Unpacking the Reserve Bank of Zimbabwe "Looters List" and the need for a holistic approach to combat Illicit Financial Flows (IFFs) in Zimbabwe.

"An emphasis on the Mining Sector".

A Joint Paper By

Zimbabwe Environmental Law Association (ZELA)

Zimbabwe Coalition on Debt and Development
ZIMCODD

Investing in people for Social and Economic Justice

List of Acronyms

AFRODAD	African Forum and Network on Debt and Development.
AUC	African Union Commission
CBOs	Community Based Organisations.
CEBAS	Computerised Exchange Control Batch Application System
CEPECS	Computerised Export Payments Exchange Control System
CSOs	Civil society organisations
ECA	United Nations Economic Commission for Africa
EITI	Extractive Industries Transparency Initiative
GDP	Gross Domestic Product
GFI	Global Financial Integrity
IFFs	Illicit Financial Flows
MMCZ	Minerals Marketing Corporation of Zimbabwe
PWYP	Publish What You Pay
RBZ	Reserve Bank of Zimbabwe
UBH	United Bulawayo Hospitals
ZELA	Zimbabwe Environmental Law Association
ZIMCODD	Zimbabwe Coalition on Debt and Development.
ZIMRA	Zimbabwe Revenue Authority
ZMRTI	Zimbabwe Mining Revenue Transparency Initiative

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Introduction and Background

The subject of illicit Financial Flows (IFFs) is slowly gaining prominence in developing nations since the production of the ground breaking report by the Global Financial Integrity (GFI) in 2008 titled "*Illicit Financial Flows from Developing Countries: 2002 – 2006"*. The report estimated that developing nations could have lost between $859 billion to $1.06 trillion a year through IFFs[1]. Despite the fact that IFFs affect the poor proportionately more than the rich, this concept is still generally elusive and a bit too technical for the public to understand.

The Global Financial Integrity (GFI) defines illicit financial flows as illegal movements of money or capital from one country to another. GFI classify movement of funds an illicit financial flow when the funds are illegally earned, transferred and/or utilised[2].In simplified terms, IFFs involve the transfer of funds earned through ills such as tax evasion, kickbacks, corruption, criminal activities and transactions involving smuggling. Funds that are legally earned but transferred in violation of laws of the land such as exchange control regulations are also regarded as illicit[3]. According to GFI illicit financial outflows from Africa outpace inflows through official development assistance thereby making Africa a net lender to the world[4]. GFI further states that the illicit haemorrhage of resources from Africa is about four times Africa's current external debt and almost equivalent to Africa's Gross Domestic Product (GDP)[5].

In order to curb the scourge of IFFs from Africa, the fourth Joint African Union Commission and United Nations Economic Commission for Africa (AUC/ECA) Conference of African Ministers of Finance, Planning and Economic Development recommended the establishment of the High Level Panel on Illicit Financial Flows Africa in 2011[6]. The results from the commissioned study[7]established that the African continent is losing more than US$50 billion annually through illicit financial flows[8]. Studies also conducted by the Africa Progress Panel established that IFFs affected the Sub Saharan African region more than any other region in Africa between 2002 and 2011[9]. According to the African Progress Panel,Sub Saharan Africa suffered revenue losses through illicit financial flows equivalent to 5.7% of its gross domestic product (GDP) over a ten-year period thereby prohibiting millions of Africans from accessing better social services such as education and health[10].

On the local front, Zimbabwe is also not immune from the scourge of illicit financial flows. According to GFI estimates,Zimbabwe could have lost a cumulative US$2.8

[1]http://www.gfintegrity.org/storage/gfip/documents/reports/gfi_africareport_web.pdf

[2] http://www.gfintegrity.org/issue/illicit-financial-flows/

[3]Illicit Financial Flows and the Problem of Net Resource Transfers from Africa: 1980-2009. Joint Report by African Development Bank and Global Financial Integrity (2013). Page 21

[4]Illicit Financial Flows and the Problem of Net Resource Transfers from Africa: 1980-2009. Joint Report by African Development Bank and Global Financial Integrity (2013). Page 8

[5] Illicit Financial Flows and the Problem of Net Resource Transfers from Africa: 1980-2009. Joint Report by African Development Bank and Global Financial Integrity (2013). Page c.

[6] The Former president of South Africa, Thabo Mbeki, chairs the panel. Track, Stop it, Get it. Illicit Financial Flows. A report of the High-level panel on illicit financial flows from Africa. Page 2

[7]https://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf

[8] Track, Stop it, Get it. Illicit Financial Flows. A report of the High-level panel on illicit financial flows from Africa. https://www.uneca.org/sites/default/files/PublicationFiles/iff_main_report_26feb_en.pdf

[9]http://www.africaprogresspanel.org/sub-saharan-africa-loses-5-7-percent-of-gdp-to-illicit-financial-outflows/

[10]http://www.africaprogresspanel.org/sub-saharan-africa-loses-5-7-percent-of-gdp-to-illicit-financial-outflows/

Billion(representing an annual average loss of US$276 million)during the period ranging from 2004 to 2013[11]. These cumulative estimates represent potential revenue loss of close to 51% of Zimbabwe's 2018 national revenue projections of US$5.533 Billion[12]. Another report by the African Forum and Network on Debt and Development (AFRODAD) also cements the fact that Zimbabwe is losing significant revenue through IFFs. AFRODAD estimated that Zimbabwe could have lost annual average of US$ 570.75 million between 2009 and 2013[13].

