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ZIMCodd

INSIDE

The Nexus between Special Tax Treatment and Natural Resource Governance in Zimbabwe

03

Natural resource management in Zimbabwe

05

The ground speaks with the world

06

Integrity

08

Dear Me

09

Mineral Resource Governance in Zimbabwe: Reimagining meaningful public participation in the extractives sector.

10

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LETTER TO THE READER

Dear Reader,

Welcome to our 3rd issue of the BreakFree Newsletter for 2024 which spotlights critical community stories and voices in Natural Governance. By championing transparency, accountability and inclusive public participation, we are working towards a future in which the countries natural resources serve the wellbeing of all citizens.

In this issue, we cover essential insights and contributions on the governance of natural resources, focusing on the policies, challenges, and innovative approaches driving this sector. We explore the complexities of resource management to creative submissions that capture the spirit of integrity and justice, this edition brings together diverse perspectives from across Zimbabwe.

As we continue our efforts toward fiscal transparency and fair resource use, we invite you to draw inspiration from the stories shared and let us push for a fairer, more sustainable Zimbabwe where natural resources empower all.

Enjoy reading!

THE NEXUS BETWEEN SPECIAL TAX TREATMENT AND **NATURAL RESOURCE GOVERNANCE IN ZIMBABWE**

By Economist A. S Magudu



Mining is a cornerstone of Zimbabwe's economy, with significant deposits of over 60 tradeable minerals, including platinum, diamonds, and coal. The sector contributes 12% of the nation's GDP, with a target of US\$12 billion in annual revenue. Effective natural resource governance, supported by special tax treatments, is key to managing the country's mineral wealth, promoting investment, and ensuring sustainable development.

To support the mining industry, the Zimbabwean government has introduced several special tax treatments aimed at balancing economic growth with responsible resource management:

Special Mining Lease (SML)

Fees: Large-scale mining companies, such as platinum mining firms, benefit from reduced fees under Special Mining Leases. For example, Zimplats, a major platinum miner, operates under a

Special Mining Lease that offers lower fees compared to regular mining titles. This encourages substantial long-term capital investments, given the high upfront costs associated with large-scale mining operations.

Sliding-Scale Royalty Rates:

Zimbabwe implements a royalty regime where rates vary depending on the type of mineral extracted. For instance, royalties for gold are set at 5%, while diamonds are subject to a higher rate of 10%. This sliding-scale system allows the government to incentivize certain mining activities while ensuring fair revenue collection. In the case of Murowa Diamonds, such tax structures help encourage continued investment in diamond mining while ensuring fair revenue is collected.

Tax Stability Agreements:

These agreements guarantee a stable tax regime for mining companies over an agreed period. Caledonia Mining

Corporation, which operates the Blanket Gold Mine, benefits from a tax stability agreement that provides fixed tax rates, ensuring predictability in its long-term investment plans. This encourages sustained investment and minimizes the risks associated with fluctuating tax policies.

Capital Allowances:

Mining companies enjoy accelerated depreciation on capital investments, which lowers their taxable income. For example, investments in mining equipment and infrastructure by companies such as Hwange Colliery qualify for these allowances, reducing the immediate tax burden and encouraging further modernization and investment in the sector.

Export Incentives: Zimbabwe offers reduced tax rates on mineral exports to improve competitiveness in global markets. For instance, the government provides incentives to gold miners like RioZim to boost exports, by reducing the taxes levied on exported gold. This measure helps miners remain competitive while increasing foreign currency earnings for the country.

Community Development Funds: Mining companies are required to contribute to local development through levies, which fund community projects. The Marange Diamond Fields operators contribute to such funds, ensuring that local communities benefit from infrastructure, healthcare, and

education projects. This governance approach ensures mining contributes not only to national development but also to local welfare.

