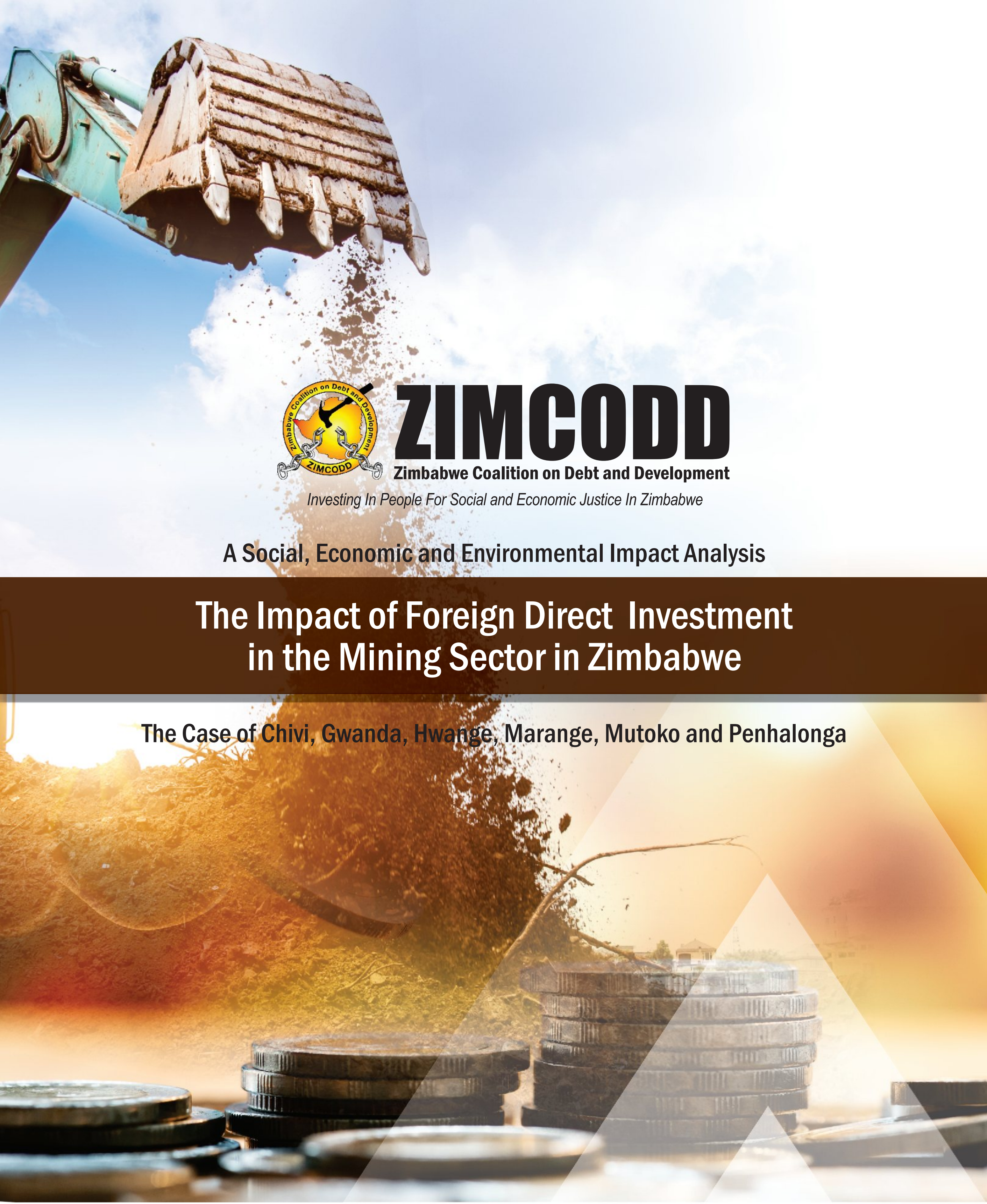

ZIMCODD

Zimbabwe Coalition on Debt and Development

Investing In People For Social and Economic Justice In Zimbabwe

A Social, Economic and Environmental Impact Analysis

The Impact of Foreign Direct Investment in the Mining Sector in Zimbabwe

The Case of Chivi, Gwanda, Hwange, Marange, Mutoko and Penhalonga

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For Social and Economic Justice

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ACRONYMS

ACHPR	African Charter on Human and Peoples' Rights
AMV	African Mining Vision
ASM	Artisanal and Small Scale Mining
BOT	Build Operate Transfer
BOOT	Build Own Operate and Transfer
BRICS	Brazil, Russia, India and China
BVI	British Virgin Islands
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CNRG	Centre for Natural Resource Governance
CSOs	Civil Society Organisations
DTA	Double Taxation Agreements
EMA	Environmental Management Agency
ESAP	Economic Structural Adjustment Programme
FDI	Foreign Direct Investment
EITI	Extractive Industries Transparency Initiative
FSP	Financial Service Providers
FPIC	Free Prior and Informed Consent
GDP	Gross Domestic Product
HRIA	Human Rights Impact Assessments
IFFs	Illicit Financial Flows
MNCs	Multinational Corporations
OSSIC	One Stop Shop investment Services
RSA	Republic of South Africa
SEZ	Special Economic Zones
SIA	Special Initial Allowance
SMEs	Small to Medium Enterprises
SADC	Southern African Development Community
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNGPHR	United Nations Guiding Principles on Business and Human Rights
USA	United States of America
VAT	Value Added Tax
ZELA	Zimbabwe Environmental Law Association
ZIA	Zimbabwe Investment Authority
ZIMCODD	Zimbabwe Coalition on Debt and Development
ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZMRTI	Zimbabwe Mining Revenue Transparency Initiative
ZIMRA	Zimbabwe Revenue Authority
ZCC	Zimbabwe Chamber of Commerce

EXECUTIVE SUMMARY

The study interrogates the social, economic and Environmental impacts of foreign direct investment in the mining sector based on cases from Chivi, Gwanda, Hwange, Marange, Mutoko and Penhalonga. The government is doing everything within its means to attract FDI across sectors of the economy following nearly two decades of macroeconomic stagnation characterised by foreign exchange shortages, high debt overhang, political uncertainty, capital flight, unemployment as well as fiscal and current account deficit. The government policy thrust is to reposition private sector as the key driver of the Zimbabwean economy. The Indigenisation and Economic Empowerment Act was immediately repealed to limit the 51/49% indigenisation threshold to only two minerals in the extractive sector namely diamond and platinum, and Special Economic Zones law was gazetted in August 2018 to operationalize the Special Economic Zones which were adopted in October 2016. Whilst the government, under the "new economic order" anticipates massive employment creation, technology and skills transfer, an increase government tax and non-tax revenue, foreign exchange earnings and surge in Gross Domestic Product (GDP), the communities foresee environmental degradation which poses a threat to their health, access to food and water, loss of productive land and properties without compensation and/or suitable alternatives. The absence of an inclusive development framework for extractive industry coupled with the exclusion of local communities throughout the entire value chain casts a lot of doubt on the potential role of the sector in transforming the economy and people's lives.

In fulfilling the government and corporate interest of maximizing revenue and profits respectively, the communities are subjected to adverse impacts of large scale mining on the environment, social life and livelihoods. These social, economic and environmental consequences impact women the most. The mining sector by its nature is capital intensive and employs very few people, which limits the positive impact of mining to employment, for instance. Where employment is guaranteed, usually it is not quality and decent employment. Worse still, the sector is male dominated due to the traditional gender roles ascribed to women and the unfavourable conditions in the remote working sites.