Exploring the socio- economic and political impacts of Illicit Financial Flows

Many a times when the subject of illicit financial flows features, there is a danger of viewing it as a debate for the elite. Consequently, IFFs usually attract less interest from the common person in the street including those from rural communities. Illicit financial flows however have serious social, economic and political ramifications hence the reason why this subject cannot be divorced from the populace.

The immediate impact of illicit financial flows is on the National budget.IFFs result in immediate loss of government revenue**.** Due to increased illicit financial flows, government is deprived of the much-needed revenue, resulting in limited fiscal space. According the 2018 NationalBudget statement[14], Zimbabwe has an estimated budget deficit of US$ 672 million[15] a figure that is almost close to the average annual average loss of US$570 million through IFFs as estimated by AFRODAD[16]. It is therefore imperative for Government to make efforts to curb illicit financial flows in order close this fiscal gap. IFFs also cripple Government's ability to mobilise adequate domestic capital for investment to sustain long-term economic growth prospects.

The opportunity cost of IFFs is the essential social services forgone hence the strong link between illicit financial flows and the common person. Illicit financial flows rob the government from the much-needed funds to invest in critical sectors such as education, health and social service delivery. Zimbabwe's health system is ina serious need of funding. It is estimated that over 70% of the drugs in the public health institutions in Zimbabwe are donor funded[17]. In 2016, the United Bulawayo Hospitals (UBH) resorted to suspend elective surgeries due to lack of drugs[18]. To make matters worse, the doctors embarked on an industrial action in March 2018 citing poor working conditions and lack of equipment and drugs. All these have a heavy bearing on the poor who cannot afford private hospitals.

IFFs also result in crowding out and low private sector investment. With limited fiscal space, it is very difficult for government to mobilise cheap and long-term capital to

[11] Dev Kar and Joseph Spanjers (2015). Illicit Financial Flows from Developing Countries: 2004-2003.
[12] Overall revenue projections including Statutory Funds, which are not available for Appropriation. Zimbabwe 2018 National Budget statement , *page 116*
[13] African Forum and network on Debt and Development. Illicit Financial Flows: Towards a more integrated approach for curbing illicit financial flows from Zimbabwe.
[14]https://www.google.co.zw/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwjKjJqyqf_ZAhWhCcAKHTv0DQ4QFgguMAE&url=http%3A%2F%2Fwww.zimtreasury.gov.zw%2Findex.php%2Fbudget-policy-statements%3Fdownload%3D106%3A2018-national-budget-statement&usg=AOvVaw2w4lDHOxJuX0apAwDJKqiu
[15] Zimbabwe 2018 National Budget statement, page 122. Presented to parliament of Zimbabwe on Thursday, December 7, 2017 by Hon. P Chinamasa. Minister of Finance and economic development.
[16] African Forum and network on Debt and Development. Illicit Financial Flows: Towards a more integrated approach for curbing illicit financial flows from Zimbabwe.
[17]https://www.newsday.co.zw/2015/06/health-sector-too-reliant-on-donors/
[18]http://www.africanews.com/2016/10/15/drug-shortage-hits-zimbabwe-hospitals-suspends-some-surgical-operations//

resuscitate the ailing industries. By curbing IFFs, there will be improved domestic resource mobilisation thereby increasing the fiscal space and lowering fiscal borrowing to finance budget deficits thereby minimising government crowding out of private sector borrowing and the ballooning of both domestic and external debt.

IFFs also rob the nation the much-needed funds for infrastructure development. Zimbabwe is facing serious infrastructure challenges. Some of these challenges include, but not limited to;

- Poor road infrastructure that has now become a death trap
- poor water and sanitation infrastructure that has resulted in people dying from waterborne diseases that can be easily prevented;
- poor and inefficient rail network with the National Railways of Zimbabwe (NRZ) have ancient rail infrastructure and locomotives;
- Inadequate electricity generation capacity, with Zimbabwe having to import electricity. At one point in time in Zimbabwe accumulated more than US$47 million in arrears from Eskom[19];
- Poor water harvesting infrastructure that has resulted in majority of farmers relying more on rain fed agriculture being susceptible to climate change.

Uptake of IFFs disclosures by public and civil society.

The Panama leaks[20] amongst other significant events around IFFs, although global disclosures had strong implications for Zimbabwe. The public demand for accountability from government and corporates implicated on the Panama Leaks was ironically minimally stimulated. The Panama leaks exposed around 280 Zimbabwean individuals that were mostly business executives who owned and operated offshore accounts. The publication of these individuals did not necessarily imply that they had committed a crime by operating offshore accounts. Only further investigations by authorities could establish the merits of each individual case. Despite the noise by the media, there was low enthusiasm by the public to demand answers and stimulate investigations.