Special tax treatments in Zimbabwe's mining sector are closely linked to natural resource governance, as they play a vital role in driving economic growth while ensuring sustainable resource management. These tax incentives stimulate investment by mitigating the high capital and operational risks inherent in mining, attracting both domestic and foreign investors. At the same time, they support infrastructure development in remote mining areas and promote local employment and social benefits, thereby contributing to regional

development. Additionally, special tax regimes help Zimbabwe remain competitive in the global market, while revenues generated from these taxes are often channelled towards environmental sustainability initiatives, such as land rehabilitation and regulatory compliance. This balanced approach to taxation and governance fosters a sustainable, equitable framework for managing the country's rich mineral resources, ensuring long-term economic and environmental benefits.

Natural resource management in Zimbabwe

By Fortune Mupeta

Natural resources management refers to the supervision, control, and organization of resources like water, land and forest to achieve goals such as conservation, economic development, and sustainability. As a primary production, Zimbabwe's economy heavily relies on natural resources. Effective management is crucial for sustaining generations.

Transparency is essential in natural resources management, providing clear information on extraction, responsible parties and intended use.

Transparency is helps fulfill Sustainable Development Goals 1 & 15 and support Zimbabwe National Development Strategy 1 which emphasizes on sustainable development through natural resources. However, corruption is a significant threat to accountability and transparency in natural resources management. Corruption can lead to misallocation of resources, environmental degradation and social injustice.

Therefore, it is crucial to address corruption in natural resource management to achieve sustainable development.

Empowering local traditional leaders to play a larger role in managing their local natural resources is vital. This approach ensures those closest to the resources are invested in their responsible management. Gender equity and equality is also crucial, as females have a natural caring capacity and should be given roles in management of resources. Gender-Sensitive Land Reform Policies (2019) stipulate that even distribution of natural resources is key to economic growth which is hinted by Vision 2030. Youth empowerment is key in natural resource management since they are the future of the nation. Youths should be involved in decision-making processes and provided with education and training in natural resources management.

Climate change is another significant threat to natural resources

management. The impacts of climate change such as droughts, floods, and rising temperatures, can lead to degradation of natural resources and loss of biodiversity. Therefore, it is essential to address climate change in natural resources management. Debt is also a significant issue in natural resource management. Debt crisis in countries like Zimbabwe has led to overexploitation of natural resources, environmental degradation, and social injustices. Therefore, it is crucial to address debt in natural resource management.

Collective efforts from all stakeholders, regardless of gender or location, are necessary for effective natural resource management. What works for Shamva might not work for Mberengwa.

