

Investing in People for Social and Economic Justice

# ZIMCODD

## POLICY DIGEST

MAY 2023

LOCATING ARTISANAL SMALL-SCALE MINERS  
IN THE US\$12 BILLION MINING VISION





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# 1. INTRODUCTION

Mining is the hub of economic growth and development as it is at the top of revenue generation contributing approximately 70% of Zimbabwe's foreign earnings[1]. The minerals sector is undoubtedly the major foreign currency earner with mineral exports contributing to over 16% of the country's Gross Domestic Product. It is now four years since the President launched the US\$ 12 billion mining industry by 2023 with the intention to harness and leverage the potential of the mining sector to generate the much-needed foreign currency. However, the extent of the contribution of mineral exploitation to revenues to central government, development of local authorities and communities remains a contentious issue (ZEPARU, 2018). This Policy Digest seeks to examine the effectiveness of the US\$ 12 Billion Mining Vision with respect to inclusion of Artisanal Small-Scale Miners (ASSM). It intends to determine the government's progress in institutionalizing ASSM as well as optimizing mineral value addition. The digest further seeks to ascertain whether the government's aspiration and policy for the mining sector with respect to the US\$ 12 billion mining vision captured the reality on the ground or not. The digest ends with actionable policy alternatives that if implemented religiously might help in shaping vision 2023.



[1] 2021 National Budget

[1] <http://www.mines.gov.zw/index.php/en/about/vision>

[1] <https://www.mining.com/web/zimbabwe-unveils-plan-for-12-billion-in-mineral-revenue-by-2023/>



## 2. THE US\$ 12 BILLION MINING VISION

In October 2019, the government announced its ambition for the US\$ 12 billion mining vision which was to be attained by 2023. A national vision which was also translated into Ministerial vision to optimize its attainability. Currently, the Ministry of Mines and Minerals Development vision reads “a stable and sustainable US\$ 12 billion industry by 2023”[1]. A positive stride with respect to vision internalization and organizational attainability processes. The US\$ 12 billion mining vision was a 344% jump from the US\$ 2.7 billion attained in 2017. The mining sector is the economic lifeline of the country as it is undoubtedly the major foreign currency earner. The US\$ 12 billion mining vision will utilize the revenue generated from diamond, lithium, iron ore, chrome, platinum, gold and other minerals. The objective of the US\$ 12 billion mining vision are as follows:

- Enhanced exploration.
- Increased exports and foreign currency generation.
- Value addition and beneficiation
- Enhanced productivity and employment creation
- Inclusion of ASSM
- Optimum benefits to the country and its citizens

According to the policy document, known as the Strategic Road to the Achievement of \$12 billion By 2023, gold exports will rise to US\$ 4 billion and platinum to US\$ 3 billion[2]. This will be made possible by focusing on the above objectives of the US\$12 billion mining vision. However, the new discoveries in gold, diamonds and lithium among others, has created rising expectations among diverse stakeholders on the potential mining revenues that can be realised from this sector and their contribution to spur the country's development.

## 3. AFRICA MINING VISION

The Zimbabwe mining vision must be located in and aligned to the Africa Mining Vision (AMV) which the country is a party to. The AMV is anchored on transparent, equitable and optimal exploitation of mineral resources to fasten broad-based sustainable growth and socio-economic development. Africa's mining vision calls for redefinition of policies, legal and regulatory frameworks that facilitate equitable participation by local businessmen, communities and other stakeholders in mining activities, as well as tools to improve revenue (derived from royalties, income taxes, land taxes, lease rents) distribution at local level. African Union Heads of state adopted the AMV in 2009 after a meeting held in 2008 October by African Ministers responsible for Mineral Resources Development. The AMV envisions:

- A sustainable and well-governed mining sector that effectively garners and deploys resource rents and that is safe, healthy, gender and ethnically inclusive, environmentally friendly, socially responsible and appreciated by surrounding communities.
- A mining sector that is a key component of a diversified, vibrant and globally competitive and industrialising African economy.
- A mining sector that helps establish a competitive African infrastructure platform, through the maximisation of its propulsive local

[1] 2021 National Budget

[1] <http://www.mines.gov.zw/index.php/en/about/vision>

[1] <https://www.mining.com/web/zimbabwe-unveils-plan-for-12-billion-in-mineral-revenue-by-2023/>

# 3. AFRICA MINING VISION

and regional economic linkages.