Local communities in Zimbabwe are left with nothing since the huge chunk of tax revenue and royalties are channeled to the national treasury. Local governments are entitled to unitary tax, which is charged per unity comprising of 10 unskilled laborers. With mechanization of mining companies, technology has crowded out unskilled workforce, which ultimately affects revenue generation for local authorities. Such unequal distribution of resources violates the national constitution which provides for equitable distribution of resources. Even at national level, the excessive use of tax concessions erodes the tax base thereby undermining the state capacity to provide the basic public services and infrastructure development. For instance the 5 year tax holidays under the SEZs means that the investor will not be paying taxes for those 5 years. The same tax holidays can also be abused by the multinational companies who normally exhaust their initial 5 years, close shop, and come under a different name to enjoy another tax holiday. The government should therefore balance the competing interests of attracting foreign direct investors whilst generating revenue to grow the economy.

The communities are normally left with ghost towns without alternative sources of livelihoods after the lifetime of the mine. Mvuma town which was once a hive of activity in the 1990s is now a ghost town after the closure of Athens Mine in 1996. Kamativi Tin Mine, Mhangura and Buchwa mine have also left the mining communities without any alternative source of livelihood following their closure. Since mineral resources are finite, this is an impending scenario in most mining towns in Zimbabwe.

The “new scramble” for and exploitation of Africa's natural resources led by the emerging economies such as Brazil, Russia, India and China (BRICS) has been characterised by violation of human rights, displacements, and accelerated levels of inequality and poverty. Failure to manage expectations between the government, the community and mining companies has fueled disturbances in the social fabric and conflicts. Mining companies commence their operations without the social license to operate. Community voices collected during district, provincial and national alternative mining indabas confirms that mining has a tendency of disrupting social lives, causing gender-based violence, spreading HIV/AIDS, and extreme levels of violence in resource-based conflicts. This is prevalent in Hwange, Marange and Penhalonga.

This study recognises the equally important roles played by the government, the private sector mining communities and civil society in the mining sector. Specific recommendations are, therefore proffered highlighting the key actions that each should take to ensure that FDI contributes to sustainable development in Zimbabwe.

In order for Zimbabwe to benefit from the FDI in the mining sector, the government should put in place safeguards to ensure sustainable development in its three dimensions of social, economic and the environment. This is very critical for the management of differing and opposing expectations of the community, government and the private sector. The first step is a deliberate decision that fulfills the social license to operate and respect for social contract apart from the resource contract between the government and the mining companies. Whilst civil society organisations step up efforts in holding the government to account on issues of transparency and accountability in mineral revenue management, social and environmental degradation, they should step up efforts in building an active agency of citizenry around mining communities so that the communities develop and strengthen resilient mechanisms. The host communities, should, on the other hand prepare and position themselves in order to benefit from local procurement arrangements through community led lobby and advocacy efforts.

1 INTRODUCTION AND BACKGROUND

1.0 Introduction

Foreign Direct Investment (FDI) in the extractive industry is inevitable especially in mining due to its complexity, high risk and capital intensive nature of the sector. The Multinational Corporations (MNCs) normally bring in capital and technology that is required to convert passive natural capital into financial capital. All things being equal, FDI stimulates employment creation, technology and skills transfer, increase government tax and non-tax revenue, propel foreign exchange earnings and ultimately Gross Domestic Product (GDP). Once extracted, natural resources have the potential to improve standards of living, promote wealth creation and eradicate poverty. Private sector investment in Zimbabwe's mining sector presents the country with greater opportunity for shared economic growth and could potentially create jobs and improve livelihoods as well as access to water, health care, education, and other infrastructure. More often, this development strategy poses significant risks to local communities, as well as accelerated levels of poverty and inequality. Multinational extractive companies come with significant risks including environmental damage, which threaten people's rights to health, water, food, and housing, especially in countries where communities are not involved in the contractual processes. Mining communities suffer from loss of productive land and properties, are subjected to inadequate compensation, or suitable alternatives. This has remained a challenge for many mineral resource rich countries in Africa including Zimbabwe.

Notwithstanding the natural resource curse, African Heads of States collectively agreed on the African Mining Vision (AMV) whose goal is to create a ***"Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development".*** Despite its adoption by the African Heads of State in 2009, little has been done to reverse the resource curse in Africa. Zimbabwe, as a signatory to the AMV, has done very little in pursuit of this vision, but still believes that the mining sector is the springboard to turning around the economy. The absence of an inclusive development framework for extractive industry coupled with the exclusion of local communities throughout the entire value chain casts a lot of doubt on the potential role of the sector in transforming the economy and people's lives. The sector is still guided by the Mines and Minerals Act of 1961. The Mines and Minerals Bill which was proposed in 2010 is still in draft form. Civil society actors have made enormous contributions to the draft bill aimed at reversing some of the regressive provisions of the Mines and Minerals Act of 1961 including the vesting of resources in the hands of an individual rather than the state, poor geological data and lack of transparency and accountability. As a result, the mining sector has remained an enclave economy, isolated from the rest of the economy. The Diamond rush in Chiadzwa had negatively affected the rest of the economy to a near Dutch disease where all the resources, both human and financial migrated to the diamond fields. A decade later, the mining communities in Chiadzwa are much poorer than before.

In a regime where contracts are negotiated behind closed doors with guarantee from confidentiality and stabilization clauses, mining companies engage in tax evasion and avoidance which perpetuate resource leakages to the rest of the world, particularly to tax havens and secrecy jurisdictions. The Zimbabwe is Open for Business mantra ushered in a plethora of investment incentives for attracting investment into the mining sector which subject the country to the ***"race to the bottom"*** syndrome by out-competing other African countries.

Women's rights are compromised and/or violated. They bear the social costs of mining including sexual harassment, gender based violence, HIV/AIDS prevalence, and resource based conflicts as well as drug abuse. The mining sector is known for persistent gender based barriers for women access to resources. Therefore, there is simply no effective mechanism to address social exclusion in the current policy and legislative framework governing the mining sector in Zimbabwe. Engagement between the private sector and Civil Society Organisations (CSOs) remains generally hostile and characterised by mistrust.

The government has, however, high expectations of the mining industry, projecting export receipts of $2.5 billion in 2018 up from $2.3 billion in 2017. Mining contributes around 13% to GDP and 68% of Zimbabwe's total export receipts.

1.1 Background

Following nearly two decades of economic regression, the government of Zimbabwe ushered in the ***"new economic order"*** which is premised on re-engagement with the international community and creation of an investor friendly environment[1]. Pursuant to that, the ***"Investment Guidelines and Opportunities in Zimbabwe"*** framework was promulgated, to drive investment in the country. This policy pronouncement places FDI at the forefront of Zimbabwe's development agenda. The country is premised for a radical shift towards a market economy which guarantees legal protection that encourages and protects private enterprises[2]. Quite striking under the "New Era" is the amendment of the Indigenisation and Economic Empowerment Act which confined the 51/49% indigenisation threshold to only two minerals in the extractive sector namely diamond and platinum. This has sparked a lot of debate among and across the political divide, academia and members of civil society, with regard to the effectiveness of a coterie of investment incentives for attracting FDI into the country. The new administration carries forward the aspirations of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) which identified the participation of private sector and the need

[1] *2018 National Budget Statement*
[2] *Investment Guidelines Opportunities in Zimbabwe, January 2018*

for increasing FDI as integral in rebuilding the economy following nearly two decades of stagnation. The government took a number of strides in improving the conditions of doing business in the country including reducing the cost, time and procedures of doing business with a view to attracting domestic and foreign direct investment. In October 2016, Zimbabwe adopted Special Economic Zones (SEZ) as a way of providing investment incentives to investments in agriculture, mining, manufacturing, tourism and services sector.