In November 2017, there was rekindled public excitement after the Government of Zimbabwe disclosed that there was over US$1.4 billion of funds externalised out of Zimbabwe.Government alleged that it had evidence of individual and companies that externalised funds outside Zimbabwe. The Government of Zimbabwe introduced an amnesty period of three months for all individuals and companies that externalised funds outside the country to return the funds without prosecution[21]. The government promised to prosecute, name and shame all those that would have failed to heed Government’s call. Unlike the Panama Leaks, there was stimulated public interest when government promised to decisively deal with externalisation.

The proposed publication of the list and naming and shamming of perpetrators was viewed as an “AHA” moment for Zimbabwe by the public. As the deadline for the amnesty period approached, public expectations were buoyed. Even a common pensioner who was failing to access cash from the bank was optimistic that this could end the nightmare

[19]https://www.herald.co.zw/zim-faces-massive-load-shedding-%E2%80%A243m-power-import-arrears-cited-%E2%80%A2eskom-threatens-action-in-8-days/

[20]These were leaks of documents containing financial transactions held by a Panama based law Firm called Mossack Fonseca.

[21]https://www.herald.co.zw/breaking-news-forex-externalisation-president-gives-three-month-moratorium/

of sleeping at a bank queue. There was also strong public scepticism from certain sections of the society; can the so-called new government with old faces genuinely fight corruption?

Civil society organisations (CSOs) also welcomed Government's initiative to name, shame and prosecute those involved in externalising. CSOs applauded this development as it was in line with their calls for the Government to deal with illicit financial flows that syphon funding for development and service delivery.

The release of the list of individuals and companies who externalised funds provides Zimbabwe Environmental Law Association (ZELA), Zimbabwe Coalition on Debt and Development (ZIMCODD) and other civil society organisations (CSOs) an exciting opportunity to analyse illicit financial flows as far as the extractives sector is concerned given the tax justice work the organisations have been doing. How significant is the disclosure in the fight against IFFs?What can we learn from the list? Importantly how can CSOs build on public interest to generate political will that is always deficient in the fight against IFFs?

The analysis unpacks the adequacy of the methodology used by RBZ to come up with list released under the three categories of illicit financial flows and compares the extent to which it matches to the technical approach used to measure illicit financial flows. The study also goes further to analyse the list with a view of identifying the potential risk from the extractives sectorand to provide recommendations to Government, civil society and CBOs.

Is RBZ Methodology adequate in combating Illicit Financial Flows?

There were so many mixed reactions soon after the release of the "looters list" by RBZ. To the surprise of many, names of some big and "obvious" political heavy weights were missing from the list. The public "cum public juries" had their own list of "convicted" looters who were previously associated with corruption and other illicit deals. The public anticipated the majority with questionable wealth to appear but alas, this was not so. The RBZ had classified the list into three categories namely

a) Illicit financial flows: funds externalised through non- repatriation of export proceeds.
b) Illicit financial flows: funds externalised through payment of goods not received in Zimbabwe.
c) Illicit financial flows: funds externalised to foreign banks in cash under spurious transactions.

The major question was how did the RBZ come up with the list? Are all the transactions illicit financial flows as stated by the RBZ? In order to unpack these issues there is need to explore the methodology used by the RBZ. It is also important to unpack the import and export document process.

Before a company exports goods outside the country, it takes the necessary documentation such as invoices to its bank or authorised dealer. The bank, on behalf of the client then facilitates the generation of the form CD1[22] for the export in the system in

[22] The CD1 form is generated for export of merchandise goods, Form CD3 is for transport services, Form TR1 and Form TR2 are for tourism services, Form PTS1 and Form GSD are for telecommunications and general services respectively.

the Computerised Export Payments Exchange Control System (CEPECS). The Zimbabwe Revenue Authority(ZIMRA) will then use the form CD1 to facilitate physical export of the goods. In accordance with the exchange control regulations, the company must ensure repatriation of funds from the goods exported within three months or 90 days from the date of export, unless there are other prior contractual agreements with exchange control. The exporter is then supposed to acquit the export within 7 days after receiving the funds by taking the proof of payment by the buyer to the bank. According to exchange control regulations, the funds received from offshore through normal banking channels must be used to acquit the transaction. If the export is not acquitted, the transaction is flagged in the system as overdue and such is the case with the transactions listed under category one by the RBZ list.

There are however many reasons for overdue exports, some cases are administrative in nature. Exporters might have received the funds from offshore but fail to take the proof of receipt of funds to the bank to acquit the export. In other cases, technicalities may arise after export for example the buyer outside the country may face viability challenges or become insolvent.

Similarly, for importations, an importer provides an invoice to the bank and an electronic funds transfer to the supplier of the goods outside the country is done. This transaction (together with all other foreign payments) is recorded in the Computerised Exchange Control Batch Application System (CEBAS). When the goods arrive in the country, the Individual or company is then supposed to take the supporting Bills of entry to the bank to acquit the importation in question. Failure to do so will then result in the particular transaction being flagged as overdue in the system such is the case of transactions listed under category two.