-A mining sector that harnesses the potential of artisanal and small- scale mining to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development.

Although, the AMV is in place, it is imperative to note that it is not a new phenomenon and there has been several continental visions and frameworks such as the Monrovia Declaration (1979) and the Lagos Plan of Action (1980). The frameworks have one thing in common, their insufficiency to efficiently address the fragmentation and secrecy of fiscal mining regimes, amalgamating and institutionalising artisanal small-scale miners in Africa. The AMV's Fiscal revenue management outcome one has a special focus on optimizing share of revenue accruing from mineral resource extraction. Its intervention area is on improvement in the policy, legal and fiscal instruments for revenue maximization and increased investment in the mineral sector and the prevention of illicit financial flows[1]. Zimbabwe stand to benefit a lot if they fully domesticate and implement the AMV. The amendment process of the Mines and Minerals Act in Zimbabwe which is taking long, provides a big opportunity for the inclusion of artisanal small-scale miners, fiscal and revenue aspirations for the US\$ 12 billion mining vision into the Mines and Minerals Bill if the government is sincere about attain the mining vision.

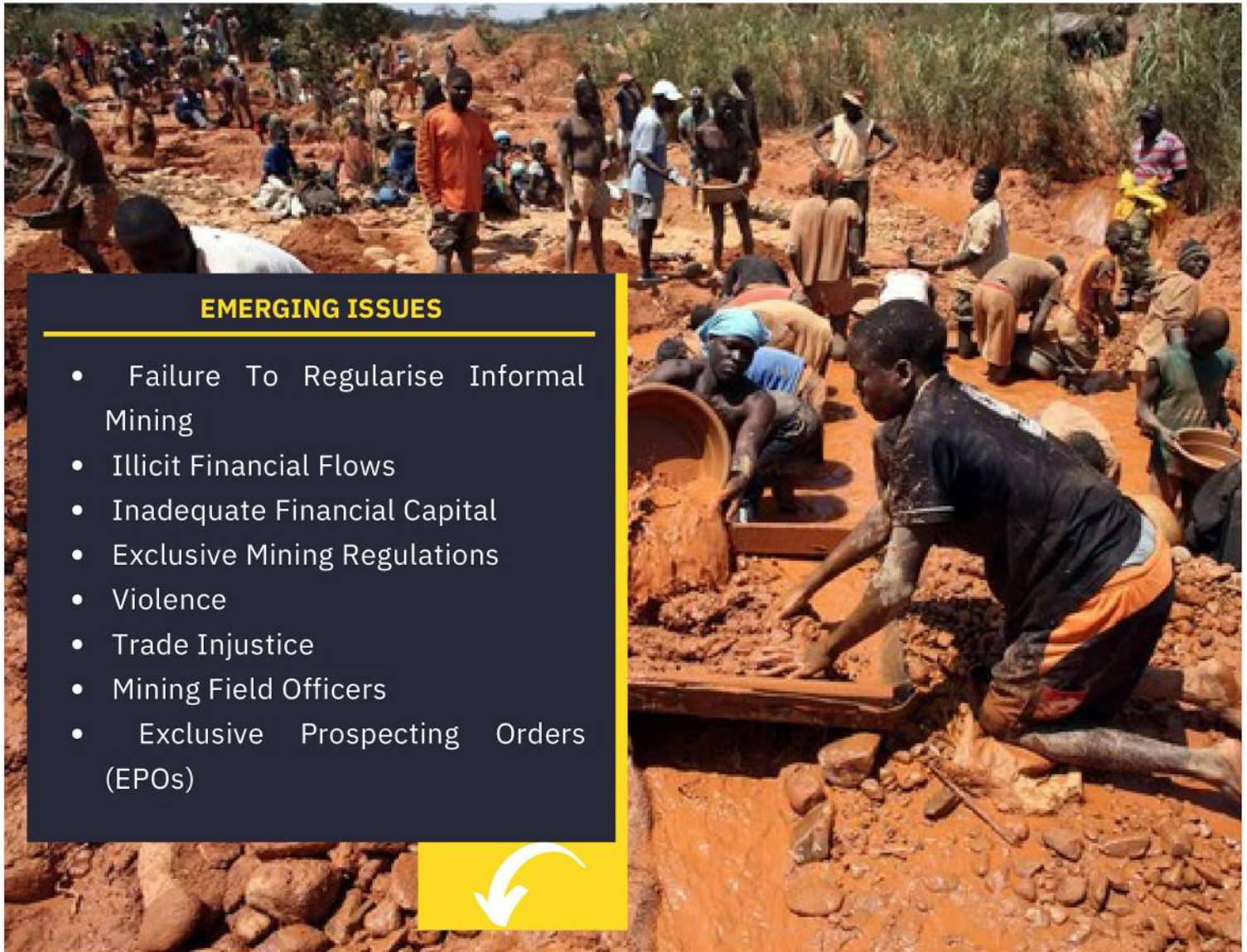


[1] <https://repository.uneca.org/bitstream/handle/10855/24172/b11875884.pdf?sequence=5&isAllowed=y>

[1] <https://www.sundaynews.co.zw/informal-mining-regularisation-key-to-economic-growth/?q=residents-of-benins-oueme-valley-increase-their-incomes-thanks-to-an-african-development-fund-project&pr=210541&lang=en>

# 4. EMERGING ISSUES

This section covers some of the major issues that are militating against the inclusion of ASSM in the US\$12 billion mining industry thereby simultaneously undermining the attainability of the same. The emerging issues presented hereunder are not exclusive but comprehensive enough to give one an understanding of the dynamics in the mining sector and why the 2023 mining vision has remained a fairytale.



## EMERGING ISSUES

- Failure To Regularise Informal Mining
- Illicit Financial Flows
- Inadequate Financial Capital
- Exclusive Mining Regulations
- Violence
- Trade Injustice
- Mining Field Officers
- Exclusive Prospecting Orders (EPOs)