Under the current investment regime, all capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full, mining companies are allowed to carry over loses indefinitely and taxable income of holders of special mining leases are taxed at a special rate of 15%. The recently gazetted Special Economic Zones Law increases the vulnerability of Zimbabwe to illicit financial flows (IFFs) as the MNCs take advantage of and manipulate the absolute 5 year tax holiday and the successive tax breaks. MNCs are notorious for manipulating trade mis-invoicing and trade mis-pricing to avoid paying taxes. In most cases they facilitate trade between subsidiaries, borrow from own financial service providers and seek special services from own consultancy companies. The anti-avoidance provisions towards aggressive tax planning structures introduced in the transfer-pricing framework as of 1 January 2016 is an attempt to curb this scourge.

1.2 Structure of The Research

The research begins with the general overview of FDI regime in Zimbabwe under the 'new dispensation'. The analysis of FDI trends in Zimbabwe between 2009 and June 2018 is based on figures from the United Nations Conference on Trade and Development (UNCTAD) and the Zimbabwe Investment Authority (ZIA). The analysis was done on the basis of both source and sector. Regional comparisons were also made against bench marking on the trend in the Southern African Development Community (SADC) region. The research narrows down to the impacts of FDI in the mining sector on the economy, the people and the environment. The research concludes with specific recommendations to government, private sector, civil society organisations and the mining communities.

1.3 Methodology

To understand the legal and regulatory frameworks for FDI and mining sector, policy documents such as the budget statements, Investment Policy, New Investment Guidelines and Opportunities in Zimbabwe, and various Acts of parliament have been consulted. The Acts of Parliament that are relevant to this analysis includes the Finance Act (1965), Mines and Minerals Act (1961) Zimbabwe Investment Authority Act (Chapter 14:30) as amended among others. Statutory Instruments that are in place were also reviewed.

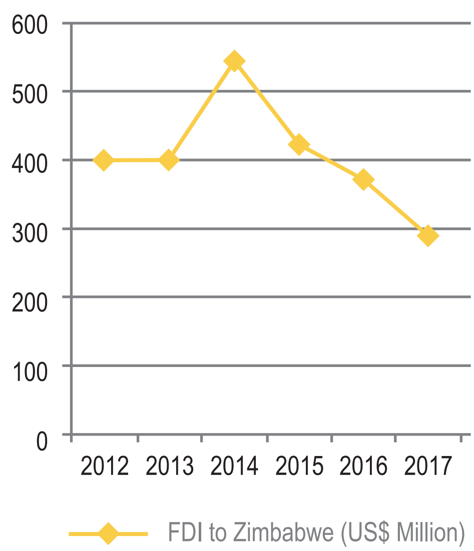
The research team also used secondary data particularly research papers on fiscal policy, fiscal governance and investment reform in Zimbabwe. The reports were drawn from government agencies, academia and civil society in order to have a balanced view.

In terms of primary research, the author conducted key informant interviews, with the Zimbabwe Revenue Authority (ZIMRA) and the Zimbabwe Investment Authority. The researcher also consulted several policy documents in the repository of the Ministry of Finance and Economic Development, Ministry of Industry and Commerce, Zimbabwe Revenue Authority, Zimbabwe Investment Authority, the Chamber of Mines and the Zimbabwe Chamber of Commerce (ZCC) among others. The research draws major conclusions from case studies on impacts of FDI in the mining sector to mining communities in Hwange, Penhalonga and Gwanda. The research team consolidated voices from communities living in and around mining areas which were collected during District and Provincial Alternative Mining Indabas in order to capture their views on impacts of mining to their lives.

2 FOREIGN DIRECT INVESTMENT TRENDS IN ZIMBABWE, 2009 - 2018

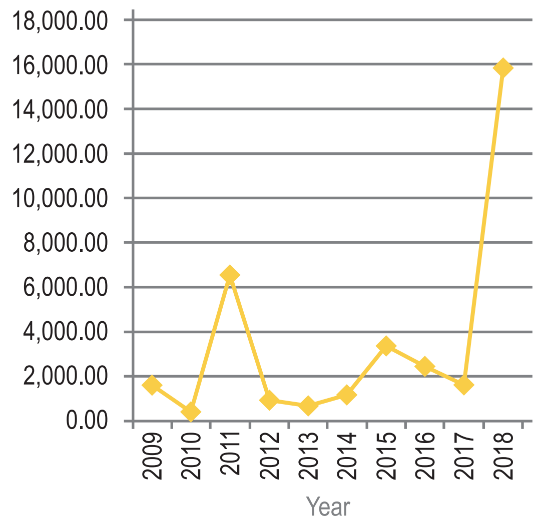
FDI into Zimbabwe is on a downward trend since 2014, falling by 23% to US$289 million in 2017 compared to US$372 million recorded in 2016[3] (refer to figure 1 below). This was largely due to the political uncertainty which dampened investment prospects among other bottlenecks in the investment environment such as the poor implementation of the indigenisation policy.

Figure 1: FDI to Zimbabwe (US$ Million)



Source: *Author based on the UNCTAD World Investment Report figures of 2018*

Figure 2: Total FDI Approvals (US$ Million)



Source: *ZIA Database, 2018*

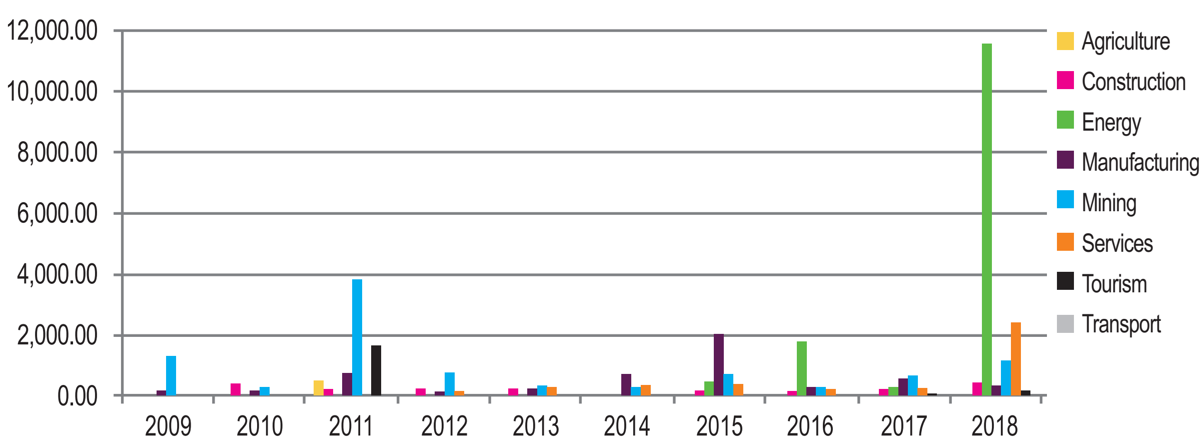
The UNCTAD based FDI inflows and the ZIA FDI approvals followed a similar trend between 2012 and 2017. FDI approvals fell from US$3.2 billion in 2015 to US$2.3 billion and US$1.5 billion in 2016 and 2017 respectively. Having approved US$33.94 billion worth of investments between 2009 and June 2018, US$ 15.76 billion worth of investment approvals were made from 165 investment proposals between January and June 2018. During this period 107 foreign investors registered with ZIA whilst 57 projects and 1 project are joint ventures between foreign and local investors, and indigenous investors respectively. The annual approvals are a record of investors who have sought approval from the Zimbabwe

[3] *World Investment Report, UNCTAD, 2018*

Investment Authority in a given year. Such investments may not mature within the same year and some investments may even fail to see the light of day. In other words, approvals are no guarantee that the investors will eventually come and invest. Therefore, from time to time, ZIA should undertake periodic FDI surveys in order to improve the credibility of their information on foreign direct investment. However, the approvals give an indication of the direction of flow by source and country which is critical for informing the policy direction.

