



**The Governance of Natural Resources in Zimbabwe- The Case Study of the Marange
Diamonds**

By

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Declaration

I Gwinyai Regis Taruvinga, do hereby declare that this research is my original work and that to the best of my knowledge and belief, it has neither previously been submitted nor currently being submitted to any other University for a degree or any other award. Where someone else's work has been used, due acknowledgement has been given and reference made accordingly.

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Abstract

The governance of natural resources plays an important role in the distribution of resources in any state. The failure of a government to effectively administer natural resources will result in a country failing to benefit from the resources economically. This research paper explores how from 2006 to 2013 the Zimbabwean government handled the discovery of diamonds in the Marange area which is situated just outside Zimbabwe's third largest city, Mutare. Zimbabwe has had a tumultuous millennium which has seen farm invasions, controversial elections and a crippled economy. The discovery of the diamonds was expected to aid the country's faltering economy, but instead the diamonds only benefitted a close knit group of individuals who were aligned to the ruling party, ZANU PF. The ruling party in Zimbabwe has enjoyed a stranglehold on the Zimbabwean political landscape and the discovery of the Marange diamonds solidified this stranglehold. The diamonds helped ZANU PF revive its waning political fortunes after the party had joined a coalition government with MDC T after the controversial elections in 2008. The diamonds in Marange are an example of how ZANU PF has been able to use the country's resources to prop up its waning influence on the Zimbabwean political landscape. The discovery of the diamonds in Zimbabwe mirrors other African countries where rather than being a blessing to local communities natural resources become a curse.

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List of Abbreviations

ACR-	African Consolidated Resources
ANC-	African National Congress
APRM-	African Peer Review Mechanism
AU-	African Union
BEE-	Black Economic Empowerment
CIO-	Central Intelligence Organization
DRC-	Democratic Republic of Congo
EITI-	Extractive Industries Transparency Initiative
EPO-	Exclusive Prospecting Order
GNU-	Government of National Unity
IMF-	International Monetary Fund
KP-	Kimberley Process
MDC M-	Movement for Democratic Change Mutambara
MDC T-	Movement for Democratic Change Tsvangirai
MMCZ-	Minerals Marketing Corporation of Zimbabwe
MNC-	Multinational Cooperations
PAC-	Partnership Africa Canada
RBZ-	Reserve Bank of Zimbabwe
RDC-	Rural District Councils
WB-	World Bank
ZANU-	Zimbabwe African National Union

ZANU PF-	Zimbabwe African National Union- Patriotic Front
ZAPU-	Zimbabwe African People's Union
ZDF-	Zimbabwe Defence Forces
ZELA-	Zimbabwe Environmental Lawyers Association
ZGS-	Zimbabwe Geological Survey
ZIMRA-	Zimbabwe Revenue Authority
ZMDC-	Zimbabwe Mining Development Corporation
ZNA-	Zimbabwe National Army
ZRP-	Zimbabwe Republic Police

Maps



Source: Dugger (2009).

Introduction

Since obtaining independence from colonial rule African nations have been heavily reliant on natural resources as a mode of economic growth. There has been great difficulty in the governing of these natural resources and this has seen African states fail to fully reap the rewards of these natural resources. The role of the government in the governance of natural resources is important, as this can cause the country to either benefit from its natural resource or fail to do so. Like many African states, Zimbabwe's government played an important role in the governance of its natural resources. The Zimbabwean case, more importantly, serves as a microcosm of the events that take place on the African continent where governments either fall prey to the resource curse or governments put in place measures that will see countries benefitting from their natural resources.

In 2006 diamonds were discovered in the Marange area, is situated 90 km south west of Zimbabwe's third largest city, Mutare. Under normal circumstances the discovery of such a resource should open avenues that allow for economic growth but this was not the case in Zimbabwe. Instead, the political elite reaped the rewards of the diamonds. These diamonds would also become crucial in influencing Zimbabwe African Union Patriotic Front's (ZANU PF) political ambitions especially after the disputed elections, held in 2008.

Local and international experts were of the belief that Zimbabwe could earn up to US\$2 billion a year from the diamonds as well as supply 25% of global demand (Moyo: 2013). However, the diamonds were crucial in that they assisted ZANU PF revive its political fortunes. During the Government of National Unity (GNU) the finance ministry was under the auspices of the opposition. This meant that ZANU PF could no longer obtain financial benefits from government coffers. The discovery of the diamonds, although initially ignored, would assist ZANU PF throughout the GNU which was in existence between 2009 and 2013.

In the duration of the GNU the underlying belief was that the funds from the diamonds were not reaching the government coffers. The then finance minister, Tendai Biti, stated that the government was not receiving any money from the diamond sector and in addition to this authorities called for investigations on the Zimbabwean diamond trade (Moyo: 2013). The

Zimbabwean case study shows that there were a number of discrepancies related to the trade of diamonds.

The *shadow state* which ZANU PF built was built on a foundation of patronage. In order to ensure that governments prop up waning regimes the system of patronage plays an important role as it allows these governments to use state resources to reward those who show loyalty. The use of patronage in Zimbabwe ensured this, as can be seen through how the diamonds in Marange were administered. In a report entitled “Financing a Parallel Government?” Global Witness outlines how the secret police and army were the direct benefactors of the diamonds. The actions of the secret police Central Intelligence Organization (CIO), as well as the army, undermined the democratic process in Zimbabwe. This is confirmed by Global Witness (2012:3) who state that off budget funding subverts the democratic process as the CIO is able to fund its own agenda. The police sector is meant to protect citizens but in this case the sector had its own agenda especially in relation to the country’s newfound wealth. In addition to the CIO, the defence forces which include the Zimbabwe Defence Forces (ZDF) and the Zimbabwe Republic Police (ZRP) are partisan in respects to the politics of Zimbabwe and this was crucial in the promotion of the shadow state that ZANU PF built.

When talking about the finances from the diamonds the former Finance Minister of Zimbabwe, Tendai Biti, alluded to the controversy that shrouded the diamonds. In 2012, Biti claimed that, “... we fear as the ministry of finance that there might be a parallel government somewhere in respect of these [diamond] revenues fare going...” (Global Witness 2012:18). Biti’s claims should not be taken lightly, as the companies that were said to be mining in Marange were not remitting the money from diamonds to the official ministry. To further elaborate on the shadow state that ZANU PF created one would need to understand the ownership of the mining companies that were mining the diamonds.

One of the companies that mined the richest portion of the Marange diamonds was Anjin Investments. Global Witness (2012:17) allege that 50% of the company is owned by another company, Matt Bronze Pvt (Ltd) and the other 50% is owned by an individual, Brigadier General Tarumbwa. The fact that 50% of the company that enjoys the largest share of the Marange Diamond Fields is owned by an army general raises questions over the deal between the Zimbabwean government and Anjin. In addition to this, Global Witness (2012:17) goes on to

state that it is of the belief that Matt Bronze Pvt (Ltd) is a front for the military and police as corporate units. This would explain how indeed a shadow state was being fuelled by the Marange Diamonds. The presence of army generals on the boards would ensure that the profits from the diamonds would evade the formal channels and help ZANU PF to directly fund its financial activities. By having army generals who are loyal to the party, it is evident that the funds would have been directed to ZANU PF and not the government's treasury. The Zimbabwean case study is a further analysis of the African continent where the resource curse phenomenon is applicable.

