leadership and the general public must be afforded opportunities to participate in and contribute towards the shaping of policy in this regard. The opacity and inadequate sharing of information only gives rise to lack of understanding, suspicion and mistrust of the industry and its custodians. Practical steps must be taken to establish platforms that allow for a two-directional exchange of information and opinion. This is crucial in establishing the buy-in on policy direction by the ultimate beneficiaries of the nation's natural resources.