Out of the US$15.76 billion approved in 2018, the energy sector contributed 74% followed by services sector (15%) and mining (7%). The sharp increase is attributed to the restoration of investor confidence since November 2018 when President Mnangagwa took over the reins after 37 years of the rule of former president Robert Mugabe who was known for policy inconsistency and reversals, especially on the Indigenisation Policy.

Figure 3: FDI Approvals by Sector (2009 – 2018)



***Source:** Author based on figures from ZIA*

From the time President Mnangagwa assumed office in November 2018, his policy thrust places FDI at the forefront of Zimbabwe's development agenda. The need to promote, attract and facilitate domestic and foreign investment under the *Zimbabwe is Open for Business* mantra has been reverberated as a critical tool for reviving the economy. The investment drive is expected to address the other bottlenecks in the economy including high unemployment among the youth, addressing the infrastructure gap, accelerated industrialization and modernization. There is a deliberate policy shift towards neoliberalism. Following the neoliberal route would risk exacerbating poverty and inequality, drawing lessons from the Economic Structural Adjustment Programmes (ESAP) implemented in the late 1980s and early 1090s. The bias towards FDI should, however, be promoted in ways that strengthen good governance and sustainable development.

The energy sector which registered the biggest value of projects proposed by investors at a combined value of US$11.7 billion were from only 6 projects. This was followed by the services sector with a combined value of US$2,33billion. The mining sector came third with a combined value of US$1.1 billion.

2017 together with the British Virgin Islands (US$435 million) and Bulgaria (US$256.6 million).

Figure 4: FDI Approvals by Sector (Jan-Jun 2018)

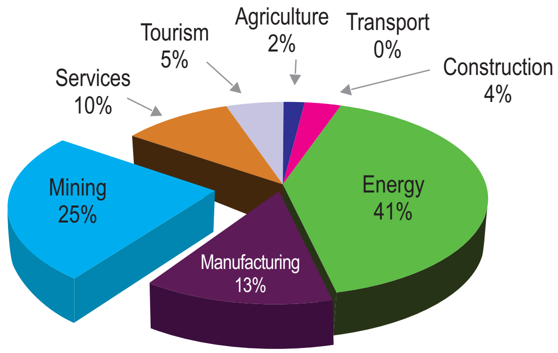
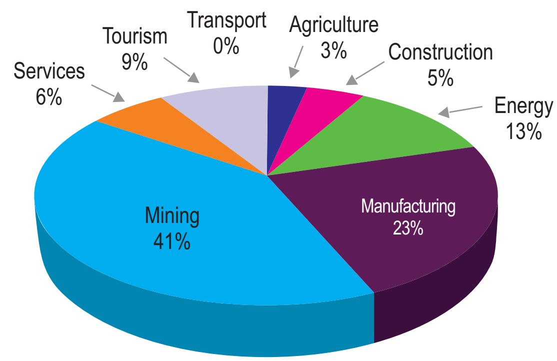


Figure 5: Cumulative FDI by Sector (Jan-Jun 2017)



In terms of number of approved project proposals, 59 mining companies, 44 manufacturing companies, 33 services, 8 constructions, 6 agriculture, 6 energy, 6 tourism and 3 transport registered with ZIA between January and June 2018. This coincides with the trend prior to 2018 where the mining sector leads the pack with a cumulative value of US$7.4 billion followed by manufacturing at US$4.2 billion and energy at US$2.3 billion.

The investment proposals between January and June 2018 were mainly from South Africa (US$499 million), Mauritius US$5 billion), New Zealand (US$2.2 billion) and China (US$1.5 billion). South Africa, China and Mauritius are a constant supplier of FDI into Zimbabwe, and investors from these countries are usually spread across sectors, with investors from at least all the three countries investing in mining. China with FDI valued at US$292.5 million was also among the top foreign direct investors in

Whilst celebrating investments coming from Hong Kong, British Virgin Islands, Mauritius, Luxemburg, United Arab Emirates, Germany and Japan, it is quite worrying that these countries are typical tax havens which offer very low to no taxes at all and financial secrecy. These two are conduits for tax avoidance and evasion.

New Zealand which contributed about 14% of FDI between January and June 2018 is also notorious for offering offshore finance company structures. The Financial Service Providers Act of 2008 enables the registration of New Zealand companies as Financial Service Providers

Figure 6: Approved FDI by Source (2017)

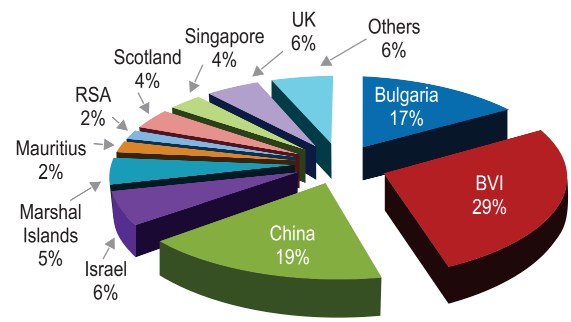
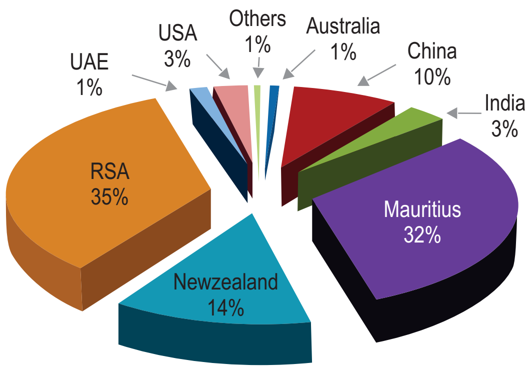


Figure 7: Approved FDI by Source (Jan-Jun 2018)



Source: ZIA Database, 2018

It is not by coincidence that foreign investors from 9 out of 28 source countries registered and approved by ZIA between January and June 2018 have double taxation agreements with Zimbabwe. Zimbabwe has double taxation agreements with Australia, Canada, China, German, Mauritius, South Africa, Sweden, United Kingdom and Zambia. To date, Zimbabwe has signed several Double Taxation Agreements in order to avoiding double taxation of the same income or capital to the same taxpayer in the same period in Zimbabwe and the source country. Double Taxation agreements are used as an incentive in Zimbabwe as they give certainty of treatment to the foreign investor on the taxing rights of contracting parties. The double taxation agreements provide a leeway for treat shopping for purposes of minimizing tax payment in Zimbabwe. The DTAs also offer reduced rates of withholding taxes on dividends, interest, royalties and technical fees as shown in the table below.

Table 1: Withholding Tax - Treaty Against Non-Treaty Rates

	Normal Tax Rate %	UK	Germany	Netherlands	Sweden	South Africa	China	Botswana
Non Resident tax on Dividends (Minimum of 25% shareholding)	10	5	10	10	15	5	2.5	5
Non-Resident tax on Dividends (In all other).	10	5	10	10	15	10	7.5	10
Non Resident tax on interest (repealed with effect from 30 Sept 2009)	-	-	-	-	-	5	7.5	10
Non Resident tax on Fees	15	10	7.5	10	10	5	10	10
Non Resident tax on Remittances	15	20	20	20	20	-	-	-
Non Resident tax on Royalties	15	10	7.5	10	10	10	7.5	10

Source: PKF, 2013

2.1 Regional Comparisons in Southern Africa

Consistent with the global and Southern African trends where FDI fell by 23% and 66% respectively, Zimbabwe experienced a 22% decline in FDI in 2017 from US$372 in 2016. Angola was the worst affected with a negative record of –US$2.3 billion from US$4.1 billion in 2016 as foreign affiliates in the country transferred funds abroad through intracompany loans[4]. South Africa, Swaziland, Malawi and Mozambique followed suit with South Africa and Mozambique experiencing a 41% and 26% decline respectively. Paradoxically, FDI into Zimbabwe remain lower than that of South Africa and Mozambique despite the huge decline. Zambia on the other hand, was the major beneficiary of FDI inflows into the region in 2017, recovering from a 49% decline in 2016.