The resource curse is a phenomenon that has been long associated with resource rich countries and how they manage their natural resources. The resource curse posits that countries with large endowments of natural resources such as diamonds, oil and gas perform worse in terms of economic development than countries that have fewer resources (Humphreys et al 2007:1). In this case natural resources bring promise to countries' economies but this is not necessarily the case. There are number of issues that arise due to natural resources. Humphreys et al (2007:4) note that natural resources differ from other resources due to the fact that they are extracted and not produced.

Due to the fact that there is extraction rather than production, various challenges contribute to natural resources failing to aid economic development in resource rich countries. For instance, in countries that have weak institutions natural resources will see a rise in corruption and a general abuse of natural resources (Humphreys et al 2007:11). It is in such cases that one can see why countries such as Botswana and Norway benefit from their natural resources whilst other countries such as Sierra Leone and the Democratic Republic of Congo (DRC) find it difficult to benefit from their natural resources. The institutional structure which in most cases promotes corruption is one of the difficulties that are faced by African states.

The revenue from natural resources is referred to as rents and rents provide regimes with opportunities to abuse the resources. According to Humphreys et al (2007:13) in most cases the rents that come from natural resources is a dominant aspect of the economy contributing more to the economy than other sectors within a country. In such cases the rents contribute largely to the economy, meaning that natural resources create opportunities for officials to be corrupt and abuse natural resources. Natural resources will present an opportunity where these resources

result in only a few individuals benefitting from the natural resources and this is a challenge that most resource rich African countries face.

Another challenge in relation to natural resources is Dutch disease. Dutch disease occurs when there is a sudden rise in the value of a natural resource export which leads to an appreciation of a country's currency in the exchange rate (Humphreys et al 2007:5). This is linked to a scenario whereby a natural resource contributes more to an economy than other sectors of the economy. The term Dutch disease was derived from the Dutch case in the 1970s where there was a sacrifice of the manufacturing sector for the natural resource sector (Humphreys et al 2007:5). The discovery of natural resources in this regard will see other sectors of the economy performing poorly as they will be neglected due to the wealth created by a single resource.

An extension of the resource curse is related to how regimes use resources as a mode to prop up their waning influence on the general populace. Countries such as the DRC and Zimbabwe show that resources assisted these respective governments to financially position themselves in their respective political climates (Burgis 2015:244). In the Zimbabwean case the Marange diamonds presented ZANU PF with an opportunity for financial wealth especially when their coffers had been starved due to the GNU it had signed on to with MDC T and MDC M.

Research Questions

In order to establish why African countries fail to reap the rewards of their resources, using Zimbabwe as a case study I have sought to answer the following questions:

1. How applicable are theories of the “resource curse” in explaining the governing of the resources in Marange?
2. How has the Zimbabwean government handled the discovery of diamonds in Marange and how has the Zimbabwean government sought to manage the Marange site?
3. How has the discovery of diamonds in Marange influenced the political fortunes of ZANU PF?

These questions will provide this research report with a sense of direction in regards to answering the questions pertaining to the governance of natural resources in Zimbabwe. The first question is important as the resource curse has been strongly linked to the governance of natural resources on the African continent. The resource curse theory is largely associated with why

African countries are failing to benefit from their resources. An analysis of this theory will shed light on the events that surround Africa's natural resources.

The second question aims to establish how the Zimbabwean government handled the discovery of the Marange diamonds and how the government managed the diamond site. This research question is important as it will show the steps that were taken by the government to manage the diamonds. The steps that were taken by the Zimbabwean government can often be seen across the African continent. More importantly, this question aims to establish the governance aspect in Zimbabwe, which entails a broader study of the natural resource management on the African continent.

Natural resources tend to have a significant impact on the political fortunes of particular political parties on the African continent. The third question aims to establish the role the diamonds played in influencing the political fortunes of ZANU PF. This question also speaks to the destination that natural resources followed. Rather than benefitting the country, natural resources tend to influence a particular political party, as the case in Zimbabwe shows. The political elite in most African countries have been viewed as the main benefactors of natural resources. Then the third question will establish the role that is played by the political elite on the African continent.

The Central Argument

This research report aims to show how natural resources on the African continent rarely benefit African states and are used by political parties as a mode of self-enrichment. The Zimbabwean case study shall assist in solidifying this standpoint.

Other than Zimbabwe various other African countries such as Nigeria possess an abundance of natural resources, yet evidence shows that these countries still face high levels of poverty. When writing on the natural resources in Nigeria, Burgis (2015:64) notes that Nigeria is the largest source of African energy but it generates a paltry amount of electricity for its citizens. In Guinea it is noted that the country possesses natural resources which could be a vehicle for developing the country but this is not the case. Guinea sits on the largest recorded reserves of bauxite and the country is the highest ranked exporter of bauxite globally (Burgis 2015:108). Like Nigeria, Guinea possesses natural resources that could be of great use to the country. Instead, Guinea

does not benefit from the rich reserves of bauxite but clandestine deals between government officials and shady businessmen are the norm.

An analysis of the African continent will show that the political elite on the African continent are the main people who benefit from the natural resources that African states have. One example that comes to mind is South Africa. In South Africa, the government introduced a policy, BEE with the aim of correcting the injustices that had been caused by the apartheid regime. Burgis (2015:217) states that:

Where there is an asymmetrical concentration of political and economic power, the resource economy on the African continent often falls prey to a narrow, extractionist elite whose outlook, despite its democratic pretensions, is feudal, and its behaviour more similar to old tribal chiefs than modern government...

The above quote sums up the nature of African politics in relation to natural resources. In South Africa it is evident that the political elite are the ones who have benefitted from this policy. Rather than benefitting the average South African, it is evident that Black Economic Empowerment (BEE) has served the interests of those who were aligned to the African National Congress (ANC). Individuals such as Patrice Motsepe, Tokyo Sexwale and Cyril Ramaphosa benefitted greatly from BEE and it was no coincidence that these individuals had strong ties with the ANC (Burgis 2015:213). Their ties to the ANC saw them benefit at the expense of the average South African as the policy entailed. It is important to note that unlike Botswana or Nigeria, South Africa's economy does not rely heavily on a particular natural resource. However, it is important to note that the BEE law was created after the ANC had inherited a mining industry which was controlled by the white minority (Burgis 2015:213). The BEE law was meant to address this but this did not transpire as I have mentioned earlier. Rather it is the political elite who benefitted from the law.