THE GROUND SPEAKS WITH THE WORLD

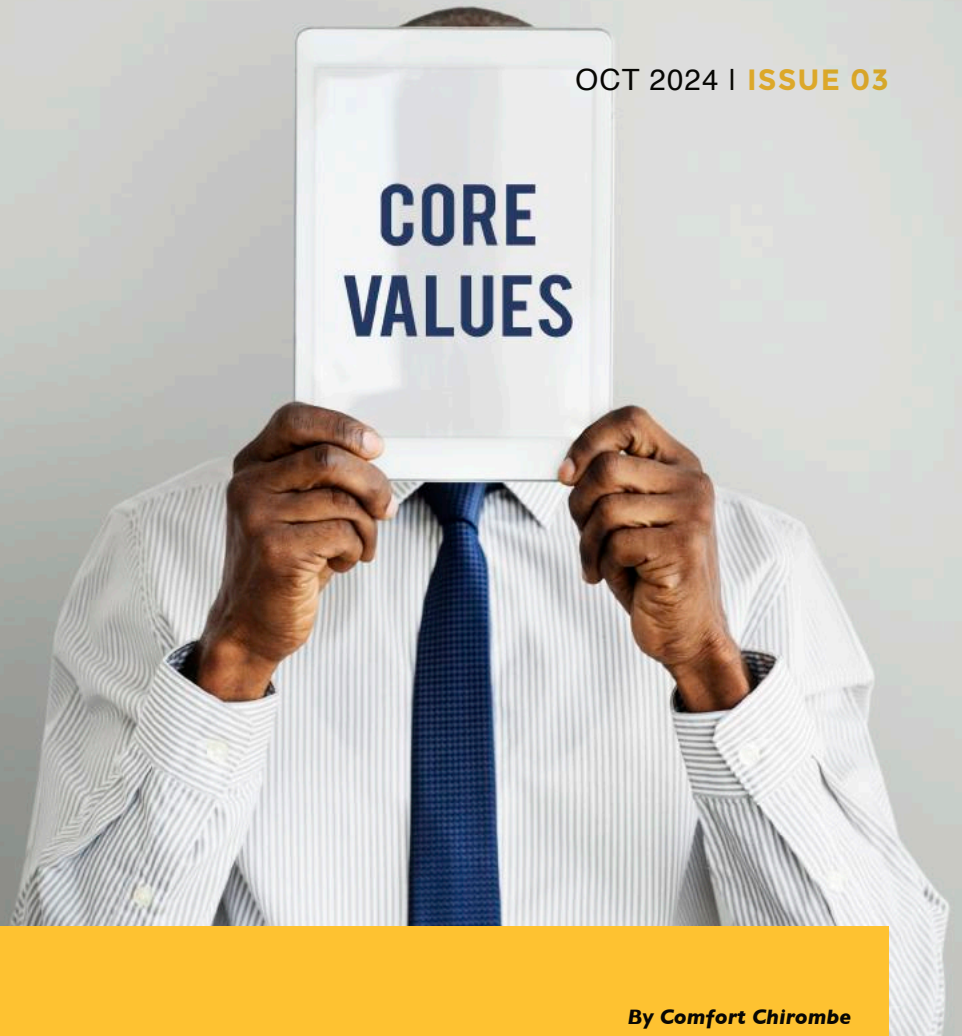
When I began, I was a beauty green
 Many paintings –violets, green, browns, reds,
 I made my child from the dust
 Created rifts from the bark
 Made the light from dark.
 The river was my pride
 A show of blue, greens
 The lake of colors
 When my eye beset on my river
 I dropped a tear,
 Filth, filth
 The blue to black
 The green to brown
 My essence of excellence gone.
 No more shall I rebirth.
 The tall bark I cherished
 To the ground gone by night
 All in my pride of my child.
 Breaking my soul into little splinters.
 My beauty green,
 My mountain split
 My breasts no more milk.
 Can you survive where I am not?
 Would you smile if my children are no more?
 Look the lions and owls gone.
 Who are you without my roars and hissing?
 The fire I will pour
 The water I will flood
 The ground I will split.
 It pains me, my craft gone.
 Who are you?
 That which is,
 Will be gone and I will show my fury
 With my hammer, I am angry
 No mercy and cranky
 I will burn your world with my fire.

DYLON D. CANOVET

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INTEGRITY

By Comfort Chirombe

My name is Comfort Chirombe, and I am a young person passionate about development and adequate service delivery. I firmly believe in the values of integrity and have a strong appreciation for human rights. My journey toward advocacy began when I was introduced to the Strengthening Institutions and Youth Agency in Zimbabwe's Accountability Narratives (SIYA) project by the Manica Youth Assembly (MAYA) in partnership with the Zimbabwe Coalition on Debt and Development (ZIMCODD). This initiative has significantly transformed my mindset regarding engagement and participation in national processes.

The Challenge

In our community, a troubling practice known as "gap filling" has emerged, where local authorities allocate stands in undesignated and hazardous areas. This practice poses risks to personal liberty and the rights of children, as it often leads to unsafe living conditions. For instance, in Ward 2 of the City of Mutare, a stand was allocated to a businessman who constructed a shop in a dangerous blind spot, jeopardizing the safe movement of residents and creating potential hazards that could result in

serious accidents.