The Third category is for individuals that transferred funds to foreign banks in cash under spurious transactions. In most cases, individuals transfer cash outside the country for various reasons such as payment of school fees, medical services, and other intangibles. In this case there is need to establish the merits of every single case and establish the reason for every transaction. According to the RBZ exchange control guidelines, these funds are considered as “free funds”. It is now up to the legal minds to debate the possibility of prosecuting these cases. It is also baffling how these suspiciously huge transfers were not flagged by the central bank during the process.

Limitations of the RBZ model

This methodology adopted by RBZ is rather a narrow approach to identify and plug illicit financial flows. In a nutshell, it seems as if the RBZ just produced a list of overdue transactions in the CEPECS and CEBAS system (un-acquitted imports, exports and payments made outside Zimbabwe through the official system).These cases captured by RBZ will only qualify to be illicit funds if investigations can prove that these funds were obtained, transferred and/or utilised in violation of the laws and regulations of Zimbabwe. There is a need for the central bank to adopt a holistic approach to detect and curb illicit financial flows in Zimbabwe.Most IFFs go undetected and are structured to circumvent the official system. According to a study Commissioned by the AU/ECA Conference of

Ministers of Finance, Planning and Economic Development[23], Illicit Financial Flows consist of funds that are illegally earned, transferred and/or utilised. These funds typically originate from three sources namely;

A) Commercial tax evasion, trade mis-invoicing and abusive transfer pricing.
B) Criminal activities including drug trade, human trafficking, illegal arms deal and smuggling of goods such as tobacco, and minerals.
C) Bribery and theft by government officials.

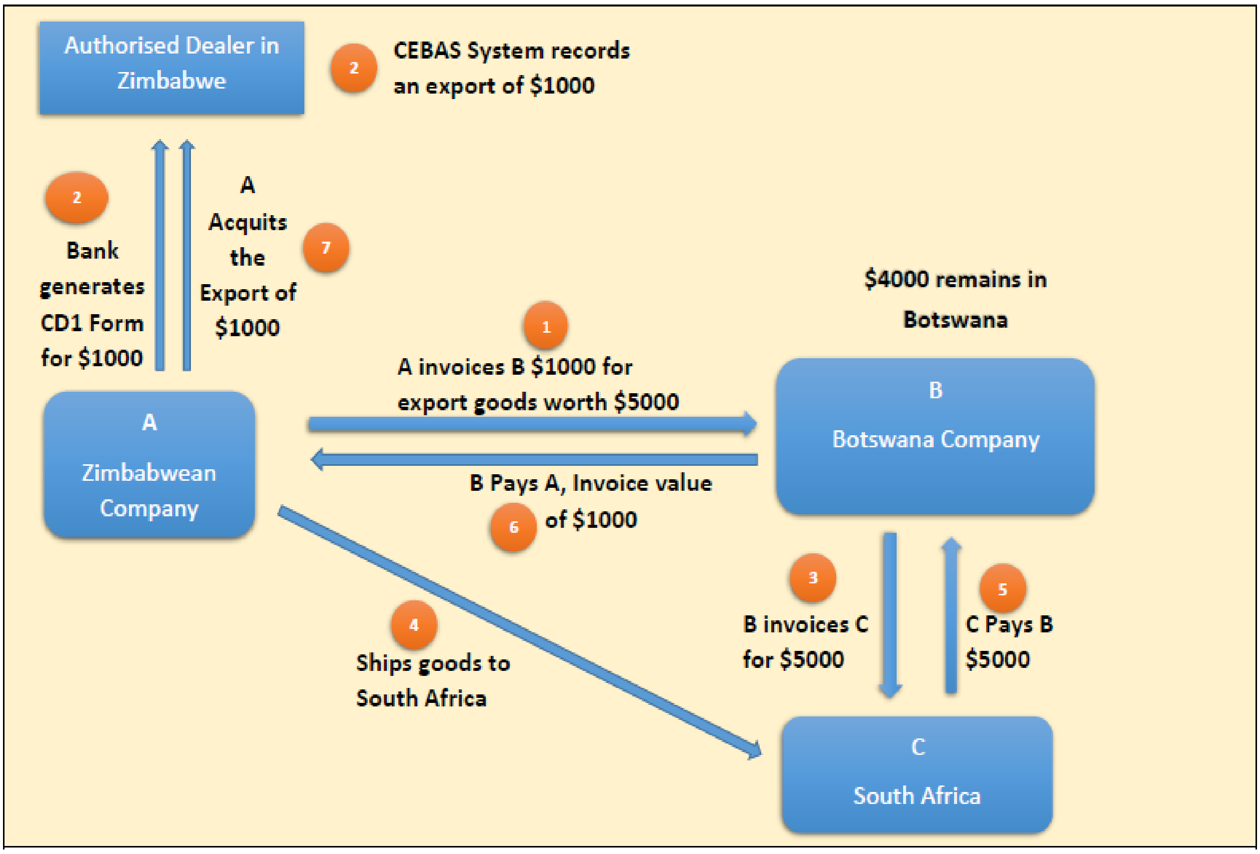
Most of these activities go unrecorded in official systems and hence they do not feature under the RBZ list, hence the need for a holistic approach to illicit financial flows. "*IFFs are very complex and difficult to accurately measure, due to the fact that many illicit transactions tend to be settled in cash, as parties involved in such transactions eliminate any incriminating audit trails. Furthermore, transactions of this nature are never declared and becomes extremely difficult to track and measure how much Government revenue is lost through these malpractices"* (AFRODAD[24]).