Although the age of colonialism on the African continent is in the past the remnants are still evident in the present African state. Where the colonial government benefitted from the natural resources of a country, the political elite of the independent African state have now assumed this role. This can be seen throughout the African continent. It is important to emphasize that the political elite in Africa have benefitted from natural resources at the expense of the citizens of

the country. This is a recurring theme on the African continent and I shall further explore this theme throughout this research report.

Methodology

For this research paper I have opted for a single case study. A single case study is important because as stated by Gillham (2000:1) it allows for there to be a specific process for answering questions. In addition to this a single case study centres the research paper on a particular country rather than a broad analysis. Gillham (2000:8) further states that case studies are important because they demonstrate changes that have taken place over time. Case studies therefore play the role of solidifying a particular stance towards an argument.

I was able to interview Shamiso Mtisi, the Head of Research at the *Zimbabwe Environment Law Association*, Farai Maguwu, the Director of Zimbabwe's *Centre for Natural Resources*, James Maridadi a Member of Parliament from Zimbabwe's opposition party, Movement for Democratic Change Tsvangirai (MDC T), and Tom Tweedy who is the Communications Manager Public and Corporate Affairs at *De Beers Consolidated Mines*. Mtisi, Maguwu and Maridadi have extensive experience in the governance of natural resources in Zimbabwe whilst Tweedy has years of experience working with De Beers, which was the company that initially discovered the Marange diamonds.

The interviews conducted were semi-structured which meant that the questions were determined ahead of time (Merriam 2002:12). The aim of these interviews was to find out definite answers that are in relation to the role of the Zimbabwean government in the governing of the country's natural resources. In this case it was important to ensure that a set of structured questions were prepared that would aid in understanding the role that was played by the government. Due to the fact that I would not have another opportunity to interview the selected candidates again, a semi-structured interview was most suitable. Bernard (1988:12) states that in order to prepare for this type of interview the interviewer has to select a list of questions on the topics that have to be covered in a particular order. This applied to the individuals who were interviewed for this research report. This is further reaffirmed by Bernard (1988:212) who states that semi-structured interviews work best for bureaucrats and respected people because of their related time constraints.

Ethical Considerations

The safety and security of interview candidates is of paramount importance in any research topic. I observed all protocol by issuing consent forms as is stated by the University policy, I was also able to obtain the necessary ethics clearance requirements from the university (Protocol Number: H15/08/42). I have since attached the interview questions and the consent form as appendices to this research report. In addition to this, the interview subjects agreed to have their real names used.

Chapter Structure

This research report is divided into four chapters. The first chapter is the theoretical approach which will discuss the theories which will guide the research report. In this chapter I discuss the resource curse with the aim of showing how this particular theory is relevant to my single case study. In this chapter I provide theories of the African state which aid in understanding how African countries are governed. An understanding of the governance structure on the African continent allows for one to understand how various African governments use natural resources. Furthermore, there is also an understanding of the role that is played by the political elite.

In the second chapter I provide an analysis of the Zimbabwean state in its entirety. The aim of this chapter is to provide an overview of the Zimbabwean state before analysing the governance of natural resources in the country. Zimbabwe's history is important in understanding how the government operates and more importantly the history of Zimbabwe will show the role that was played by President Mugabe and his political party, ZANU PF. This chapter speaks broadly to the African context as it shows the role that is played by revolutionary parties and the use of patronage as a mechanism of holding on to power. The use of violence within the Zimbabwean state is also established in this chapter, which shall reveal that the use of violence dates back to the 1960s when Zimbabwe was fighting colonial rule in the liberation struggle. The second chapter also outlines how two policies, the Land Reform Programme and Operation Murambatsvina, show how ZANU PF has governed Zimbabwe. These two policies are crucial when trying to understand how ZANU PF has governed Zimbabwe.

The third chapter will outline the discovery of the Marange diamonds in Zimbabwe. In this chapter I give a background understanding of the discovery of diamonds in the Marange area. I

will outline the role the government played in the managing of the diamonds. I also aim to prove how the system of patronage that is used by ZANU PF ensured that the diamond revenue benefitted the political party and not the country. I shall further aim to show how the companies granted Exclusive Prospective Orders (EPOs) were closely linked to ZANU PF. In addition to this, I shall show the role that the companies played within the ecological environment and how the companies relocated citizens, consequently affecting their livelihoods. The role of these companies was crucial as these companies administered and oversaw the process of the diamond distribution.

In the fourth chapter I address how the diamonds influenced ZANU PF's political ambitions. In this chapter I discuss how the diamond revenue was abused and how the funds did not reach government coffers. In this chapter I also outline the various clandestine activities that surrounded the trade of the Marange diamonds. It will also be made evident how the funds from the diamond sales only benefitted the political elite and army generals who were supporters of President Mugabe and ZANU PF.

In chapter five the research paper comes to a conclusion. This chapter will give an overview of the central argument that this research report has made. Furthermore, this chapter will consist of a postscript which will briefly outline how recent developments in the Marange diamonds speak to the central argument that African political parties benefit from the natural resources at the expense of the country.

Chapter 1

1.1 Theoretical Approach

This chapter's primary objective is to introduce the resource curse theory which will be used to analyse the governance of natural resources in Zimbabwe. The central argument here is that weak structures and the overall role played by governments within the African state result in the resource curse manifesting itself thus resulting in African states failing to reap the rewards of their natural resources. In order to fully grasp the resource curse, this chapter has been divided into three sections. The first section outlines the resource curse. This is important as this is theory shall be used to approach this topic. Upon doing this, the second section will discuss the reasons why the resource curse occurs. Under this section I will aim to discuss how African governments have weak structures which result in natural resource revenue being abused. This discussion will then lead to the third section which discusses how the Zimbabwean case applies to the resource curse. This chapter shows how Zimbabwe failed to benefit from natural resource revenue mainly because of how ZANU PF used the diamond revenue as a vehicle to revive its political fortunes.

1.2 Resource Curse

The resource curse has been long associated with the African continent and other Third World countries that have been endowed with natural resources but have failed to develop economically. The term itself is extremely difficult to define due to the number of authors that have written on the topic. Before discussing the resource curse it is important to define what a resource is. Natural resources are grouped in two categories, renewable and non-renewable. Renewable resources include trees and forests whilst non-renewable resources include natural gas and hard minerals (Vaughn 2007:1). Renewable resources such as trees can be replanted whilst non-renewable resources can be easily depleted (Vaughn 2007:1). This definition shows that indeed natural resources can be viewed in different forms and natural resources need to be governed effectively if countries are going to benefit from. It is even more important to note that because some natural resources are easily depleted, they need to be governed accordingly.