Table 2:

	FDI into Southern Africa from to 2012-2017 (USD million)					
	2012	2013	2014	2015	2016	2017
Southern Africa	7 330	11 677	16 370	19 028	11 437	3 836
Angola	-6 898	-7 120	1 922	9 282	4 104	-2 255
Botswana	487	398	515	679	129	401
Lesotho	139	123	162	169	132	135
Malawi	129	446	599	288	326	277
Mozambique	5 629	6 175	4 902	3 867	3 093	2 293
Namibia	1 122	770	441	1 247	361	416
South Africa	4 559	8 300	5 771	1 729	2 235	1 325
Swaziland	32	85	26	41	21	-137
Zambia	1 732	2 100	1 489	1 305	663	1 091
Zimbabwe	400	400	545	421	372	289

[4] *UNCTAD, World Investment Report, 2018*

3 THE SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACTS OF FDI IN THE MINING SECTOR

3.1 Introduction

The government of Zimbabwe is doing everything within its means to attract FDI across the entire sectors of the economy. It is indisputable that the country is desperate for foreign direct investment following nearly two decades of economic stagnation characterised by fiscal and trade deficits, capital flight, shortage of foreign exchange, high unemployment, corruption, policy inconsistency and reversals, and political uncertainties which have rendered the country an unfavourable investment destination. The policy thrust under the new government is towards attracting FDI and reengagement with the international community. Whilst FDIs have the potential to turnaround the economy, the anticipated gains will remain a fallacy if no safeguards are put in place to ensure sustainable development in its three dimensions of the economy, environment and the society. The bone of contention is the excessive liberalization of the economy to allow full foreign ownership and control of mineral and other resources by relaxation of the Indigenisation and Economic Empowerment Act, save for diamond and platinum. Mining communities were the first to raise the red flags as the policy shift meant losing the benefits that were guaranteed to them under the Community Share Ownership Schemes. Mining liberalization subjects the country and mining communities in particular to the adverse impacts of large scale mining on the environment and lives of mining affected communities.

The United Nations Guiding Principles on Business and Human Rights[5] (UNGP) provides for business enterprises to take responsibility over the respect for human rights and places on States the duty to ensure that business enterprises respect human rights. Both the state and the private enterprises should ensure that the social and economic rights of mining communities are promoted and respected. The private enterprises also have a responsibility to respect human rights and ensuring effective remedy by victims. There is still, however a lot of effort needed to ensure that these principles are domesticated and implemented in Zimbabwe. The African Charter on Human and Peoples' Rights (ACHPR) on the other hand provides a regional framework for the protection of collective rights of African peoples to freely dispose of their natural resources, and the right to a general satisfactory environment favourable to their development[6]. At national level, the constitution provides for the bill of rights and the government is mandated to ensure that those rights are promoted, protected and respected. With all these international, regional and national frameworks, and provisions, peoples social, economic and environmental rights are still being violated.

The social, economic and environmental impacts of mining impact on women the most. Failure to

[5, 6] *Special Representative on Business and Human Rights, John Ruggie, (2011)* ***Guiding Principles on Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework,*** *unanimously adopted by the United Nations Human Rights Council, A/HRC17/13.*

promote gender equality in the mining sector whilst protecting women will undermine the current effort in the emancipation of women pursuant to the Gender Policy, the SADC Protocol on Gender, the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW 1979), the International Conference on Population and Development (1994), Beijing Declaration and Platform for Action (1995), Sustainable Development Goals (SDGs, 2015).

3.1.1 Community Voices

During community engagements at district, provincial and national alternative mining indabas conducted in Manicaland (including Penhalonga), Mashonaland East (Mutoko), Midlands and Matebeleland Provinces, the community members revealed some of the social, economic and environmental impacts of mining as outlined below;

Mining Community	Social, Economic and Environmental Impacts
Marange	→ Increased violence and crime → Lack of work security → Relocation of 1500 families from Marange to Arda Transau without compensation and livelihood options → Prostitution and alcoholism → Small scale miners were assaulted, tortured and others killed → Loss of livestock as a result of drinking contaminated water and falling into open pits → Water pollution in Odzi and Save river making it unsafe for domestic use
Penhalonga	→ Pollution of Odzi river rendering the water unsafe for domestic use → There is violence and community conflict in Penhalonga; → Air pollution from Redwing mine → There is a serious proliferation of prostitutes/commercial sex workers in Tsvingwe which is resulting in the destruction of many homes and families;
Mutoko	→ Infrastructure damages especially roads by trucks carrying granite → Pollution (air, water, land) → Disturbance of the ecosystem → Relocation of people without compensation → Social degradation (early marriages) → Health hazard (miscarriages due to blasting) → Poor revenues (U$1 for every tone of granite extracted) → Lack of community participation and involvement → High School dropouts → Role of local authorities not recognised

Mining Community	Social, Economic and Environmental Impacts
Hwange	→ Mining in Hwange and surrounding areas has caused a serious environmental damage and continues to cause destruction. Environmental assessments are not carried out and companies pay to pollute and the proceeds from that are not cascaded to the communities. → Disused dumps in Deka have been left open for years and the community has lost its livestock due to such with no compensation. → There is depletion of water sources due to excessive usage of water. → There also massive water pollution which has led to death of livestock and affected the fishing business in the Deka area. → Working conditions for those employed are also pathetic as they work in mines without protective clothing and job security. → Community members are threatened by mining companies for voicing out their concerns; → Houses for most communities in mining areas are cracking due to blasting from the mines. The situation has now affected the railroad system causing a number of derailments and putting people's lives at Risk.
Gwanda	→ Pathetic working conditions for workers → The mining companies flout labour laws → Pollution of Mtshakazi river which is the main water source for Bulawayo and Gwanda
Chivi	→ Disruption of education at Zhara Primary School and nearby secondary due to drilling within the school premises → Exploration in people's farms without consent, leaving large pits uncovered → Livestock dying due to water pollution → Local youth missing out on employment opportunities at Murowa Diamond → Murowa Diamond diverted a water pump supplying the community to own use → Early pregnancies and prostitution → There are fears that people will be relocated

3.2 Economic Impacts of FDI in Mining

Although the Constitution mandates the state to ensure that local communities benefit from the resources in their area, mining communities who bear the brunt of extractivism have nothing to show for the resources in their communities.

The mining sector by is capital intensive by nature and employs very few people, which limits the positive impact of mining to employment. Where employment is guaranteed it is usually not quality and decent employment.

To make matters worse, the mining sector in Zimbabwe is male dominated due to the traditional gender roles ascribed to women and the unfavourable conditions in the remote

> Mutoko RDC receives as little as US$1/tonne of black granite extracted in the area, despite high levels of environmental degradation and destruction of road infrastructure. This is the case for most mining communities

working sites. Based on the Zimbabwe 2011 Labour Force and Child Labour Survey, only 2 % of employed population in Zimbabwe was in mining and quarrying with more males (3.6%) than females (0.3%) employed in the sector.