[1] <https://miningbusinessafrica.co.za/zimbabwe-to-formally-register-artisanal->

rs/#:-:text=Reserve%20Bank%20of%20Zimbabwe%20%28RBZ%29%20Governor%20John%20Mangudya,and%20only%2016%25%20of%20them%20are%20formally%20registered.

[1] <https://miningzimbabwe.com/small-scale-gold-producers-continue-to->

impress/#:-:text=Of%20the%207.695%20tonnes%20delivered%20during%20the%20first,in%202021%20whilst%20small-scale%20producers%20contributed%2018%2C5%20tonnes.

ashudu, Netisanda, 07 September 2020, Chronicle, US\$100 million of gold smuggled outside Zimbabwe, <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe>

## FAILURE TO REGULARISE INFORMAL MINING

The regularization of informal mining is imperative if the government is to attain vision 2023 which is the US\$ 12 billion mining industry. Sadly, it's already 2023 and yet the government has failed to tap into the full potential informal mining sector. A situation that also chokes the attainability and inclusivity of vision 2023. The attainability of vision 2023 currently, largely relies on governments formalization of the informal mining sector. It is considered that one of the greatest drivers of minerals being smuggled out of Zimbabwe is informal mining[1], which is a problem that has to be resolved right away through formalization and institutionalization. As this will give the government effective control of mineral outflow and revenue inflow. The projected number of artisanal and small-scale miners in Zimbabwe is between 500,000 and 1.5 million, with only 16% of them being properly registered, according to Reserve Bank of Zimbabwe (RBZ) Governor John Mangudya[2]. Small-scale miners produced 4.949 tonnes of the 7.695 tonnes provided during the first quarter of 2022, compared to large-scale miners' 2.746 tonnes. In 2021, large gold miners sent to Fidelity Refineries 11,2 tonnes of gold, while small-scale producers sent 18,5 tonnes[3]. Therefore, it is evident that, the informal mining sector is playing a key role in revenue generation through mineral extraction. It is also critical to note that, not all of the informal sector miners submit their gold to Fidelity thereby facilitating revenue leakages. Thus, the failure by the government to institutionalise informal mining edifices Illicit Financial Flows (IFFs) and undermines the attainability of vision 2023 as shall be further elaborated hereunder.