To further bring clarity to the definition of resources, the term is divided into two terms which are *Non-lootable* resources and *lootable* resources. Non-lootable resources require advanced technology to exploit. They include bauxite, copper and Kimberlite diamonds. Lootable resources are easily exploited by individuals and they include alluvial diamonds which are found

on the surface of the ground (Snyder & Bhavnani 2005:568). By giving these definitions it is clear that natural resources can be grouped and this plays an important role in how they are governed on the African continent. Snyder & Bhavnani (2005:568) further state that non-lootable resources require high levels of technology to extract minerals, this gives governments a monopoly as informal miners are excluded from the mining process. Due to the fact that governments can afford the necessary equipment to carry out the mining procedures they are able to make use of these resources. With alluvial diamonds, which are found on the surface of the ground, it is clear that these would be difficult to govern due to the fact obtaining the resources is easier for the informal miners. The definition of non-lootable resources ties closely with the African continent as the governments need to invest heavily to ensure that the resources are fully exploited. In relation to lootable resources governments face challenges as governments need to invest a large amount in building regulative capacity to deter artisanal miners from mining (Snyder & Bhavnani 2005:569). It is therefore difficult for governments to make positive use of the lootable resources due to the sheer difficulty of monitoring the activities taking place on the site. The definitions of non-lootable resources and lootable resources bring the resource curse to the forefront.

When defining the term resource curse Duruigbo (2005:5) notes that the resource curse thesis posits that there is a negative relationship between endowment with natural resources and development within a country. This definition relates to countries that have natural resources but have failed to develop economically. The discovery of natural resources in countries such as Sierra Leone has done little to alleviate the dire economic straits in the countries. Authors such as Hazel McFerson have narrowed down the definition of the term by linking it to how governments abuse the revenue from natural resources. She argues that the revenue from extractive industries is of benefit to the citizens of a country (McFerson 2010:336). The definition is closely related to the Zimbabwean case as well as other African countries that have natural resources but have failed to use them for economic development. McFerson's definition for the resource curse is associated with the leadership of a country as the ruling government determines how the profits from the resources are administered.

Duruigbo also echoes the same belief on the notion of bad leadership resulting in the failure of the use of natural resources. Duruigbo (2005:3) notes that a lack of bold leadership has resulted

in the misgoverning of natural resources by government authorities. The role of governance is again reaffirmed as these definitions all point to the lack of governance that is evident in some resource rich countries. The role of the government in the administration of the resources is important as the government influences how the profits from the resources are used.

The profits gained from natural resources are referred to as rents. The abuse of rents is associated with the term rent seeking. Rent seeking occurs when resources yield economic gains without reciprocation of the profits to society (Sarraf & Jiwanji 2001:7). One would strongly agree with this statement when analysing the governance of natural resources on the African continent. The abuse of rents is one of the major contributors to the resource curse as countries fail to use the resources for the advancement of development in the country. Macartan Humphreys is also in agreement with the belief that rent seeking has been of major hindrance to resource rich countries. Humphreys et al (2007:244) note that rent seeking organizations pose a problem as on a community level rents could be used to fund rebel groups, prop up autocratic regimes and complicate fiscal policies. This definition explains how war stricken countries like Sierra Leone have seen their natural resources fuel a civil war rather than develop the country. In addition to funding rebel groups, rent seeking could also affect the governance within a country. Rents could be used to create a parallel budget with the aim of undermining a legitimate government (Humphreys et al 2007:244). This example relates to Zimbabwe where ZANU PF was accused of running a parallel government whilst they were part of a coalition government with the opposition party, MDC T.

Authors such as Graham Davis and John Tilton allude to the effects of rent seeking in an article entitled "The Resource Curse." Davis & Tilton (2005:236) note that local communities are most affected by the social costs of mining as the benefits of these mining ventures benefit the government officials and private sector companies. This belief is associated with developing countries where there is no evidence of development even though mining ventures have taken place. Davis and Tilton also bring forth the alternative view which states that mining rents reach government coffers, however, these rents only benefit the ruling elite in a country (Davis & Tilton 2005:236). This view would relate directly to the Zimbabwean case as there are various discrepancies when analysing how the diamonds were distributed within the government. The

diamonds did not seem to make a significant improvement to Zimbabwe's economy but rather benefitted the ruling elite in Zimbabwean politics.

Governance is also one of the chief contributors to rent seeking. According to Davis & Tilton (2005:236) even when rents are not squandered and used for economic development, the results are often disappointing because of incompetence and poor planning by the government. The successful use of resources is linked to the role that is played by the government. Sound public policy plays an important role in how resources are distributed within a country. The lack of sound public policy will result in the resource curse manifesting in a country. The poor planning on the government's part that is mentioned by Davis and Tilton is one of the reasons that the resource curse has managed to manifest itself in resource rich countries.

Another phenomenon associated with the resource curse is Dutch disease. Burgis (2015:70) notes that Dutch disease is derived from the Netherlands where other sectors of the economy collapsed due to the fact that the Dutch had focussed their efforts on the gas that had been discovered in the 1970s. This case is applicable to the African continent as there is an over reliance on discovered minerals at the expense of other sectors of the economy. The Dutch disease sees the money paying for minerals pushing up the value of the local currency and thus affecting locally made products as imports become cheaper (Burgis 2015:70). Many resource rich countries in Africa are affected by Dutch disease as there is a strong focus on particular minerals at the expense of other sectors such as agriculture.

In the 1960s and early 1970s Nigeria experienced the effects of the Dutch disease. Humphreys et al (2007:240) notes that a rise in oil exports led to an appreciation of the exchange rate and the higher exchange rate made it virtually impossible for sectors like agriculture to sell their products profitably abroad. In this case it was evident that a single commodity in oil had an effect on other sectors of the economy. It is further stated that instead of devaluing the local currency (as it feared inflation) the government saw oil exports crowding out agriculture and manufacturing which also saw jobs being lost in these sectors (Humphreys 2007:240). Yet again the role of the government comes to play as the Nigerian government did not establish a method in which the economy would be diversified so that a sole natural resource is not the back bone of the economy. The Nigerian example further shows the effects the Dutch disease has if a country's economy strongly relies on a natural resource.

1.3 Why Resource Curse occurs

Most governments in the Third World have failed to develop policies that would ensure that their countries benefit from resources. Ascher (1999:3) notes that the policies that are in place in some countries see resources being squandered. By doing so, resources will fail to benefit a country because of poor policies. According to Ascher (1999:3), the policies made by these governments do not cater for natural resources' ability to build a society economically. The political decisions made by leaders in regards to natural resources play an important role in how these resources benefit a country. Failure of the political leaders to devise ways, either through policy or deed, will result in the squandering of natural resources as is seen in various Third World countries.

African countries as well as First World countries are all involved in the extraction of natural resources. Ascher (1999:4) notes that developed countries such as Norway benefit from natural resources but he emphasises the fact that it is the developing world that needs to succeed as developing countries need export benefits such as foreign currency. The importance of strong public policy cannot be understated as the only way the Third World will benefit from natural resources is through strong public policy. Strong public policies will ensure that the resources help the Third World governments.