Distribution of Employment by Economic Sector

Industrial Sector	Male	Female	Total
Agriculture, Forestry and Fishing	59.9	71.6	65.8
Mining and Quarrying	3.6	0.3	2.0
Manufacturing	7.7	2.3	5.0
Electricty, Gas Steam and Air Conditioning Supply	0.3	0.0	0.2
Water Supply, Sewage, Waste Management and Remediation Activities	0.1	0.0	0.1
Construction	3.4	0.4	1.9
Wholesale and Retail Trade, Repair Motor Vehicles and Motor Cycles	8.2	10.7	9.5
Transportation and Storage	3.1	0.2	1.7
Accommodation and Food Service Activities	0.5	0.6	0.6
Information and Communication	0.5	0.1	0.3
Financial and Insurance Activities	0.5	0.3	0.4
Real Estate Activities	0.1	0.1	0.1
Professional, Scientific and Technical Activities	0.4	0.3	0.4
Administrative and Support Service Activities	2.5	0.8	1.6
Public Administration and Defence, Compulsory Social Security	2.1	0.5	1.3
Education	2.8	3.4	3.1
Human Health and Social Work Activities	0.9	1.6	1.2
Arts Entertainment and Recreation	0.5	0.2	0.4
Other Service Activities	2.3	3.6	2.9
Activities of Households as Employers	0.4	2.7	1.5
Activities of Extra-territorial organisations and bodies	0.0	0.1	0.1
Not Stated	0.1	0.2	0.1
Total %	**100**	**100**	**100**

Source: *Zimbabwe 2011 Labour Force and Child labour Survey P. 61*

Local communities in Zimbabwe are left with nothing since a huge chunk of tax revenue and royalties are channeled to the national treasury. Local governments are entitled to unitary tax, which is charged per unity comprising of 10 unskilled laborers. With mechanization of mining companies, technology has crowded out unskilled workforce, which ultimately affects revenue generation for local authorities. Such unequal distribution of resources violates the national constitution which provides for equitable distribution of resources.

> Without a sustainability mining plan that promotes forward, backward and sideway linkages, the mining sector remains an enclave economy whose impacts becomes severe at decommissioning stage

The communities are normally left with ghost towns without alternative sources of livelihoods after the lifetime of the mine. Mvuma town is a typical example, which was once a hive of activity in the 1990s is now a ghost town after the closure of Athens Mine in 1996. Kamativi Tin Mine, Mhangura and Buchwa mine have also left the mining communities without any alternative source of livelihood following their closure. Since mineral resources are finite, this is an impending scenario in most mining towns in Zimbabwe.

There is no guarantee that people will receive compensation for compulsory acquisition of land to pave way for mining activities. The People of Chiadzwa are still fighting for their land more than 5 years after relocation to Arda Transau in contravention of section 72 sub section 3 (a) of the constitution which provides for compensation of relocated persons for improvements made on the land before its acquisition.

The mining sector in Zimbabwe is treated as highly political, opaque and compromised in terms of transparency and accountability. This is in violation of section 62 of the constitution which guarantees access to information held by the state or any institution or agency of government at every level in the interest of public accountability. An attempt to enhance transparency and accountability has been thwarted by the government after civil society pushed for the establishment of the Zimbabwe Mining Revenue Transparency Initiative (ZMRTI) which was launched by the then Prime Mister of Zimbabwe, Morgan Richard Tsvangirai during the inclusive government. The mining companies are instead protected by secrecy clauses. Contracts and the contractual process is not made public in violation of section 315 section (1) and 2 (c) of the Constitution of Zimbabwe which mandates parliament to prescribe procurement procedures of goods and services by the state and all institutions of government including concessions on minerals to ensure transparency, honest, cost effectiveness and competitiveness. When the former Minister of Mines and Mining Development was summoned by parliament to answer on issue of mineral resource Governance, he deliberately refused to respond in violation of section 119 of the constitution which subject all institutions and agencies of the state and government at every level to be accountable to parliament.

With a view to restore the economy's capacity to produce goods and services competitively, creating economies of scale good enough for the locator of the proposed SEZs to be internationally competitive, ensure inclusive growth emanating from the spread of growth nodes and diversified provincial offerings, maximize the economic benefits of a given geographical location and its stakeholders and attract more investment from the International world[7], the Special Economic Zones Act was enacted on 1 November 2016 to provide for the establishment of the Zimbabwe Special Economic Zones.

The SEZ Act has largely been criticized for suspending the Indigenisation and Economic Empowerment Act (Chapter 14: 33) which now applies to diamond and platinum sectors and the Labour Act (Chapter 20:01).

The ***Investment Guidelines and Opportunities in Zimbabwe*** which came into effect in January 2018 reiterated the decision to liberalize the economy by allowing corporates and individuals freedom to undertake cross border transactions without seeking prior Exchange Control Approval. The Investment policy reaffirmed the tax and non-tax incentives outlined under the Special Economic Zones.

3.2.1 Investment Incentive Regime and its Impact on Government Revenue

The Zimbabwean government is increasingly using investment incentives as a tool for attracting foreign direct investments. The Zimbabwe Revenue Authority is responsible for administering tax incentives[8] while the Ministry of Industry and International Trade, the Industrial Development Corporation and the Zimbabwe Investment Authority are the main administrators of non-tax incentives. In the case of Zimbabwe, tax and non-tax incentives are offered to enhance income generation, export promotion, employment creation and skills transfer, small business development, industrial development and revenue inflows. The tax incentives in Zimbabwe are offered in the form of tax holidays, reduced tax rates, and accelerated depreciation.

Whilst conferring an advantage to the investors, the tax incentives impose a cost to the government in the form of forgone revenue. For instance the 5 year tax holidays under the SEZs means that the investor will not be paying taxes for those 5 years. The same tax holidays can also be abused by the multinational companies who normally exhaust their initial 5 years, close shop, and come under a different name to enjoy another tax holiday. The proposed tax and non-tax investment incentives are so excessive and hence costly to the government. This is clear testimony that the government has failed to balance the competing interests of attracting foreign direct investors whilst generating revenue to grow the economy. The government has however argued in favour of investment incentives assuming that FDI will create employment, necessitate technology as well as increased foreign exchange earnings. Considering the fact that the modern investors take the following forms; resource seeking, market seeking, efficiency seeking and strategic

[7] *Special Economic Zones Act (Chapter 14:34), 2016*
[8] *Zimbabwe Revenue Authority website, 2018*

asset seeking, investment incentives are not effective. Instead, they lead to the race to the bottom phenomenon as Zimbabwe continues giving tax concessions to outperform other African countries in competition for the same resources.

Apart from enjoying these tax concessions, the MNCs are synonymous for tax planning to avoid paying taxes in Zimbabwe. MNCS normally engage in treaty shopping where companies create new subsidiaries in order to take advantage of taxation treaties. This will enable the company to enjoy related party transactions that take place within affiliate companies. As a result, it becomes extremely complicated for the Zimbabwe Revenue Authority to trace the web of cross border transactions. There are other aggressive tax planning by taking advantage of multiple structures to shift profit across different jurisdictions, preferably tax havens and secrecy jurisdictions. This has been a major battle for ZIMRA until they introduced the "arm's-length principle"[9] upon which the new transfer-pricing framework that was introduced into the Zimbabwe tax law as of 1 January 2016 is based.