## ILLICIT FINANCIAL FLOWS

The Zimbabwean extractive industry has been gravely affected by IFFs owing it to a myriad of factors which are all sustained by conflicting and fragmented mining fiscal regimes. According to the Minister of Home Affairs, Hon Kazembe, Zimbabwe is losing US\$100 million dollars each month through gold smuggling[1]. Annually, this figure adds up to US\$ 1.2 billion, a figure more or less equal to Zimbabwe's total gold export earnings; US\$964 million and US\$1.3 billion in 2019 and 2018 respectively. Nevertheless, the above statistics are subjected to debates as they can

be viewed as conservative. According to a recent assessment by the Centre for Natural Resource Governance (CNRG), Zimbabwe is losing at least three tonnes of gold worth US\$157 million every month due to illicit financial flows[2]. A verdict which is substantiated by the Aljazeera Gold Mafia Documentary which exposes scintillating revelations on gold smuggling. According to the documentary, Zimbabwe is losing approximately 500 kgs of gold weekly to high profile syndicates who have connections with the highest echelons of power. Thus, annually Zimbabwe is losing more than US\$ 2 billion dollars

[1] <https://miningbusinessafrica.co.za/zimbabwe-to-formally-register-artisanal->

rs/#:-:text=Reserve%20Bank%20of%20Zimbabwe%20%28RBZ%29%20Governor%20John%20Mangudya,and%20only%2016%25%20of%20them%20are%20formally%20registered.

[1] <https://miningzimbabwe.com/small-scale-gold-producers-continue-to->

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ashudu, Netisanda, 07 September 2020, Chronicle, US\$100 million of gold smuggled outside Zimbabwe, <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe>

[1] Centre for Natural Resource Governance (CNRG) (2022) Zimbabwe's Disappearing Gold: The Case of Mazowe and Penhalonga

## ILLICIT FINANCIAL FLOWS

to gold smuggling and this figure does not account for the revenue that is also being lost in other mineral clusters such as platinum, diamond, lithium, copper and granite to mention but a few. To this end, it is with no doubt that, Zimbabwe has the potential to attain the US\$ 12 billion mining industry if only the government institutionalises informal mining sector and deliberately curb IFFs. Nonetheless, this will require more than political will as the incentives of not formalising the informal sector are greater than the punitive measures put to deter gold smuggling.

## VIOLENCE

The ASSM sector is known to be a haven of violence, rape and murder. In February 2020 the Minister of Home Affairs and Cultural Heritage Kazembe Kazembe testified orally before the Parliamentary Committee on Defence, Home Affairs, and Security that machete gangs have been responsible for 35 murders, 225 robberies, 382 assaults, and 15 rape cases nationwide since January 2020. Since then, no official statistics have been publicized to show whether the statistics are decreasing or not.

However, what is worrying to note is the number of murders, robberies, assaults and rape which took place in only 30 days. Studies shows that, Zimbabwe saw a sharp rise in machete gang violence in regions with ASSM from the last quarter of 2019[1]. The gangs, also known as "Mashurugwi," were allegedly harassing mining towns and robbing people of their cash, gold, and ore. Shurugwi is a small town in Zimbabwe's Midlands Province. Almost every day a report about Mashurugwi robbing miners or companies appeared in the media[2]. Numerous assertions were made in the media concerning the identities of the violent gangs and their connections to politicians in Zimbabwe's ruling political party due to the extraordinarily violent character of the robberies and the absence of police intervention, particularly in the earlier time[3]. A scenario that led many to believe that the chaos in the ASSM was man-made and the governance system of the mining sector was crafted in a manner that fosters chaos and informalization of ASSM. Reports of gang rape and other forms of gender-based violence were raised. The violent nature of the ASSM perpetuated gender imbalance and exclusion as the sector was threatening and frightening to women.

## INADEQUATE FINANCIAL CAPITAL

The optimum growth of ASSM is also undermined by weak capital investments. According to key informant interviews by ZIMCODD from Kwekwe, Shurugwi and Penhalonga lack of finance is a stumbling block to their work. Financial capital enables members of the informal mining sector to purchase the much-needed equipment and machinery such as Hammer Mills, Ball Mills, Concentrators, Diamond Pan, Stamp Mills, Jaw Crushers and Amalgam Barrels[1] which makes their work easy, yet effective. Lack of financial muscle also undermines the electrification of mines or claims which in turn would have enabled ASSM to effectively undertake their work. Thus, the unavailability of lines of credit for the ASSM weakens government's chances of achieving a US\$ 12 billion mining industry.