One of the other problems that have affected countries with natural resources has to do with the financial commitment that is dedicated to natural resources. In Peru there has been an investment in the extraction but this investment has been misdirected (Ascher 1999:4). In this case it is evident that although the natural resources could be extracted it is important that the process of extraction is done in a transparent manner. It would be of no benefit to a country should the process be carried out in a poorly organized manner. Furthermore, it is also important that the countries have the necessary experience of selling the resources at the right time. According to Ascher one of the mistakes commonly made is when the resource loses value after extraction. He states that a natural resource can lose value when sold at the wrong time (selling it when prices are too low) and the use of the funds that have been obtained from the selling of the natural resource are abused by a government (Ascher 1999:8). The onus is on the government of a country to put in place measures that ensure that a country benefits from natural resources.

In relation to the resource curse, Rod Alence shows that the resource curse is not entirely to blame for Africa's woes in relation to natural resources. He uses the DRC as an example by

stating that countries with similar endowments have not suffered the same fate (Alence 2014:9). Alence argues that there are a number of countries such as Australia and Saudi Arabia that have natural resources but have not suffered the same fate as the DRC. The resource curse works hand in hand with other factors. One such factor worth considering is authoritarian rule on the continent.

Alence notes that authoritarian rule has a negative impact on the use of a country's natural resources. Alence (2014:9) states that governments find it easy to capture resource rents thus creating "rentier states." Alence further states that these states rely on resource rents rather than taxation of the population (Alence 2014:9). The governance aspect of natural resources plays an important role and the use of rents in this regard is down to the government. The government will, therefore, decide how the natural resources are used. Alence further confirms this when he states that governments could use resource rents to survive politically. Governments could use rents to "buy off" or intimidate opponents (Alence 2014:9). This is an abuse of rents that has seen most African countries failing to benefit from their natural resources as the government is unaccountable and not answerable to the citizens of a country. This would be another aspect of governance as an unaccountable government will most likely plunder natural resources as there are no checks and balances to ensure that government individuals do not abuse rents.

Violent conflict is another factor that Alence points to as a major cause of natural resource abuse. Alence (2014:12) states that in many cases rebel groups are able to capture rents and use them to fund violent challenges against the state. This is another valid example as this explains why countries such as Sierra Leone have been exposed to protracted civil wars over natural resources. It is evident that in some instances resource rents are abused by rebel groups to further their own political agendas. Abuse of rents within resource rich states can be linked to the criminalization of the African state. The criminalization of the African state is closely associated with activities that have to do with the economy. Criminalization within the African state is often an extension of authoritarian regimes as these regimes are rarely answerable to the law within a country. When making examples of crime, Bayart et al (1999:15) list examples that include human trafficking, dumping of toxic waste as well as economic and financial practices such as fraud and embezzlement of foreign currencies. These crimes are again within the state and are associated with the African continent as there are various examples of the mentioned crimes taking place.

The political strategies that are used by African leaders are also influential in the outcome of the African state. It has been noted that the use of violence and economic delinquency are some of the strategies that are implemented (Bayart et al 1999:15). The use of these strategies ensures that the regime of a particular leader stays in place. It is therefore not a surprise when one analyses African states and the role that their leaders play, there tends to be an abuse of power and in addition to this, the economies are usually in deplorable conditions. Criminalization is evident in countries such as the DRC and Zambia. In the DRC, corruption is deep rooted to the extent that even the opposition partake in the illegal diamond trade whilst in Zambia several Ministers were implicated in the selling of drugs (Bayart et al 1999:18). These two examples are proof of the difficulties that are faced by the African state. The web of corruption and other illegal activities all contribute to the makeup of the African state.

The African state also falls prey to corruption in the governance of its natural resources. According to Remer-Lawson & Greenstein (2012) corruption is an endemic within the African state to such an extent that the political elite siphon proceeds from the natural resources into their own pockets. Such practices dominate the African landscape and this makes it difficult for countries to benefit from natural resources. It is further confirmed that instead of resource revenue being used to address healthcare matters and education, rampant corruption within the African state sees individuals benefitting at the expense of the country (Remer-Lawson & Greenstein 2012). Corruption within the African state is of major concern as African leaders are driven by self-enrichment thus crippling countries from benefitting from their natural resources.

The criminalization of the African state through corruption is echoed by Remer-Lawson and Greenstein who give examples of countries that serve as examples of the criminalization of the African state. Remer-Lawson & Greenstein (2012) state that in 2011, of the top eight oil producers in Africa, (Nigeria, Algeria, Angola, Egypt, Libya, Sudan, the Republic of Congo and Equatorial Guinea) all eight had a negative score on the WB's control of corruption index. By ranking so poorly on the WB rankings, the African governments have failed to curb corruption and this has seen the countries failing to adequately utilize their natural resources. The resource curse flames are fanned on the African continent and this is closely tied to governance on the African continent. Remer-Lawson & Greenstein (2012) state that the resource curse can be avoided by African states if good governance is practiced and if there is transparency in the

natural resource extraction. The debate surrounding natural resource governance on the African continent rests on good governance. Governments need to be transparent and shun corruption if natural resources are going to benefit the African state.

1.4 Zimbabwe in relation to the Resource Curse

The Zimbabwean case study shows how the resource curse has affected resource rich African states. The Zimbabwean case is a unique one which shows how a natural resource can prop up the waning influence of a political party. When the diamonds in Marange were discovered ZANU PF was facing a challenging period in its tenure. The economy in Zimbabwe was collapsing and its stranglehold on power was under threat from the opposition, MDC T.

ZANU PF managed to use the Marange diamonds as a vehicle for self-enrichment. Burgis (2015:221) notes that after losing the election to MDC T in 2008, ZANU PF used the diamond funding to recapture power in 2013. Natural resources in this regard acted as a mechanism to assist a political party recapture political power. In order to ensure self-enrichment, companies with links to President Mugabe's security forces were being awarded concessions to mine diamonds in Marange. This would ensure that the wealth from the diamonds would stay within the ZANU PF circles.

When writing on the DRC Burgis (2015:37) states that DRC leader, Joseph Kabila used a shadow state, as mentioned by Reno, to reward supporters through secret untraceable funds, buy elections and oil the patronage machine to keep Kabila in power. In summing up the full operations of a shadow state Burgis (2015:38) notes that a parallel state coexists with the formal structure and its nominal commitment to transparency and rule of law. In essence Burgis is outlining that a parallel state ultimately undermines the formal structure as it serves to achieve the complete opposite of a legitimate and formal government. In the same way ZANU PF used the Marange diamonds to fund its parallel activities, the DRC under Kabila, also used the country's natural resources to oil its parallel activities that would solidify his rule in the DRC.