There are a number of methodologies to detect illicit financial flows[25]. The GFI for instance has the trade-mispricing model that detects trade mis-pricing (the deliberate misrepresentation of exports and imports declarations to evade paying tax). According to the GFI, mis-invoicing constitutes 80% of the world's illicit financial flows[26]. Similarly,GFI figures show that trade mis- invoicing accounted for 96% of the value that Zimbabwe lost for the period ranging from 2004 to 2013. The model has the capacityto detect trade mispricing on sectorial level.

The trade mispricing illustration below show the limitation of the RBZ approach to identifying illicit financial flows. The simplified illustration below shows how it is possible for a transaction to be acquitted (and hence not red flagged)in the CEPECS or CEBAS system and yet it may be illicit in nature. The figure below shows how a Zimbabwean company exporting to South Africa but can use a briefcase company in Botswana to externalise funds through under-invoicing of exports.

Figure 1: Trade Mispricing through undervaluation of Exports

[23] Track it, stop it, get it. Report of the High Level Panel on illicit financial Flows from Africa. Commissioned by the AU/ECA Conference on ministers of Finance, planning and economic development.
[24] AFRODAD. Illicit financial flows towards a more integrated approach for curbing illicit financial flows in Zimbabwe.
[25] The World Bank residual method is also another method used but has its own limitations.
[26] http://www.africaprogresspanel.org/sub-saharan-africa-loses-5-7-percent-of-gdp-to-illicit-financial-outflows/



This typical transactionas shown above appears as if all is order and is not flagged in the system since it is not overdue and yet the exporter would have succeeded in externalising $4000 outside Zimbabwe. Sadly, the approach taken by the RBZ falls short in identifying typical transactions as it is focusing on overdue accounts. The RBZ methodology also does not naturally detect the majority of illicit transactionsfor instance abusive transfer pricing and smuggling of precious minerals such a gold and diamonds.

In summary, there is need to move from the casual approach and adopt a holistic approach to identify illicit financial flows by RBZ. The list appeared to be more of a report of un-acquitted imports and exports by business and individuals that had imported or exported goods and services using the formal banking system but the transactions remain un-acquitted due to various reasons. The list does not imply that all these individuals and companies fraudulently or illicitly shipped money out of Zimbabwe. It is premature to classify all of the cases as criminal in nature before the Government has investigated every single case and established the circumstances surrounding these transactions. If these funds violate the laws or regulation of Zimbabwe in their origin, movement or use then they are illicit funds according to the definition.

Though inadequate, the RBZ initiative is a first step in the fight against illicit financial flows in that it provides the potential risk areas. In purpose of unpacking the list, the analysis will not consider all the funds as having been illegally externalised outside the country but will view the balances as the value that is at risk.

What does the RBZ Disclosure tell us about the Extractives Sector?

Studies have shown that the mining sector is highly susceptible to illicit financial flows. Findings by AFRODAD[27]show that the mining sector contributed 98% of the total loss that Zimbabwe suffered through IFFs during the period ranging from 2009 to 2013. It is therefore interesting to explore if the disclosure by RBZ tallies with these findings concerning the mining sector considering that Zimbabwe is a mineral rich and mineral dependent economy.

From the disclosure by RBZ list, it is notable that the mining sector continues to be a high-risk sector in terms of illicit financial flows. The top 5 companies in terms of value at risk from non-repatriation of export proceeds are in the mining sector as released by RBZ are stated below;

Table 1: Top ten companies according to value at risk through non-repatriation of export proceeds