## EXCLUSIVE MINING REGULATIONS

The introduction of Mining Field Officers (MFOs) will facilitate the attainability of the US\$12 billion mining vision and formalization of the mining informal sector. MFOs will function as the bridge, hub and gateway of knowledge as well as government's platform interaction with ASSM. Just like in the agriculture sector, where there are Agriculture Extension Officers (AEOs) to help farmers in marginalized communities. The establishment of MFOs will create an osmosis and diffusion of mining experiences among ASSM as well as the government. It is difficult for the government to plan for the informal mining sector without understanding its plight and experience. Effective policies are built on viable consultative forums and public hearings.

[1] <https://miningbusinessafrica.co.za/zimbabwe-to-formally-register-artisanal-miners/#:~:text=Reserve%20Bank%20of%20Zimbabwe%20%28RBZ%29%20Governor%20John%20Mangudya,and%20only%2016%25%20of%20them%20are%20formally%20registered.>

[1] <https://miningzimbabwe.com/small-scale-gold-producers-continue-to-impress/#:~:text=Of%20the%207.695%20tonnes%20delivered%20during%20the%20first,in%202021%20whilst%20small-scale%20producers%20contributed%2018%2C5%20tonnes.>

[1] Mashudu, Netisanda, 07 September 2020, Chronicle, US\$100 million of gold smuggled outside Zimbabwe, <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe>



# VIOLENCE

Therefore, weak intervention by the authorities deters many people from participating in mining activities at a time when the government desperately needs to attain a US\$ 12 billion mining vision. Thus, it is prudent for the government to bring sanity in the sector if it wishes to fulfill the ambitions it set out in 2019 for the US\$ 12 billion mining vision.

## TRADE INJUSTICE

Although trade injustice has become a common phenomenon in Zimbabwe due to the institutionalization of inequality, state capture, corruption, economies of affection and nepotism. The scale and magnitude of inequality in the mining sector is more brutal than other sectors. This is because, the distribution of wealth in the sector is configured in a manner that guarantees that, most of most proceeds from the gold go to the elite and Politically Exposed Persons (PEPs). At the same time, if one uses the Aljazeera Gold Mafia Documentary as a case point, it is worrying that only a few individuals are benefitting from the gold in the country despite the fact that majority of the gold is coming from ASSM. Poverty is rife in many mining host communities and majority of them relies heavily on food donations from humanitarian organisations. Penhalonga, Zvishavane, Chiadzwa, Mutoko, Kwekwe and Kadoma testifies to this assertion. The monopoly and supremacy of Politically Exposed Persons (PEPs) in mining trade as exposed by the Aljazeera documentary and livelihoods of the miners makes one to argue that there is great trade injustice taking place.

## MINING FIELD OFFICERS

The introduction of Mining Field Officers (MFOs) will facilitate the attainability of the US\$12 billion mining vision and formalization of the mining informal sector. MFOs will function as the bridge, hub and gateway of knowledge as well as government's platform interaction with ASSM. Just like in the agriculture sector, where there are Agriculture Extension Officers (AEOs) to help farmers in marginalized communities. The establishment of MFOS will create an osmosis and diffusion of mining experiences among ASSM as well as the government. It is difficult for the government to plan for the informal mining sector without understanding its plight and experience. Effective policies are built on viable consultative forums and public hearings.

## EXCLUSIVE PROSPECTING ORDERS (EPOS)

EPOs have also undermined the role of ASSM in the fulfillment of the 2023 mining vision. An EPO is defined as a claim, concession, right, exclusive prospecting permit, or lease. It is also viewed as a person's or a group of people's approval to develop and utilize a properly delimited region for its mineral richness in accordance with laws and mining rules. In Zimbabwe, EPOs are issued in accordance with Part VI of the Zimbabwe Mines and Minerals Act (Chapter 21:05), often known as "the Act". The EPO grants the sole right to prospect for certain minerals in any designated area within the nation. Although EPOs are attractive to investors, they stand as a stumbling block to the optimum development and growth of the ASSM sector. This is because, the majority of the ASSM members do not have the ability to meet the EPOS requirements as prescribed on Section 87(2) of the Mines and Minerals Act (Chapter 21:05). Thus, EPOs becomes an impediment and a vehicle of elitism in the mining sector. At the same time, there has been a record of EPOs violation by political patronage who sponsor and support mining gangs<sup>[1]</sup> to evade other people's mining claims for political expedience.