An important aspect of the African state is the role that was played by colonialism. Kawabata (2006:5) notes that states in Africa failed because they tried to base themselves on the former colonial governments. This belief alludes to the fact that African states tried to adopt methods that were used by European rulers rather than establishing their own modes of rule. In most cases

the African state has been defined as being the “*The Neo-Colonial State*” and the “*Re-Colonial State*.” In order to shed light on these definitions, Kawabata (2006:5) notes that even though African states could be viewed as being independent the form of independence is a token one because the maintaining of the colonial economic structures has meant that African states are perpetuating colonial rule. These definitions confirm that the African state is heavily influenced by the effects of colonialism. To further elaborate on this point Kawabata (2006:7) states that African countries inherited the colonial state which meant that the origins of the African state “were not of its own making”. By emphasizing on this point, it is evident that the African state is a spill over of the colonial state whereby the African state continued from where the colonial governments had left off.

The Zimbabwean case further shows how in most African states, the colonizers were replaced by new African governments. This is further confirmed by Burgis (2015:233) who states that “...colonial powers set up a machine to extract resources. When they left, it passed to the next leaders, like DNA.” This quote best sums up the African state in relation to natural resources where the new African governments operate in the same manner as the European colonial governments. When describing President Mugabe’s rule in Zimbabwe, Burgis (2015:232) notes that, “... [President] Robert Mugabe sits atop a feudal ruling class that resembles in structure – if not skin colour – the minority rule he waged a guerrilla war to overthrow.” Yet again we see how in Zimbabwe the governance resembled that of the colonial government in that the people in rule were able to make decisions that would benefit themselves and people close to them. This has been followed by various countries on the African continent. This form of leadership results in the manifestation of the resource curse as natural resources will only benefit those with close ties with the political elite.

The Marange diamonds in Zimbabwe relate to the resource curse in that the country proved that it had weak structures which resulted in the country failing to reap the rewards of the diamonds. When writing for Heinrich Boll Stiftung (2011:14), Claude Kabemba states that, “Zimbabwe is a dysfunctional state. In any dysfunctional state, commodities that are not controlled are exposed to looting by local and outside actors.” This quote sums up the nature of Zimbabwean politics. The structure of the Zimbabwean state is set up in a way that looting of resources is the norm for the political elite. This belief is further expanded on by Burgis (2015:233) who states that the

Zimbabwean government operates on an extractive basis which relates to how ZANU PF governed the Marange diamonds. The weak structures which in this case have been described as the dysfunctionality of the Zimbabwean state are one of the major ways in which the resource curse was manifested in Zimbabwe.

1.5 Conclusion

The resource curse phenomenon is associated with resource rich countries. In this chapter I outlined what the resource curse is, why it occurs and how it applies to the Zimbabwean case study. The definition of the resource curse shows that the belief is that many resource rich countries fail to fully develop due to the discovery of natural resources. By defining the resource curse this chapter also outlined factors such as Dutch disease and rent seeking which have also contributed to countries failing to reap the rewards of their natural resources. The resource curse relates to the Zimbabwean case in that various factors such as governance and rent seeking played a role in the governance of the Marange diamonds. Zimbabwe like many African states, has weak institutional structures which have allowed for the abuse of natural resources. Ultimately the resource curse goes a long way in understanding how natural resources are governed on the African continent. Some of the issues that come to light such as governance, the role of the political elite and rent seeking are pertinent to the Zimbabwean case study. The Zimbabwean case study serves as an example of the African continent where natural resources do not yield positive economic results but natural resources are used by countries' political elites as a mode of self-enrichment.

An analysis of this chapter will draw to the conclusion that African states have weak institutions that encourage corruption. When a state fails to fulfil its role; that state can be defined a failed state. When exploring failed states it is important to note that the failure of a state is not only an African case but an international one. Secondly, failed states in Africa are associated with "state inversion" whereby states decay in varying stages (Kawabata 2006:11). The state in this case will see the failure of government institutions to deliver services to the citizens. This inversion in African states is because of the international balance of power after the Cold War, the ultra-privatization of the state, the declining integrity and role of the military and the increase in movements and rebellions (Kawabata (2006:11). The four mentioned points are all contributors to how the African state is presently.

Only a handful of countries on the African continent can make a claim to having a successful democratic system. In majority of African countries the presidency has been referred to as “*The Personal Rule State*.” Personal rule involves an elitist political system where there are practices such as conspiracy, corruption, purges and succession manoeuvres (Kawabata (2006:11). In a personal rule state it is evident that the leaders will try to keep the presidency under their belt. However, there has to be a distinction that needs to be made between personal rule and patrimonialism. Kawabata (2006:13) argues that dictators such as Idi Amin and Jean-Bedel Bokassa were personal dictators. He further clarifies that personal rule should not be mistaken for authoritarianism. Authoritarianism in the African state has also been linked to the criminalization of the African state which was mentioned earlier.

The weak structures of the African state have seen African countries fail to use their natural resources adequately. These weak structures are strongly linked to the role that is played by the governments on the continent. The Zimbabwean case study shows how weak structures lead to the abuse of resources. The rest of this research report shall further analyse how the governance of African states results in poor returns from natural resource rents by using Zimbabwe as an African case study.

Chapter 2

2.1 The Zimbabwean State

Like many terms in the field of Political Studies the term “state” is a difficult term to define. However, for the purposes of this research report I shall derive my definition of the state from the Marxist and Weberian points of view, which are brought forward by David Held. This is important as these definitions are closely related to the Zimbabwean case study. The state through bureaucratic institutions is able to cement its overall control of a country (Held et al 1983:25). This applies to the Zimbabwean case as the ZANU PF government used the state as a vehicle to pursue its personal political ambitions. It is further confirmed that the state and bureaucracy are viewed as class instruments and promote the interest of the ruling class (Held et al 1983:26). Marx was alluding to how the state is used as a vehicle by the people who are in power. This again applies to the Zimbabwean state whereby ZANU PF associated individuals benefitted from the Marange diamonds.

This chapter’s primary objective is to analyse the Zimbabwean state in its entirety. It aims to shed light on how the Zimbabwean state operates. The central argument of this chapter is that ZANU PF has been able to ensure that the political terrain in Zimbabwe favours the political party and this influenced how the Marange diamonds were governed. The five sections in this chapter shall aid in the understanding of the Zimbabwean state. The first section focusses on the historical aspect of Zimbabwe which has been dominated by the role ZANU PF played as a liberation movement. This section outlines how the liberation struggle which brought independence to Zimbabwe shaped ZANU PF’s rule in Zimbabwe.

The second section focusses on the role that is played by the army. In this section I will shed light on how the army has been involved in the governing of Zimbabwe. Where in most cases the army is apolitical, the Zimbabwean army has been seen to be sympathetic towards ZANU PF. This has played an important role in how ZANU PF has been able to maintain its hold on power especially from the early 2000s where opposition parties were a threat to the political party. The militarization of the Zimbabwean state is an important aspect of the Zimbabwean state and this influenced the governance of the Marange diamonds. A further analysis of the Zimbabwean state will show that by appointing key military officials to key positions in the state owned institutions, ZANU PF has been able to exert its influence on Zimbabwe.

