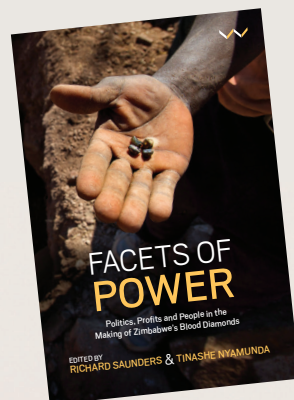


By Sean Christie

MARANGE: LOOTING ONE OF THE WORLD'S MAIN DIAMOND SUPPLIES

In early March this year, not long after his 92nd birthday, Zimbabwean president Robert Mugabe made a shocking claim. Since 2008, he said, an estimated \$15bn worth of diamonds had been extracted from the Marange diamond fields in Chiadzwa ward in the east of the country near Mutare, and yet no more than \$2bn had been remitted to Zimbabwe's National Treasury.

"Lots of smuggling and swindling has taken place," Mugabe said, "and the companies that have been mining [have] robbed us of our wealth." The nonagenarian ruler went a step further and insinuated that the people he had appointed "to be the eyes and ears" of government in Chiadzwa had been complicit in the looting.



For Richard Saunders and Tinashe Nyamunda, the editors of a new book called *Facets of Power – Politics, Profits and People in the Making of Zimbabwe's Blood Diamonds*, Mugabe's sensational admissions could not have come at a better time. Beforehand, allegations of massive corruption at Chiadzwa had always been contemptuously dismissed by those in charge of the Zimbabwean diamond racket – a small clique of extremely powerful government and army officials, in partnership with a handful of mining operators.

Their denials ran up against a lot of evidence to the contrary, but so resistant to civil complaint did this clique's control of the diamond fields appear to be (and there has been plenty of brave and spirited activism, particularly in 2009 to 2010) that a sense of national



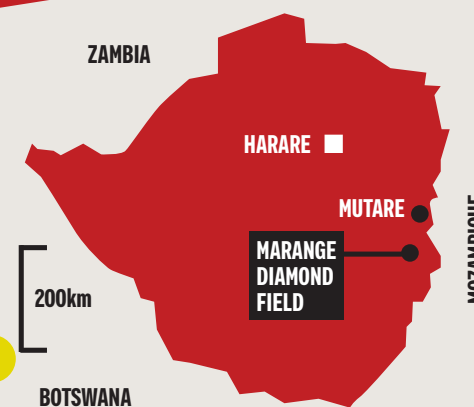
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Zimbabweans are demanding answers after their president, Robert Mugabe, admitted that roughly \$13bn had been looted from the country's Marange diamond fields in Chiadzwa. A recently published book, edited by Richard Saunders and Tinashe Nyamunda, investigates how these diamond fields got captured.

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Now, thanks to Mugabe's admission, Zimbabweans are again demanding answers. Where did the money go? How was the plunder enabled? Who is to blame? Can the looters be arrested? How can it be prevented in the future?

Facets of Power (henceforth *Facets*) does not claim to tell the full story of Chiadzwa, but it is far and away the most comprehensive resource published to date, comprising 10 excellent essays by 12 individuals with intimate ties to the Chiadzwa story. As a study of elite capture in Zimbabwe it has no equal.

Economic troubles

Many will be familiar with the story's outline. Zimbabwe's economy started skidding in the 1990s, leading to a commensurate drop in the ruling Zanu-PF party's popularity and the rise of political opposition led by the trade unions and civil society. When Zanu-PF's grip on power was directly threatened in 2000, the country's leaders refashioned the state, rendering it practically immune to popular will. Then they dissolved the country's commercial agricultural sector, precipitating economic chaos and immense social suffering. Soon the government was as financially bankrupt as it was morally, and a political transition seemed inevitable.

In 2006, with inflation galloping into the record books, there was a diamond strike at Chiadzwa. The legal title-holder to the most important part of the alluvial deposit was a British-registered company called African Consolidated Resources, but the government encouraged local Zimbabweans to mine the deposit themselves, leading to a diamond-rush that drew tens

of thousands of artisanal miners from the region and across the country.

As the significance of the strike became apparent (some experts estimated that Chiadzwa could represent as much as 20% to 30% of the world's rough diamond supply) the increasingly vulnerable ruling elite saw an opportunity to extend its dominance, and turned on the artisanal miners, launching Operation Hakudzokwi (You Will Not Return) in late 2008.