3.2.2 Proposed Fiscal SEZs Incentives

<table>
<tr><th>Tax Head</th><th>SEZs Incentives</th><th>Impact</th></tr>
<tr><td>Corporate Tax</td><td>Exemption from Corporate Income Tax for the first 5 years of operation. Thereafter, a corporate tax rate of 15% applies.</td><td rowspan="7">The tax incentives act like subsidies to investors and has the following implications;

Erosion of Tax Base
▪ With or without tax incentives, efficient, market and strategic asset seeking investors will still invest in Zimbabwe
▪ Tax incentives are subject to abuses and thereby perpetuating illicit financial flows (IFFs)
▪ Efficiency and welfare costs
▪ Shifting of tax burden to immobile tax bases (labor)
▪ Tax incentives distorts resource allocation
Administrative Cost
▪ Tax incentives increase tax burden on non-qualifying activities
Equity
▪ Tax incentives violate the principle of equity as it disadvantage other investors who are not in Special Economic Zones for instance.
Corruption
▪ Selective treatment of tax payers creates room for corruption
Regional Impact
▪ Results in race to the bottom as SADC countries compete for the same resources using tax incentives</td></tr>
<tr><td>Special Initial Allowance</td><td>Special initial allowance on capital equipment to be allowed at the rate of 50% of cost from year one and 25% in the subsequent two years.</td></tr>
<tr><td>Employees` Tax</td><td>Specialized expatriate staff will be taxed at a flat rate of 15%.</td></tr>
<tr><td>Non-Residents Withholding Tax on Fees</td><td>Exemption from Non-residents tax on Royalties.</td></tr>
<tr><td>Non-Residents Withholding Tax on Dividends</td><td>Exemption from Non-residents tax on dividends.</td></tr>
<tr><td>Customs Duty on Capital Equipment</td><td>Capital equipment for Special Economic Zones will be imported duty free.</td></tr>
<tr><td>Customs Duty on Raw Materials</td><td>Inputs which include raw materials and intermediate products imported for use by companies set up in the Special Zones will be imported duty free. The duty exemption will, however, not apply where such raw materials are produced locally.</td></tr>
</table>

[9] *UNECA, Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa, 2015*

3.2.3 Proposed Non-Fiscal SEZs Incentives

Tax Head	SEZs Incentives	Impact
Land tenure	Investors shall enjoy 50 year lease and where they purchase urban land, they shall duly receive their title deeds.	▪ Foreign investors have preference over ownership of land over locals. This would result in unnecessary displacements
One Stop Shop investment Services (OSSIC)	Single-window facility for investment registration, clearances through the OSSIC in each enclave/zone.	
New Clean Technologies	All importation of clean technologies, those that pre-treat effluent, solid waste and emissions to the Blue and Green Bands shall be duty free in order to promote the use of environmentally friendly technology.	▪ Erosion of the tax base.
Ownership	Ownership of companies within the SEZs shall be 100% as per international best practice.	▪ Total ownership and control of Zimbabwe's resources is against local content development
Capital and Profit repatriation+	Investors are entitled to 100% repatriation of Capital and profits.	▪ This is a conduit for capital flight and illicit financial flow
Medium of Exchange	The use of multi-currency regime shall persist.	
Residences and Work Permits	Automatic work and residences permits of expatriates and investors.	▪ Local labour maybe pushed out of the market, with preference for expatriates. Chinese investors bring own labour
Water and Energy Supply	Dedicated water and energy supply in SEZs.	▪ Unequal treatment of investors which disadvantages others outside the SEZ
Offshore borrowing	Investors will be allowed to borrow offshore without RBZ approval.	▪ The investors may abuse this facility and exceed the debt to equity ratios
Local Government Taxes and Levies On Land	Exemption from local government taxes and levies on underdeveloped land.	▪ This results in forgone revenue for Zimbabwe

Source: *Invest in Zimbabwe Handbook, 2017*

Besides the tax and non-tax incentives under the SEZs, Foreign direct investors enjoy the following incentives classified according to sector, type of activity, form of organization, and geographical location of investment

Nature of Tax	Investment Incentives
INCOME TAX	
Build Own Operate and Transfer (BOOT) and Build Operate Transfer (BOT) arrangements	▪ Enjoys tax holiday for first 5 years ▪ Taxed at 15% for the second five years
Manufacturing Companies	With effect from 1 January 2015 the rate of tax for manufacturing or processing companies which exports :- ▪ more than 30% or more of its output but less than 41%------20% ▪ more than 41% or more of its output but less than 51%------17.5% ▪ more than 51% or more--15%
Mining Companies	▪ All capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full. ▪ There is no restriction on carryover of tax losses; these can be carried forward for an indefinite period. ▪ Taxable income of a holder of special mining lease is taxed at a special rate of 15%.
Special Initial Allowance (SIA)	▪ Allowed on expenditure incurred on construction of new industrial buildings, farm improvements, railway lines, staff housing and tobacco barns. Also allowed on additions or alterations to existing items as already mentioned ▪ SIA is also allowed on articles, implements, machinery and utensils purchased for purposes of trade. ▪ The definition of articles , implements, machinery and utensils now include tangible or intangible property in the form of computer software that is acquired, developed or used by the taxpayer ▪ Allowance is optional and once claimed this replaces wear and tear ▪ Allowed at the rate of 25% of cost from year one and the next three years ▪ The rate of SIA for Small to Medium Enterprises (SMEs) is 100% which 50% is allowed in first year of use the balance over two years @ 25% as accelerated wear and tear. w.e.f 1/01/2011. ▪ The rate of SIA for licenced investor is 100% which 50% is allowed in first year of use the balance over two years @ 25% as accelerated wear and tear. w.e.f 1/01/2017.
Farmers Special Deductions	▪ Farmers are allowed special deductions over and above the normal deductions. ▪ Examples include expenditure on fencing, clearing and stamping land, sinking boreholes, wells, aerial and geophysical surveys.
VALUE ADDED TAX	
Tourist Facility Operators	▪ VAT at 0% for services offered to persons who are not residents of Zimbabwe and who are required under the exchange control Act to pay for such services in foreign currency.
Farming inputs and equipment	▪ Subject to VAT at 0% [Section 10 a. r. w. 2nd schedule of the Regulations] ▪ Most farm inputs such as animal feed, animal remedy, fertiliser, plants, seeds and pesticides and equipment or machinery used for agricultural purposes are zero-rated.

The mining sector is the major beneficiary of the investment regime. Over and above the other investment incentives, all capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full, mining companies are allowed to carry over loses indefinitely and taxable income of holders of special mining leases are taxed at a special rate of 15%. The mining companies further enjoy stabilization clauses, which entail that the mining contract will not be affected by any changes in domestic laws. In the event of a renegotiation of DTAs, for instance, the mining companies will not be affected by the new terms[10]. Without harmonisation of these investment incentives, the mining companies for instance are likely to invest and operate without contributing to the national fiscus.

3.3 Social Impacts

The "new scramble" for and exploitation of Africa's natural resources led by the emerging economies such as Brazil, Russia, India and China (BRICS) has been characterised by violation of human rights, population displacement, and accelerated levels of inequality and poverty. Failure to manage expectations between the government, the community and mining companies has fueled disturbances in the social fabric and conflicts. Mining companies commence their operations without the social license to operate. Women as the predominant actors in the informal and communal economies such as artisanal and small scale mining are worst affected by the coming in of the large scale miners in an environment where they are considered illegal. There is therefore, gender bias in the distribution of the risks, costs and benefits within the mining sector which, if unaddressed, could further widen the gender gaps in access to resources and resource-related opportunities. Community voices collected during district, provincial and national alternative mining indabas confirms that mining has a tendency of disrupting social lives, causing gender-based violence, spreading HIV/AIDS, and extreme levels of violence in resource-based conflicts. With the diamond mining companies using excessive water, ground water is depleting causing many boreholes to dry. The repercussions are multifaceted but mainly affect women who largely carry the burden of sourcing domestic water for their families. Livestock and crop production has also drastically fallen due to the water problem. In short, diamond mining in Marange and Chiadzwa areas has negatively impacted people's livelihoods.

In some areas such as Tsvingwe in Penhalonga, Manicaland province, there is serious proliferation of prostitution which is resulting in the destruction of many homes and families. Such mining areas are the breeding ground for HIV/AIDS which if not addressed will have an implication on human development indicators such as the life expectancy and infancy mortality.

[10] *Publish What You Pay, Overview of Double taxation Agreements: The Case of Zimbabwe, 2017*

When people get relocated from the mining community, they are denied access to basic services such as health, education, safe and portable water. Children have to walk long distances to school and sometimes learn from makeshift classrooms without adequate facilities. The mining companies sometimes do not prioritise service provision and focus on making profits. The health facilities at Arda Transau do not have a qualified doctor to attend to patients. The residents are attended to by general nurses.