[1] Grasian Mkodzongi, (2020) The rise of 'Mashurugwi' machete gangs and violent conflicts in Zimbabwe's artisanal and small-scale gold mining sector, The Extractive Industries and Society, 7, (4) : 1480-1489

[1]Grasian Mkodzongi, (2020) The rise of 'Mashurugwi' machete gangs and violent conflicts in Zimbabwe's artisanal and small-scale gold mining sector, The Extractive Industries and Society, 7, (4): 1480-1489



## 5. CONCLUSION

Although it is not yet the end of 2023, evidence emanating from the above submissions shows that, the government has already missed the US\$ 12 billion mining vision which was set to be fulfilled by the end of 2023. A pre-summative evaluation shows that, the mining vision is exclusive as it does not capture the interests and aspirations of the informal mining made up of ASSM. Interestingly, the government seem to be preoccupied with an ambiguous implementation approach with a deliberate intent of excluding and neglecting ASSM. The increase and institutionalization of IFFs through sanctioned gold smuggling as exhibited in the Aljazeera Gold Mafia Documentary stands as testimony to the US\$ 12 billion ambiguous implementation approach. It is with no doubt that, Zimbabwe`s mining sector has the potential to even surpass the US\$12 Billion mark. However, this can only be possible if the recommendations hereunder are judiciously implemented.



# 6. RECOMMENDATIONS

## THE MINISTRY OF MINES AND MINERALS DEVELOPMENT

- Must ensure that, ASSM members are formalized, registered and incentivized to submit all their gold to Fidelity Printers.
- Must stop issuing EPOs to foreign investors or must give EPOs in a strategic manner that does not undermine the operations of ASSM.
- Must withdraw the license of all individual members and organizations that are implicated in gold smuggling.
- Must establish Mining Field Officers (MFO) across the country to create an open and effective communication channel between the ministry and ASSM. This will also be expedient in knowledge and information assimilation.
- Must carry out lifestyle audits of employees working for all mining parastatals, government departments and the ministry.

## THE MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

- In conjunction with the Ministry of Mines, the Ministry of Finance must set up supportive financial grants that target ASSM.
- A duty waiver must be put on all mining equipment being imported by ASSM.
- Edifying incentive must be put in place, this will strategically arm-twist miners to sell their gold to the government.
- Simultaneous and unannounced spot-checks must be carried out at Fidelity Refineries and Printers, Minerals Marketing Corporation of Zimbabwe (MMCZ) and all country borders.

## PARLIAMENT OF ZIMBABWE

- Must carry inclusive and effective public hearing and consultative forums that gather ASSM interest and aspirations.
- Must play its ombudsman role to deter under dealings, corruption, institutional incapacity and weak transparency and accountability measures.
- The portfolio committee on mines must examine government performance with respect to the US\$ 12 billion vision and determine challenges that might have derailed the attainability of the stated objectives. This will enable the parliament to prescribe recommendations that foster the attainability of the vision.
- The portfolio committee must carry out an investigation in the allegations raised in the Aljazeera Gold Mafia Documentary.
- Must question on the monopoly of PEPs and organizations that are entrenching inequality as well as trade imbalances.



# NATIONAL PROSECUTING AUTHORITY OF ZIMBABWE

- Must successfully prosecute individuals and companies that are involved in mineral smuggling. This will make citizens have confidence in the judiciary system and redress the famous capture and release theory.

## ZIMBABWE REPUBLIC POLICE (ZRP)

- The ZRP must investigate and arrest all individuals that are involved in mining killing and raping gangs.
- Must investigate and arrest all smuggling syndicates despite their connections.

## ASSM

- Must continuously engage the ministry of Mines to be recognized and formalized.
- Must sell their gold to Fidelity Printer
- Must be established that fosters gender tolerance and sensitivity.

## OFFICE OF THE PRESIDENT AND CABINET (OPC)

- Must demonstrate political will in implementing the national aspirations stipulated in the US\$ 12 billion mining vision.
- Must strive to promote transparency, accountability and integrity by ensuring that all individuals who are implicated in corrupt cases are held accountable despite their connection to the president.
- As a meta-governance institution, it must carry out periodic performance evaluations assessing the implementation strategy and re-adjusting it when necessary.
- The OPC must facilitate Zimbabwe's joining of the Extractive Industries Transparency Initiatives (EITI) to promote extractives transparency and accountability.