The Mutare morgue began filling up with the corpses of miners killed by Zimbabwean soldiers, a death toll that went above 200. The government declared Chiadzwa a protected area in terms of the Protected Areas and Places Act, and soon formed a series of 50/50 partnerships with hitherto unknown mining operators, some of which had South African connections.

Having effectively lost the presidential elections in 2008 to Morgan Tsvangirai, Robert Mugabe forced a run-off election, which Tsvangirai did not contest citing the sinister campaign of violence initiated against opposition leaders and supporters in the lead-up. Mugabe's victory was thus unacceptable

to the international community, and South African president Thabo Mbeki was brought in to preside over the formation of a Government of National Unity.

There was much hope at the time that power would be fairly shared between Zanu-PF and the two MDC parties, and that Chiadzwa's riches would be responsibly managed and used to resuscitate the economy. These hopes were horribly misplaced. Zanu-PF retained control of the army, police and the ministry of mines – all the country's leaders required to plunder Chiadzwa.

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The Kimberley Process

The only thing left standing in the way of the looting was the diamond world's regulatory system, known as The Kimberley Process (KP). When reports of the Zimbabwean government's abuses in Chiadzwa were first made public in 2008, the KP dispatched a review mission to the area, and based on the mission's report moved to suspend diamond exports from Zimbabwe in 2009. The KP did not cite human rights abuses, though, but rather issues to do with the irregular sale of diamonds. In 2011, despite the existence of fresh evidence of human rights abuses in Chiadzwa, and also hard proof of large-scale illegal trading, the KP members voted to lift the ban on Zimbabwe's diamonds.

What makes *Facets* such an important book – easily the most important book about mineral extraction to be published in 2016 so far – is the way in which each of the very different essays explores the KP's capitulation, providing compelling evidence in support of the claim that Zimbabwe is the new and complex face of blood diamonds. In his introductory essay Saunders, an expert in the field of resource extraction in Zimbabwe, reminds readers that the KP was established in 2003 with the aim of preventing conflict diamonds from entering the mainstream rough diamond market. As an agreement between governments, industry and civil society the KP was initially very effective in places like Angola and Sierra Leone, and to a slightly lesser extent the Democratic Republic of the Congo.

The Southern African diamond-producing states, including South Africa, were instrumental in the setting up of this historic regulatory framework, and were rightly praised for the parts they played. But the KP had its weaknesses, as all regulatory frameworks do. It defined conflict diamonds narrowly, as "rough diamonds used by rebel movements to finance wars against

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ZIMBABWE'S ECONOMY AT A GLANCE

Zimbabweans were left gobsmacked by Mugabe's March claim that \$13bn has been looted from Chiadzwa, and for good reason. \$13bn is roughly equivalent to Zimbabwe's GDP, and is far in excess of the country's \$10.8bn debt. The consensus amongst observers seems to be that Mugabe deliberately exaggerated the figure (in pursuance of political ends), but as the former minister of finance Tendai Biti commented recently, \$4bn in the hands of a responsible government would have been sufficient to complete the expansion of the Kariba power station, dualise the Harare-Beitbridge Highway, modernise the country's dilapidated railway infrastructure and revive industry.

Zimbabwe's economic decline is a horror story of ongoing twists and turns, though it can be broadly divided into the hyperinflation from 2001 to 2008, and the dollarisation era (the suspension of the Zimbabwean dollar and its replacement by a multi-currency system dominated by the US dollar) which started in 2009, not long after the Zimbabwean dollar achieved the highest monthly inflation rate not attributable to a war: 79 600 000 000%.

An initial period of optimism took the Zimbabwe Stock Exchange up to a market capitalisation of \$5.96bn, but when Mugabe and Zanu-PF took the 2013 national elections on a platform of intensified land redistribution and indigenisation of the resources sector, foreign investment once again dried up, and as of 20 May, the ZSE's market capitalisation was \$2.9bn.

The government's inability to access foreign funding has made it reliant on the Treasury Bill market, which the Reserve Bank of Zimbabwe appears to have been manipulating for some time, contributing towards a crippling cash crisis and imperilling the entire Zimbabwean banking system.

In early May Zimbabwe's Reserve Bank governor, John Mangudya, announced that Zimbabwe, in an attempt to relieve the all-consuming cash crisis, will print its own version of the US dollar, referred to as "bond notes", which he said will be backed by a \$200m loan from the Africa Export-Import Bank. ■

legitimate governments". It did not foresee what Saunders describes as "The confluence of...a once-in-a-lifetime diamond strike; a state characterised by militarised partisan control, elite predation and withered professional capacity; and the presence of willing partners in a shadowy international trade."