Advocacy in Action

During a feedback meeting, we, the Integrity Icons, engaged the ward councillor about the allocation of this problematic stand. We asked, "Who allocated a stand in such a dangerous spot?" The councillor responded that he would consult with the management of the local authority to provide answers. Inspired by the training we received through the SIYA project, we pushed for a formal inquiry into the matter.

Our engagement led to a meeting with the local authority's management, where we sought clarity on how the corner shop was established. This inquiry was fruitful, and it was acknowledged that investigations would be conducted to determine the circumstances surrounding the allocation of the stand and to identify those responsible.

The Broader Impact

The random allocation of stands in high-density suburbs has far-reaching consequences. It has resulted in the installation of stands in unsuitable locations, such as wetlands and recreational areas. This situation breeds illegal settlements, fueled by frustration among residents who have paid for these services but find themselves displaced or at risk. A notable example is the illegal settlement known



as "board slam," established in the flyover area of the National Railway of Zimbabwe. Shelter is a fundamental human right enshrined in our national laws. However, no right is absolute, and achieving national development requires a balance of integrity and professionalism in our city planning and governance. The ongoing challenges highlight the need for accountability and responsible decision-making in the allocation of resources.

Conclusion

Through the SIYA project and our collective efforts as Integrity Icons, we are fostering a culture of accountability and advocating for the protection of human rights within our community. Our experiences underscore the importance of youth engagement in local governance and the necessity of maintaining integrity in our actions. As we continue to advocate for improved service delivery, we strive to ensure that the rights of all citizens are respected and that our community develops in a sustainable and inclusive manner. Together, we can build a future where every individual has access to safe and dignified living conditions.

DEAR ME

When the world comes to know me, in the future,
 Is it for greater purpose or greater loss.
 As I sit beneath the hot tree
 A place which holds many a memory
 As a young one and twenty to ask the questions
 Exploring the world questions, I ask myself to you future Me.
 What have you done?
 Have you begun to ask the right questions?
 Have you ended to ask to the fulfillment of answers?
 I imagine the mansion three floors up
 Double pools to the ends.
 The view from the mountain top
 The greenish flowery farms beyond
 Have you yet got them?
 What have you done yet?
 When I look at the railings,
 So many smiles as they click, click, click
 The so many memories,
 With children from around the world exploring
 The rocking chair still rocks
 It's her with the fading beauty of wrinkles.
 Still smiling for the success of her son,
 Next is the smiling cheeks of sister
 The real African woman, The real Africa,
 As she plays around in her fancy world of laughter.
 What have you done?
 Have you done it yet?
 When night finally drops, we begin the game,
 Around the midnight fire we circle around,
 Talk about this very moment when the world was young
 At this tree and laugh around
 Talk about the moments that defined the world
 Talk about the crazy Mama stories that scared us
 Rumble about the crazy people that made US.
 What have you done?
 What haven't you done yet?
 This is US in twenty years.

DYLON D. CANOVET



Mineral Resource Governance in Zimbabwe: Reimagining meaningful public participation in the extractives sector.

By *Precious Lupahla*

Zimbabwe is endowed with mineral resources that have the potential to bring positive transformation in communities where these resources are found. The extractives sector in Zimbabwe contributes approximately 12% to the country's Gross Domestic Product (GDP).¹

While the extractive sector holds so much potential in transforming the economy of Zimbabwe, the benefits have failed to trickle down to communities as mining host communities. These communities are excluded in governance processes such as consultations and public hearings that contribute to the crafting of public policies.

Furthermore, public participation in the governance of Natural resources in Zimbabwe has remained a challenge due to the nature of secrecy and opaqueness of the extractives sector in Zimbabwe. There have been growing concerns from mining communities and the lack of participation on community ownership,

infrastructure, employment for locals, environmental management and local development content.²

Giving mining host communities platforms to express their views on extractives and awarding them an opportunity to participate through resource governance processes allows them to have a say in the kind of development that they want.