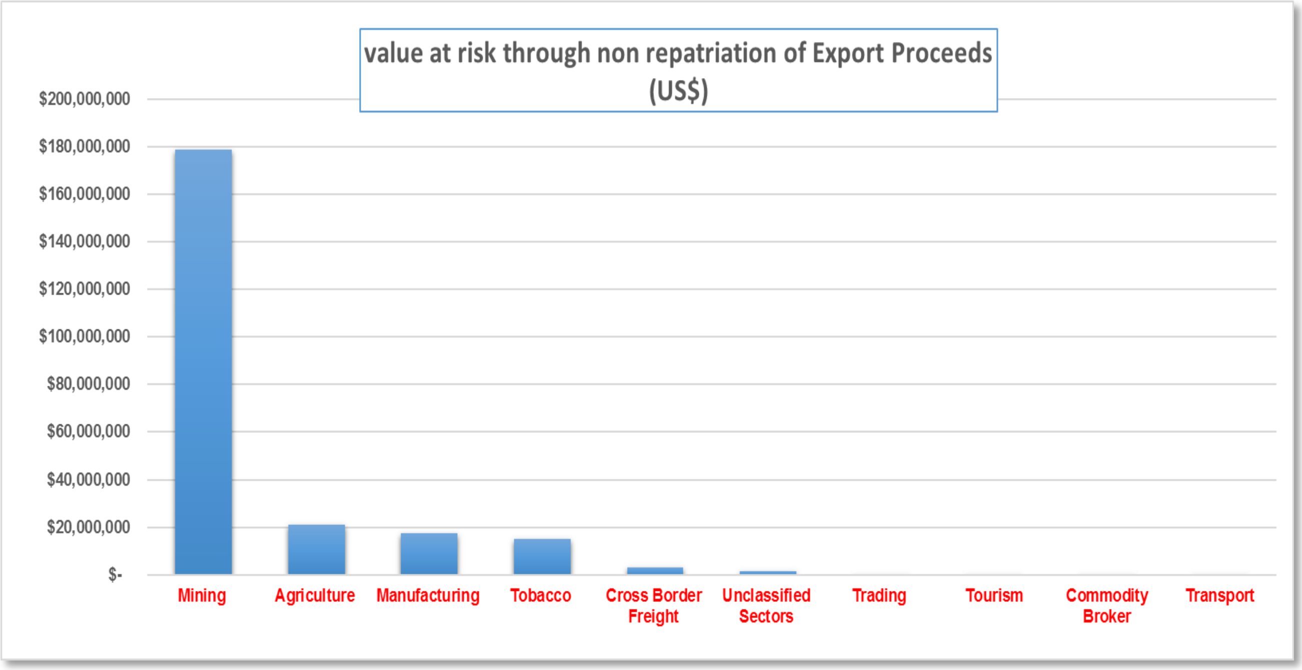
Position	Company Name	Sector	Mineral	Value at Risk (US$)
1	African Associated Mines	Mining	chrysotile asbestos fibre[28]	$62,049,622
2	Marange Resources	Mining	Diamonds	$54,238,249
3	Canadile Miners	Mining	Diamonds	$31,350,554
4	MbadaDiamods	Mining	Diamonds	$14,764,060
5	Jinan Mining	Mining	Diamonds	$11,072,668
6	Gold Driven Tobacco	Tobacco	Tobacco	$10,622,789
7	Insing Investments	Agriculture	Agriculture	$10,187,158
8	Allied Timbers Zimbabwe	Agriculture	Agriculture	$4,336,765
9	Pacific Cigarettes	Tobacco	Tobacco	$4,122,966
10	P T Royal Ostrindo Zimbabwe	Manufacturing	Manufacturing	$2,784,459
11	Pan African Mining	Mining	Gold[29]	$2,659,335

As shown by the table above, the top five companies that are all in the mining sector have a cumulative value at risk of US$173,474,153 in non-repatriated export proceeds. It is also interesting to note that despite Zimbabwe mining sector having many minerals, mostly high value minerals such diamond and gold are prominent on the list, with four diamond mining companies featuring on the top 5 position, with a combined value at risk of $111,425,531 in form of non- repatriation of export proceeds. The diamond sector is the leading sector is the most susceptible in terms of value at risk despite the state equity participation.

The figure below shows a detailed analysis of the value at risk through non-repatriated export proceeds per sector. The table above show that the mining sector is highly prevalent to illicit financial flows as compared to other sectors.

