



# THE WEEKEND READER

"Your Weekly Read on Debt, Development & Socio-Economic Justice"

## MINING AND INEQUALITY IN ZIMBABWE

The mining industry has further magnified the already existing inequalities in Zimbabwe. It has been characterised by exploitation and unfair practices that are costing the residents of mining host communities and the greater citizenry. Government continues to favour elitist companies in the name of development. This is contributing to inequalities and poverty levels rising as the systems continually institute policies favouring the rich elites at the expense of the poor.

Zimbabwe is richly endowed with large reserves of platinum group metals that include ruthenium, rhodium, palladium, osmium, iridium, and platinum. It has the second largest platinum deposits in the world. The mining sector contributes about 11% of the country's Gross Domestic Product and over 70% of its export earnings<sup>1</sup>. Mining contributes to the foreign reserves of the country which can help in balancing the inflation levels by bringing foreign currency through the trade exports<sup>2</sup>. Under the 2023 US\$ 12 billion mining vision, the mining industry is expected to foster sustainable development and improve the quality and standard of life for the people through the following objectives:

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



*Small Scale miners at work in Gwanda, image courtesy of Newsday*

1. 2022 Zimbabwe National Budget

2. <https://www.chronicle.co.zw/mining-firms-fingered-in-tax-evasion/>

However, mining agreements entered into between the government and Multinational Mining Companies (MNC) and Politically Exposed Persons (PEPs) have successfully-failed to meet any of the above objectives prescribed in the 2023 US\$ 12 billion mining vision. Ironically, the mining sector continues to be a haven of inequality, disadvantaging the poor and marginalized communities by having families displaced from communal land to pave way for mining with little to no compensation. The residents of Mutoko narrated that they were awarded US\$2500 for their displacement which is very insufficient in covering the cost of relocation such as building new properties and developments which are in a state like they had done on their communal land. Losing crucial infrastructure such as nearby healthcare systems, access to clean water, nearby schools with the government taking much time to develop the areas puts them in a predicament that alienates them from the Human Development System (HDS) that other communities are benefitting from. Such circumstances make these communities cease to be at par with other citizens as they will be deprived of the basic lifecare social and economic systems making their inequality predicament of concern.

In addition, the people of Mungezi region in Bikita are still being displaced from their communal lands to site and expand Lithium Mines with little to no compensation being awarded to them. In Chikomba district, Nyikavanhu Village where the Manhize Mine for Steel is currently being built, the people are unhappy with the displacements. Currently, there is no compensation that has been given to the villagers as the Chinese are bribing village heads and chiefs<sup>4</sup> and leaving everyone else to suffer and fend for themselves when everything they had has been demolished to build the mega-mining projects.

Furthermore, mining companies and individuals displacing these communities are less concerned about the environmental implications of their activities. They continue to extract resources from the communities while they leave a trail of damaged roads and bridges, hazardous pollutants, dirty air, and blast debris everywhere. There is also evidence of cracks in the nearby houses and leaving pit-infested communities when projects are done. With all these unfair repercussions, the displaced communities are benefiting very little from these mining expeditions. If anything, those who take up jobs in the mines are exploited and paid very low wages with some earning US\$50 for the long hours they would have worked<sup>5</sup>. The respective environments of these communities are continually destroyed with no infrastructure development taking place in these communities but health hazardous environments are being created and traps for wildlife and livestock from the uncovered pits dug during mining activities.

Zimbabwe has been losing millions of USD in potential revenue from these mining companies. More taxes could be collected from these mining companies to be used for National Development if players were fully compliant with tax laws<sup>6</sup>. Paradoxically, the government reviewed the taxes of mining companies with special leases downward from 25% to 15%<sup>7</sup>. Tax incentives for investors in special economic zones exempts them from duty payment on goods and equipment that are consumed in the first five years of the business establishment. On the other hand taxes that affect the wider population were reviewed upwards in order to raise revenue.

3. <https://www.theguardian.com/global-development/2022/jan/07/zimbabwe-china-mines-pollution-evictions>

4. <https://nehandaradio.com/2021/06/11/giant-chinese-mine-to-displace-800-in-chikomba/>

5. <https://www.theguardian.com/global-development/2022/jan/07/zimbabwe-china-mines-pollution-evictions>

6. <https://www.chronicle.co.zw/mining-firms-fingered-in-tax-evasion/>

7. [https://www.zimra.co.zw/index.php?option=com\\_content&view=article&id=1756:plumtree-border-post-auction-24-july-2012&catid=5:notice&Itemid=7](https://www.zimra.co.zw/index.php?option=com_content&view=article&id=1756:plumtree-border-post-auction-24-july-2012&catid=5:notice&Itemid=7)

Taxes that include Withholding Tax, PAYE, IMT tax were reviewed upwards leaving the general populace to shoulder the tax burden whilst pardoning the Multinational Companies (MNCs) at the expense of the poor. This is all evidence of policies that favour the rich and powerful, magnifying the gap between the rich and the poor in the process. As the government implement policies that protect the interest of the elites while ignoring the wider citizenry interests and wellbeing in the process.

## Policy Alternatives

The above submission underscores the need for policy overhaul, to capture the reality on the ground and infuse national development and growth with a community-oriented flavour. Some of the prescribed actionable recommendations are presented hereunder:

- **Joining the Extractive Industries Transparency Initiative(EITI)** or develop a local version of the same to promote understanding of sustainable natural resource management that accounts for community development and growth and include transparency in the compensation process for the displaced communities.
- **Expedite the Mines and Minerals Amendment Bill**– this can help in making mining companies accountable and oblige miners to participate in funds and to meet the cost of restoring the environment even when mining operations come to an end
- **Domestic Resource Mobilization**– taxes in the mining sector to be adjusted just as other tax provisions so they contribute a fair share to the development agenda instead of making the citizenry bear the greater burden of revenue generation when more can be collected from other sectors
- **Fully implement Mineral Traceability Systems** and strengthen security at ports of entry to avoid tax evasions and mineral leakages which can contribute so much to the revenue income.

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