Barriers to community participation in Mineral Resource Governance in Zimbabwe

□ Flaws in the legislative framework governing extractives in Zimbabwe

The poor and inconsistent legal frameworks that govern mining in Zimbabwe have posed as one of the major barriers to meaningful public participation in mineral resource governance as it has a command-and-control approach. While the constitution of Zimbabwe gives mineral resources ownership to the local people, little is being done to ensure that they have a say in the governance of resources in their communities. The Mines and Minerals Act of 1960

¹, <https://www.sciencedirect.com/science/article/pii/S0301420724002514#--text=According%20to%20National%20Accounts%20%2D%20ZimStat,>

[employed%2061%202023%20people%20formally](https://www.sciencedirect.com/science/article/pii/S0301420724002514#--text=According%20to%20National%20Accounts%20%2D%20ZimStat,employed%2061%202023%20people%20formally)

"While the extractive sector holds so much potential in transforming the economy of Zimbabwe, the benefits have failed to trickle down to communities as mining host communities."

that governs mining in Zimbabwe is silent on the participation of mining communities in the governance of these resources. The Mines and Minerals Bill of 2022, set to replace the archaic Mines and Minerals Act is still under review, also has glaring loopholes as far as public participation of communities is concerned. For example, in clause 29 of the Bill, there are still no opportunities for community participation as there is no publication of prospecting and exploring licenses on any available mining information. While the bill is set to be finalised in 2024, it is important to analyse whether the public will stand to benefit from the bill.

Limited awareness on opportunities for participating in mining decisions

It is very important to note that there is a lot of opaqueness when it comes to extractives and communities are often left out when it comes to accessing adequate information on the current processes governing mineral resources. This often limits their participation as they have no capacity to contribute meaningfully to these discussions. Furthermore, the way these public hearings are advertised limits participation of communities. The Ministry of Mines and Mining Development this year conducted consultations on mining policies such as the Minerals Development policy, value addition beneficiation strategy and the Artisanal and Small- Scale Gold mining strategy. The challenge that remains is on

awareness and the need to simplify these policies. To also ensure that there is meaningful participation of communities in mining decisions. Communities need to be capacitated on the processes and the various legal frameworks that support their participation.

It is important to highlight that there are a number of factors which pose a barrier to participation of communities in mineral resource governance that are not only limited to the legislative framework and limited awareness. These barriers include lack of political will, issues of transparency and accountability on beneficial ownership disclosure and public consultations being held at inaccessible venues.

Towards alternative spaces for meaningful participation in mineral resource governance.

To complement governments efforts, organisations such as Zimbabwe Coalition on Debt & Development (ZIMCODD), Zimbabwe Council of Churches (ZCC) and Zimbabwe Environmental Law Association (ZELA) have been instrumental in empowering communities through platforms such as Ward Alternative Mining Indabas (WAMIs), District Alternative Mining Indabas (DAMIs), and Provincial Alternative Mining Indabas (PAMIs) which facilitate dialogue between mining companies, duty bearers and communities. The Alternative Mining Indabas have provided spaces for communities to engage with policy makers on

mining related issues where key stakeholders in mining are called to the table. These platforms have been life changing to communities as they have assisted in not only strengthening the capacity of communities to actively participate in governance processes but also providing solutions to some of the challenges faced by mining communities.

Recommendations

For communities to actively participate in mineral resource governance, there is need to:

- Increase transparency and accountability on mining contracts – proactively disclose information and decision making to allow communities to monitor and be kept in look on how much revenue is being raised by these mining companies.
- Strengthen legal frameworks and ensure that laws and regulations enshrine public participation rights. Create inclusive platforms for community input and feedback.
- Establish community liaison offices in all mining towns as a way of creating meaningful engagement between the public and external investors.
- Create a model for community engagement to maximize the engagement of locals in natural resource governance.

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