Chiadzwa, in other words, was not just another challenge for the KP but rather a Rubicon that it needed to cross in order to remain relevant in a world much changed since the bloody heydays of Charles Taylor. Each of the essays in *Facets* illuminates a facet of the KP's failure to update itself. Saunders succinctly sketches the local political context, revealing how the plunder of Chiadzwa was made politically possible by the collapse of the Zimbabwean economy, the erosion of law and more broadly the deprofessionalisation and partisan politicisation of the state from the early 2000s onwards.

Alan Martin, an experienced KP monitor and representative of Partnership Africa Canada, one of the founding KP members, provides a fascinating geo-political context for the KP's failure to evolve, demonstrating how a parallel trade in Chiadzwa diamonds was directly enabled by well-known diamond figures, and indirectly by KP member states desperately seeking economic advantage in a diamond world increasingly divided between multiple power centres.

Martin's deconstruction of the Dubai diamond world's role enabling the illicit trade in Chiadzwa diamonds is particularly enlightening. Farai Maguwu is another heavyweight contributor. As the founder of the civil society organisation (CSO) that first exposed the killings in Chiadzwa he has been in the thick of the diamond story for almost a decade. The details of his victimisation by the Zimbabwean government are shocking (he was detained without trial for 40 days), as are his allegations of a campaign from KP member states to "suppress the truth about the real situation in Chiadzwa" by ostracising the CSOs calling most loudly for accountability for human rights abuses and disappearing diamond revenues.

Many of the essays seem to be in conversation with each other, which is not surprising considering that most of the contributors come from local CSO circles. Some might see this as a weakness – too many views from the same angle – but in the case of Chiadzwa, where so much obfuscation has taken place, and so many dirty tricks have been deployed, this kind of mutual emphasis is essential.

A South African connection

Take, for example, the contribution from Shamiso Matisi, a Zimbabwean lawyer and member of the KP's Civil Society Coalition. He builds on Maguwu's

His point, essentially, is that African governments that once championed the regulation of conflict diamonds appear to have become enablers of the new trade in blood diamonds.

suspicious about the neutrality of KP member states by revealing that the South African monitor dispatched to Chiadzwa by the KP sold Farai Maguwu out to the Zimbabwean authorities after meeting with him in Mutare in 2011. The actions of the KP monitor (who

is identified in the book), he writes, led directly to the beating of Maguwu's relatives and the destruction of their property, and soon afterwards to Maguwu's arrest and detention.

He writes that, "The roles played by [the KP monitor] and some of his colleagues...testified to an abiding regional solidarity among nationalist politicians in the KP [which] seemed to be rooted in parallel experiences as governments in direct contest with civil societies." His point, essentially, is that African governments that once championed the regulation of conflict diamonds appear to have become enablers of the new trade in blood diamonds.

Members of South African civil society organisations will be interested to learn, from several of the essays, how Chiadzwa locals were treated by mining operations with South African connections. The company with the strongest South African ties is Mbada Diamonds Ltd, a 50/50 joint venture between government's Marange Resources and Grandwell Holdings, a subsidiary of the South Africa-based Reclam Group (in which Old Mutual has a stake).

Essayists Crescentia Madebwe and Victor Madebwe expose in depressing detail how, in place of the diamond-led "development" promised by Mbada and other mining operators, the fabric of local communities has been torn apart by forced removals and unkept compensation promises.

Much of the information in *Facets* is underwritten by a little known report into operations at Chiadzwa, tabled in Zimbabwe's parliament in 2013 by Edward Chindori-Chininga, a Zanu-PF MP and chair of the Parliamentary Committee on Mines and Energy. Chindori was a party insider, who knew mining.

He was also clearly a patriot, because he continued to develop his damning report in the face of extreme resistance. Days after he tabled it, Chindori was killed in a suspicious car accident. Calls for his report to be debated continue to be resisted by the country's rulers.

Facets, a brave document in its own right, is dedicated to Chindori's memory, and to the people of Chiadzwa, "who have endured the most and gained the least from their rich lands". ■

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▲ Groups of miners in the diamond fields in Marange in 2006. When the scramble peaked in October 2008, more than 35 000 people, including children and women, were either mining or buying diamonds in Marange.