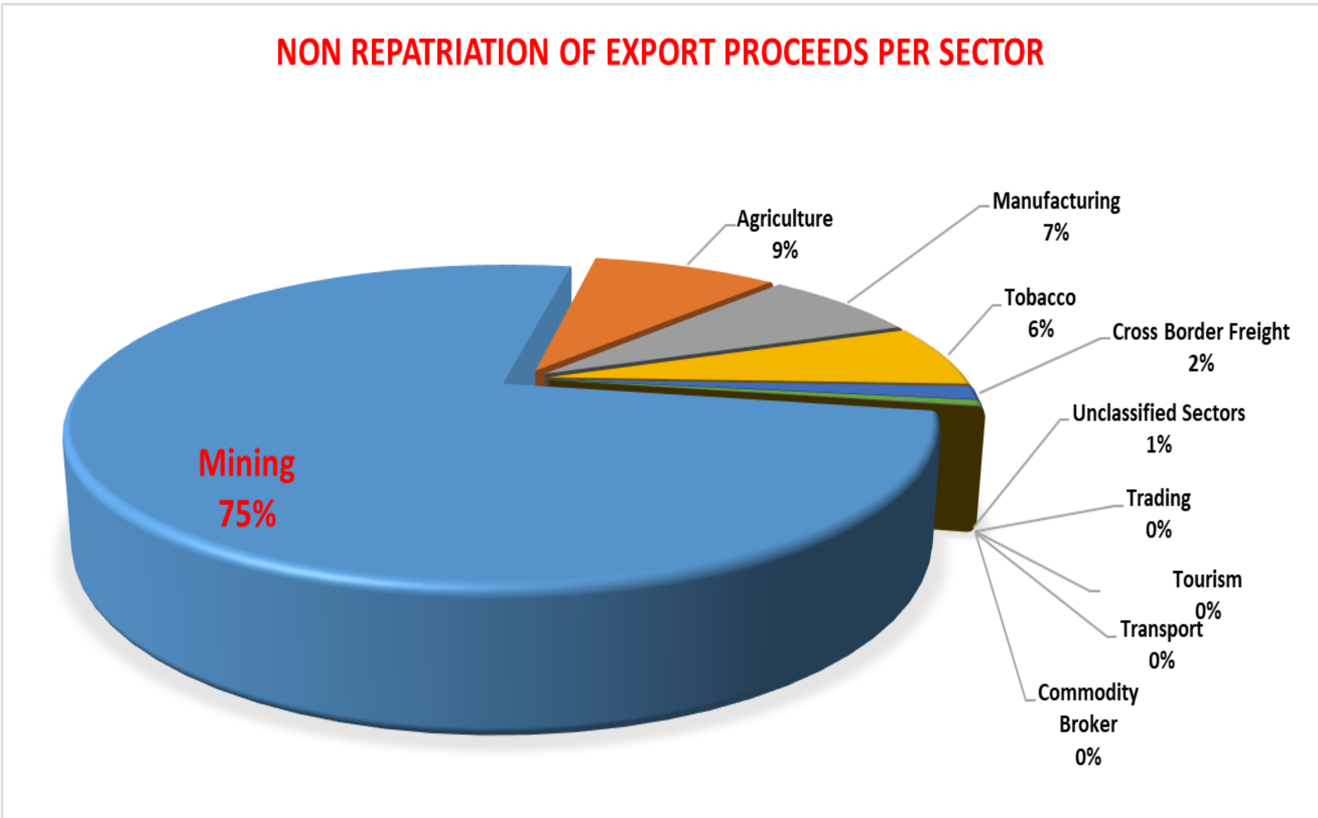
[27] Afrodad. Illicit financial flows towards a more integrated approach for curbing illicit financial flows in Zimbabwe.
[28] https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=61147480
[29] http://www.panafricanresources.com/

Figure 2: Value at risk through non-repatriated export proceeds



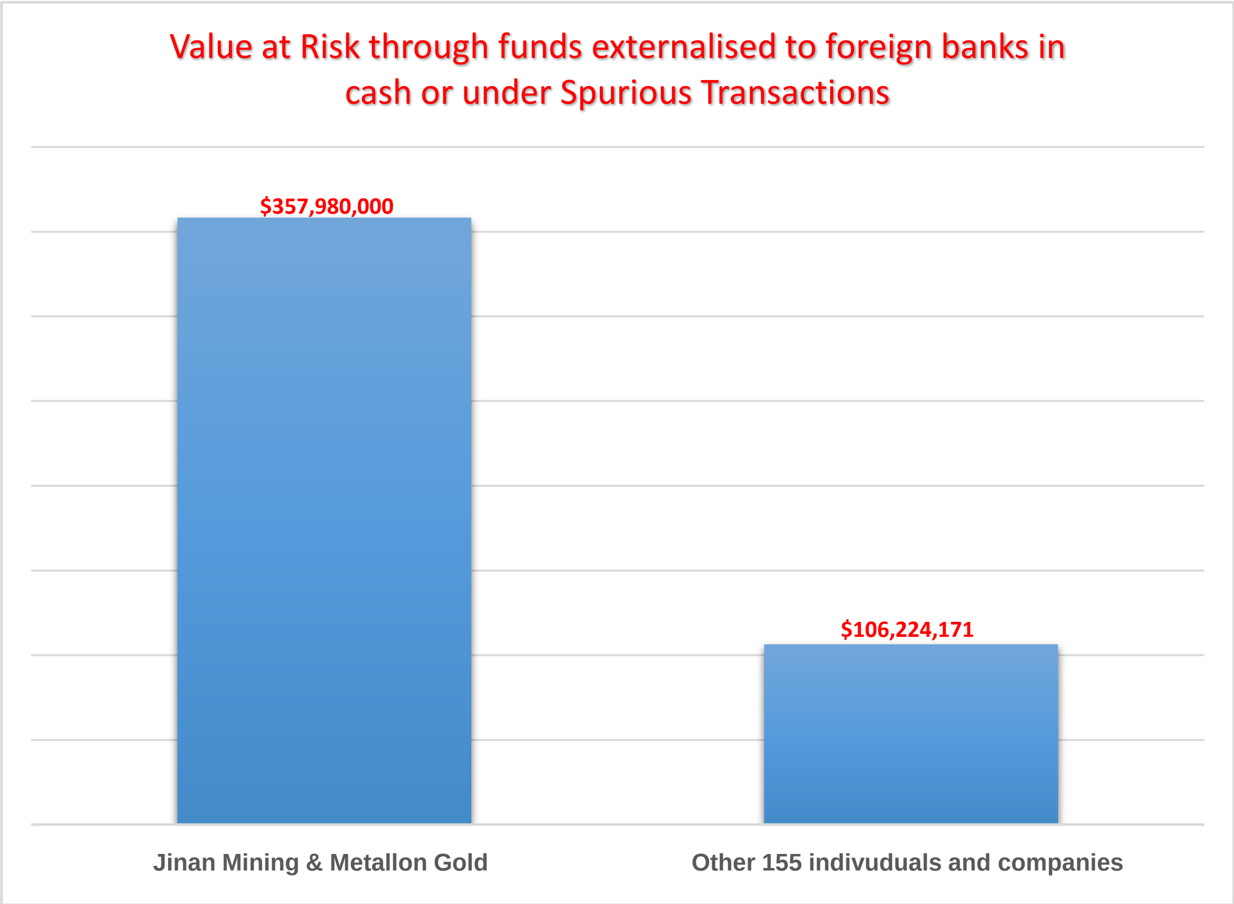
A cumulative value at risk from all the sectors in form of overdue amounts from non-repatriated export proceeds was US$237.5 million and the mining contributed US$180 million or 75%.of the total value. There is strong need to focus on the mining sector, which has the highest risk. Figure 3 below gives an overview of the risk per sector.