This will then lead to the third section which discusses patronage within the Zimbabwean state. This section is a continuation of the military's role but with a broader focus on the practice of patronage by President Mugabe. This has been one of the strategies he has used to solidify his grip on the presidency. An analysis of the Marange diamond governance shows that the people closest to President Mugabe were the ones who benefitted from the diamond revenue. In addition to this, service chiefs and former service chiefs were also seen to have been the ones who benefitted from the Marange diamonds. More importantly, the practice of patronage dominates the African political landscape with it being a key ingredient to African leaders' longevity.

The fourth and fifth sections look at the land reform programme conducted in the early 2000s and Operation Murambatsvina respectively. The inclusion of these sections aid to shed light on the pattern that ZANU PF has followed in order to maintain its stranglehold on power within the Zimbabwean political landscape.

2.2 The History of Zimbabwe

Zimbabwe gained its independence from British colonial rule on the 18th of April 1980. When looking to understand the Zimbabwean state, the attainment of Zimbabwe's independence is of paramount importance. Present Zimbabwe is engulfed by the notion of violence and this can be traced back to the fight for liberation from the early 1960s. When pointing to the notion of violence in Zimbabwe, Mlambo (2006:54) states that one of the major causes of bitterness in Zimbabwe is the history of violence that has been associated with the country's political processes. Furthermore, it has also been noted that violence within the Zimbabwean state has remained a "cancer" that corrodes the country's political culture and blocks the democratic process (Sachikonye 2011: xviii). Violence has played an important role in Zimbabwe obtaining its independence and violence has also played a part in ensuring that ZANU PF has maintained its stranglehold on the Zimbabwean political landscape.

In the 1960s in the heart of the liberation struggle the two nationalist parties that were fighting colonial rule were involved in violent skirmishes between themselves. Sachikonye (2011:2) notes that instead of presenting a united front to fight colonial rule, ZAPU and ZANU directed violence towards one another so as to ensure that one had an advantage over the other when negotiating with the colonial rulers. It is therefore clear that the phenomenon of violence is not new to the Zimbabwean state. It is further pointed out that the colonial state of Southern

Rhodesia (now Zimbabwe) was also built on the premise of violence. The Rhodesian government, in order to thwart the efforts of the nationalist parties, used massive acts of violence against guerrilla fighters and their collaborators and the local civilian population, who were accused of propping up the nationalist parties (Sachikonye 2011:7). ZANU PF would employ the same tactics as that of the former colonial rulers to suppress the opposition movements from 1999 when opposition parties began to pose a threat to ZANU PF's rule.

The tactics employed by ZANU PF were similar to those implemented by the colonial rulers. This can be linked to Mahmood Mamdani's thesis stating that although the colonial state had been deracialized independence did not necessarily bring democratization (Mamdani 1996:8). This belief by Mamdani resonates on the African continent as the measures that were used by colonial powers are still in place some 30 years after the attainment of independence. It is evident that the leaders of Africa have failed to lead accordingly. Burgis (2015:207) quotes Nobel laureate, the late Chinua Achebe who stated that in Nigeria, the leadership contributed to the woes that Nigeria has faced since acquiring independence. The leadership of the colonial government and the current African leadership almost mirror images as they serve particular groups at the expense of other groups.

The remnants of colonialism are still present in Zimbabwe, as in many African states, and this has been made clear by Daron Acemoglu and James Robinson in *"Why Nations Fail: The Origins of Power, Prosperity and Poverty."* Acemoglu and Robinson argue that colonialism played an important role in how ZANU PF would rule Zimbabwe. Acemoglu & Robinson (2013:372) state that the failure of the Zimbabwean government to govern is because the government simply carried on the same repressive policies that the colonial government had in place. The Zimbabwean government maintained the same colonial structure that had been in place. To further confirm this, Acemoglu & Robinson (2013:372) reaffirm this belief by stating that, "...the extractive and repressive regime of Ian Smith [was] replaced by the extractive, corrupt, repressive regime of Robert Mugabe." This goes to show how the colonial form of rule in Rhodesia played an important part in how President Mugabe was able to use the exact same methods to thwart any opposition that might have arisen against him.

One clear example of this would be how Mugabe deployed the army in the Matebeleland region in the early 1980s in what has been termed as *Gukurahundi*. The term is a Shona word meaning

“the clearing of the chaff...” (Raftopoulos 2013:204). In this case the chaff in mention was the Ndebele ethnic group. This operation which targeted the Ndebele ethnic group would mean that President Mugabe was going to use the same form of brutality that the colonial government used to stop the nationalists from challenging the colonial government. However, the brutality that was used in in the Matebelaland region is probably the worst case of violence the country has seen to date. According to Mlambo (2006:55) the conflict had ethnic roots in that dissidents claimed allegiance to ZAPU which was from the Matabeleland region and was predominantly Ndebele speaking. President Mugabe (who happens to be Shona) gave the green light for these attacks and this therefore reveals that the attack in Matebeleland was motivated by ethnic reasons and with eliminating the challenge that was posed by the then opposition, Zimbabwe African People’s Union (ZAPU).

The nature of the attacks in the Matebeleland region reveals that ZANU was motivated to ensure that the then opposition party was significantly weakened. The North Korean trained government forces (who were predominantly Shona speaking) led a heavy crackdown on what was believed to be dissident activity. Dissident activity included the burning of churches, murder of those viewed as dissidents and general terrorism (Mlambo 2006:55). These activities which were reported to be taking place in the region gave President Mugabe a legitimate case to send in the army to bring in an element of “calmness.” However, Mlambo (2006:55) argues that although the government claimed to be bringing peace to the region they were in actual fact silencing political opposition and exterminating the Ndebele speaking people. This interpretation is valid as ZANU PF used the same methods to deal with the influx of diamond panners on the Marange site. It is, however, important to note that the scale is different.

The operation to restore order in Matebeleland led to a high number of deaths. It is estimated that between 10,000 and 20,000 people lost their lives. It has been said that this operation was “the biggest peace-time pogrom that the country [Zimbabwe] has ever experienced in its history...” (Sachikonye 2011:16). The actions that ZANU took during this period show that from an early stage in independent Zimbabwe, President Mugabe had a strong stance towards the potential threat that an opposition party might pose. More importantly, the level of violence during this period can again be linked to an earlier point I made that President Mugabe was able to use

colonial methods to ensure that he suppressed opposition parties. The attacks in Matabeleland also reveal the role that is played by the army in the Zimbabwean political arena.

2.3 The Role Played by the Zimbabwean Army

The army plays an important role in any country and its ability to be apolitical is important. The Zimbabwean case shows that the army is biased and serves the interests of ZANU PF rather than the interests of the country. When describing the role of the army in Zimbabwe, Mlambo (2006:57) states that the military on the African continent tend to harbour political ambitions and therefore interfere with the political leadership of a country. This point he makes is applicable to Zimbabwe as well as other various countries. Although a military coup has never been staged in Zimbabwe, the military is an integral part of the governance system in Zimbabwe.