The cost of living in Mining towns is extremely high. When diamond mining started in Manicaland Province, the cost of living went high beyond the reach of local communities. There was market for most food staffs and other luxuries but only accessible at exorbitant prices. This was a big blow to the surrounding communities. Basic commodities like sugar, bread and cooking oil were unaffordable. This is common around mining towns.

3.4 Environmental Impacts

Mining communities are subjected to environmental pollution and degradation in contravention of section 73 of the constitution which asserts every person's right to an environment that is not harmful to their health and wellbeing. The people's livelihoods and lives are at stake due to environmental pollution and degradation. Whilst the Environmental Management Act (Chapter 20:27) mandates the Environmental Management Authority to regulate and monitor the discharge or emission of any pollutant or hazardous substance into the environment, the mining companies continue to pollute the environment especially main water bodies further threatening people's rights to health, water, food, and housing and other livelihood options. The community members do not have access to and are in most cases not consulted for environmental impact assessments. The Act however is not clear on the extent of public consultations in EIAs. This violates provisions of Chapter 14 of the constitution which provides for democratic participation in government by all citizens and communities of Zimbabwe, and the equitable allocation of national resources and the participation of local communities in the determination of development priorities within their areas.

Incidentally, Artisanal and Small Scale Mining (ASM) are considered as informal and criminal under the current regime, this has negatively impacted on the performance of Artisanal and Small Scale miners despite contributing 53% of Gold sales in 2017[11]. The Artisanal and Small Scale miners have thus been operating informally without taking responsibility over environmental degradation across the country. This is now a health hazard as most pits are uncovered and sometimes threatening public infrastructure including roads.

[11] *RBZ, January 2018 Monetary Policy Statement Enhancing Financial Stability to Promote Business Confidence, 2018*

4 CONCLUSION

In order for Zimbabwe to benefit from the FDI in the mining sector, the government should put in place safeguards to ensure sustainable development in its three dimensions of social, economic and the environment. This is very critical for the management of differing and opposing expectations of the community, government and the private sector. The first step is a deliberate decision that fulfills the social license to operate and respect for social contract apart from the resource contract between the government and the mining companies. This is very critical for ensuring transparency and accountability in the mining sector which is the bedrock for balancing the competing interests of the state which is attracting investments whilst optimizing revenue collection for national development in the short, medium and long term.

Free prior and informed consent is very critical for inclusive growth and development. In the absence of such, the country is prone to the 'natural resource curse' which manifests itself in the form of lower economic growth, inequality, displacements, disturbances in the social fabric, conflicts, environmental degradation, exploitation of labour, and increased vulnerability of the sector to corruption and mismanagement. Excessive liberalization of the economy, whose bias towards the private sector has a tendency to ignore the role of the society in national development. Ignoring the society defeats the ultimate role of FDI which is to eradicate poverty, over and above employment creation, technology and skills transfer and increased tax and non-tax revenue.

The role of multinational corporations in undermining social, economic and environmental rights should not be over emphasised. Their actions are not only illegal. They use all the available loopholes in the legal and institutional frameworks to minimise costs and maximize profits. Therefore, the buck stops with the Government of Zimbabwe whose mandate is to put in place reasonable legislative and other measures that prevent pollution and ecological degradation promote conservation and secure ecologically sustainable development and the use of natural resources while promoting economic and social development, in line with the Constitution of Zimbabwe. These should be implemented jointly with regional and international frameworks and best practices for the benefit of the country. If the rule of law is respected in Zimbabwe, the minimum legislative and institutional provisions in place would have been sufficient to turning around the economy and the fortunes of this country.

The impacts of FDI in the mining sector for women are unprecedented. Deliberate policies for increasing women's access to and ownership of natural resources are required. By allowing women to influence the distribution of mineral and other natural resources, the inequality gap would automatically reduce.

5 RECOMMENDATIONS

This research recognises the equally important roles played by the government, the private sector mining communities and civil society in the mining sector. Specific recommendations are, therefore proffered highlighting the key actions that each should take to ensure that FDI contributes to sustainable development in Zimbabwe.

5.1 Recommendations to Government

- → The government should enforce policies that protect people and the environment such as the Environmental Management Act which makes it mandatory for mining companies to obtain EIAs prior to mining. Compliance to regulations should also be enforced.
- → With the coming in of the Special Economic Zones, the government should work towards the harmonisation of investment policies to avoid excessive tax and non-tax incentives in the mining sector.
- → The government should make it mandatory for mining companies to obtain a social license to operate before commencing its operations in order to enhance people participation in extractions of natural resources. The government should also promote and protect communities' Free Prior and Informed Consent (FPIC) which gives people voice in deciding what is good for them and the environment.
- → The government should expedite the amendment of the Mines and Minerals Act of 1961 to include a requirement for Human Rights Impact Assessments in order to consider the actual and potential human rights risks and impacts of mining activities, and how the impacts and risks can be mitigated and/or avoided. HRIAs are more comprehensive and could address the impacts of mining on children and women who are most vulnerable to human rights abuses.
- → The government should come up with frameworks for integrating the mining sector to the rest of the economy so that people benefit beyond the lifespan of the mines. This can be achieved by creating backward, forward, technology and sideway linkages along the value chain.
- → The government should come up with a local content policy which empowers local communities to play a significant role in the extraction of mineral resources in Zimbabwe. This will enable Zimbabweans to directly and indirectly benefit from national resources.

5.2 Recommendations to the Private Sector (Investor)

- → The private sector should conduct positive and genuine engagements with the mining communities during the development, construction and operation phases of the mining project in order to balance the expectations of the people with the benefits of the project. Without the social license to operate, there will be unnecessary delays and conflicts.

- The mining companies should meet its corporate responsibility to respect human rights; and greater access by victims to effective remedy as provided for in the United Nations Guiding Principles on Business and Human Rights.
- Whilst Corporate Social Responsibility is voluntary in Zimbabwe, the investors must pay attention to the needs of the communities rather than imposing their own priorities. The communities should always be involved in making decisions that affect them in order to avoid conflict.
- There is need for investors to support derivation of a home-grown grievance handling mechanism that is friendly to the local people in order to manage conflicts
- The investors must adhere to the laws of the land in order to protect the employees, the communities and the environment. Specifically, the mining companies should have clear plans on reclaiming and restoration of mining areas during and after mining. The investors should construct and make use of designated dumping sites in line with international best practice and national laws to avoid pollution of rivers and dams.

5.3 Recommendations to Civil Society Organisations

- Civil society should leverage on international initiatives and frameworks (such as the Extractive Industries Transparency Initiative (EITI), FPIC and the (UNGPHR) that support national processes and empowering communities to demand their rights.
- Empower local communities to monitor operations of mining companies in respect to their impact on the society, the economy and the environment.
- Civil society should support civic education on the investment and mining laws, displacements and compensation, including working with human rights defenders.
- Facilitate public interest litigation on environmental issues in order to safeguard the environment and natural resources from pollution and ecological destruction.

5.4 Recommendations to Host Communities

- The host communities should prepare and position themselves in order to benefit from local procurement arrangements. In this regard communities should lobby their respective local governments for local content policy and its implementation.
- Local communities should utilize the Extractives Monitoring Communities and other community monitoring arrangements established by ZIMCODD and CSO partners such as ZELA and CNRG in order to mobilise and collectively engage the government on emerging issues to resist social, economic and environmental injustices.
- Develop resilience mechanisms in the face of growing influx of FDI in the mining sector.
- Host communities should position themselves to derive benefits from downstream economic value chain.

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