Figure 3: Value at risk through non-repatriation of export proceeds per sector



The third category of the list provided for funds externalised to foreign banks in cash or under spurious transactions. One hundred and fifty seven (157) accounts were under this category. Analysis show that the value at risk from only two companies in the mining sector account for 77% of the total value at risk of US$464,204,171. The table below provides a detailed analysis.

Figure 4: Value at risk through funds externalised to foreign banks in cash or cash under spurious transactions



The above diagram also show that only two mining companies exceed the remainder 155 individuals and companies. It is also worthwhile to note that of the mining firms Jinan had the highest figure of US$332,980,000. In this category, the mining sector still stand out. It is however baffling how these Funds were transferred through the official system. These funds should have been naturally flagged out as suspicious transactions and should have been investigated before they were authorised.

An analysis was also made in order to establish the value at risk based of destination.

Figure 5: Value at risk by destination

** *The funds under Botswana/ China were transferred by one Chinese mining company.*

Botswana, China, South Africa and Mauritius are the top five(5) destinations for the funds from Zimbabwe. Based on the findings above, there is need for the authorities to monitor contracts by Zimbabwean mining companies with related companies in these destinations. Special monitoring of exports and payments to these nations must be carefully scrutinised to ensure that all the transactions are based at arm's length pricing.

Conclusions and Recommendations

1. The general observation is that the list by the Reserve Bank of Zimbabwe is a list of overdue transactions that were made using official banking channels. Without further investigations, it is difficult to classify all the cases as illicit financial flows. Although inadequate, the RBZ list will go a long way in flagging potential risk areas.
2. There is need to broaden the approach to illicit financial flows by the Central Bank. The central bank has to go beyond monitoring funds that are going out of the country through official means. Due to the nature of illicit financial flows, the bulk of illicit funds evade or go undetected by the official system. There is need to cater for illicit transactions such as prejudicial transfer pricing, trade mispricing, smuggling of precious minerals to name a few.
3. Mining sector is highly susceptible to illicit financial flows, with the top five (5) companies in terms of value at risk from non-repatriation of export proceeds are in the mining sector. The diamond and gold sector prominently featured on the list. The responsible authorities must be vigilant in monitoring mineral export proceeds in these sectors.
4. There is high risk from Chinese nationals and companies linked to Chinese nationals. The Government of Zimbabwe need to seriously monitor and re-look the Chinese investment in Zimbabwe. Government needs to review the Chinese investment contracts in mining to ensure sustainable mining. Most of their exports are destined for China hence huge risk for trade mispricing and abusive transfer pricing.
5. China, Botswana and South Africa were the top destinations for the list. The RBZ must seriously analyse funds to these high-risk destinations.
6. Removing the secrecy surrounding contracts in the mining sector will go a long way in allowing for effective monitoring.
7. There is need for compressive strengthening and capacity building of state institutions such as MMCZ, RBZ, ZIMRA, Police Border Control, Parliament of Zimbabweand other state departments on illicit financial flows.
8. Strengthening of the public finance management system will go a long in plugging leakages in mining. The starting point is action the recommendations published in the Auditor General’s reports.
9. Civil society needs to maintain the momentum in pushing for transparency in the mining sector through platforms such a Publish What You Pay.
10. Zimbabwean Government must walk the talk on the implementation of Zimbabwe Mining Revenue Transparency Initiative (ZMRTI).
11. Civil society must scale up capacity building of illicit financial flows to the grassroots.
12. Civil society must also monitor mining sector contracts and unpack “mining sector mega deals” and flag out all the grey areas.

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