One of the reasons that explain the role of the army dates back to the role that the army played in fighting the colonial government. Most of the literature that focuses on the Zimbabwe agrees that the ZNA is a politicized institution that serves the interests of ZANU PF. Moyo (2014:69) states that President Mugabe has used the military as a form of defence against elements that threaten his rule in Zimbabwe. This fact is echoed throughout Zimbabwe's history where events such as the incidents in Matabeleland in the early 1980s show how ZANU PF has used the army. The army has also been used by ZANU PF in order to victimize citizens during election periods; these are just some of the examples of how ZANU PF has used the army for its political needs.

At the turn of the new millennium ZANU PF was under immense pressure from opposition parties as well as civil society organizations. For the first time since independence the party was facing a formidable challenge to its hold on Zimbabwean politics. It has been noted that the military played an important role in obstructing opposition parties and civil society in challenging ZANU PF (Moyo 2014:70). This again reiterates how the army is important for ZANU PF's political ambitions.

The military in Zimbabwe has been able to dominate almost all aspects of political life in the country. Service chiefs hold influential positions in institutions such as the bureaucracy, parliament, judiciary and public enterprises (Moyo 2014:70). By having military chiefs in influential positions ZANU PF is able to exert its influence in the Zimbabwean political spheres. It is further noted that ZNA has partaken in the running of elections; this will obviously ensure

that ZANU PF has the upper hand during election periods (Moyo 2014:70). The involvement of the army in the electoral process is an example of how the army ensures that ZANU PF maintains its role as a ruling party. Not only is the army responsible for the violence against civilians, but the army has ensured that the political terrain favours ZANU PF especially during election periods (Moyo 2014:70). The militarization of the Zimbabwean state has been one of the reasons that have led to ZANU PF being in power in the face of strong opposition.

The symbiotic relationship between ZANU PF and ZNA has been of crucial importance to the survival of President Mugabe's regime. When defining a symbiotic relationship, Moyo (2014:72) quotes Perlmutter and LeoGrande who state that a symbiotic relationship is that of mutualism, cooperation and partnership. The close knit relationship between these two entities ensures that Zimbabwe is fully under the control of President Mugabe. Literature focusing on Zimbabwe's army reveals that patronage plays an important role. President Mugabe has been able to place loyalists from the army to lucrative positions and the military officers have been incorporated into the civil sphere which means that service chiefs are able to serve their own interests (Moyo 2014:74). Moyo's analysis is important as it clearly shows the role that is played by the army in Zimbabwe.

When exploring the Zimbabwean state the belief is that the country is a neo-patrimonial *qua* neo-praetorian state. Neo-patrimonialism is a system of governance where there is evidence of power concentration, power informalization and a huge role played by patronage and clientelism in the relationships (Moyo 2014:74). President Mugabe has consistently rewarded the service chiefs who serve the interests of ZANU PF and this links closely to the patronage to which Moyo refers.

It is therefore no surprise that the army was heavily involved in the discovery of the diamonds in Marange. By analysing the role of the military in Zimbabwe I have attempted to show that the symbiotic relationship between the ZDF and ZANU PF has been one of the reasons that President Mugabe has been able to hold on to the presidency of the country. In the same light I have also attempted to show that the system of patronage in Zimbabwe has led to members of the military being incorporated into the civilian sphere to ensure that ZANU PF maintains its hold on power in Zimbabwe.

2.4 Patronage within the Zimbabwean State

African states have been long associated with the notion of patronage. The system of patronage is defined by Burgis (2015:74), who views it as a mechanism rulers use to reward those who show loyalty to their cause of staying in power. The system of patronage is predominant especially on the African political landscape. Leonardo Arriola is of the belief that African leaders purchase support through the distribution of state resources (Arriola 2009:1339). State resources are used as a vehicle to ensure that African leaders stay in power by rewarding individuals who are aligned to them. In order to reaffirm this belief Arriola (2009:1343) states that *clientelism, neopatrimonialism or “big man” rule* define how political life in African countries operates. The governments in Africa operate in this manner and this is made clear with the Zimbabwean case.

After the disputed elections in 2008 ZANU PF was forced into entering a coalition government with the opposition parties, MDC T and MDC M. Norma Kriger points to the fact that ZANU PF was able to create a parallel government within the coalition government they had constitutionally signed to. She goes on to analyse how ZANU PF sabotaged the GNU. The one example she uses claims that ZANU PF denied mining resources to the Treasury in order to starve the GNU of much needed resources (Kriger 2012:15). ZANU PF’s shadow government was able to frustrate the finance ministry by ensuring that the resources from the important mining sector did not reach government coffers.

ZANU PF was adjudged to have created a shadow government to the extent that it had its own separate Ministry of Finance. Kriger (2012:16) strongly argues that ZANU PF had privatized control over the diamond mining sector to run an unofficial Finance Ministry “parallel to the official Finance Ministry.” It is evident that ZANU PF had been aware of the importance of the diamonds in Marange as they used these resources as a vehicle to ensure that the political party had an upper hand against MDC T and MDC M. This method used by ZANU PF can be linked to Reno, who states that within a shadow state entrepreneurial opportunities are created for rulers and their close associates (Solomon & Funke 1993:1). The shadow state that ZANU PF created was instrumental in that it allowed the party to divert the financial gains from the diamonds for its own political mileage. In addition to this the system of patronage played an important role in

promoting ZANU PF's political ambitions as those sympathetic to President Mugabe ensured that the diamonds would give ZANU PF an added advantage against its political rivals.

The then Minister of Finance and Secretary General of MDC T, Tendai Biti in 2011 claimed that "there is no connection between Zimbabwe's income from diamonds, its output and international prices..." (Kriger 2012:16). This confirms that there was no collection on record of profits in the state from the diamonds. In addition to this the revenue from the diamonds was not reaching the government coffers but was being diverted elsewhere. A Southern African Report claimed that 90% of diamond revenue was unaccounted for and was allegedly benefitting those who were close to ZANU PF, that include the army and top members of the political party (Kriger 2012:16). This system of patronage was at play and ensuring that ZANU PF was surviving politically.

Kriger provides two examples that illustrate how ZANU PF used its shadow state. At the time of the diamond discovery ZANU PF's political fortunes were waning. In order to win favour with civil servants the party demonstrated its patronage resources were being used to pay their salary increments. Kriger (2012:16) notes that the state owned company, Zimbabwe Mining Development Corporation (ZMDC), paid a third of Treasury's monthly wage bill for civil servants (US\$120 million). Finance Minister Biti had been of the belief that these funds were unavailable, but ZANU PF was able to use these funds to appease the civil servants thus undermining the Finance Minister's political party. This case is an example of how ZANU PF was able to undermine the GNU as stated by Kriger.

The second example Kriger provides is linked to the purchasing of arms by the ZDF. Finance Minister Biti had blocked the purchasing of arms because the country could not afford to because of a strained budget. In spite of this, Kriger (2012:16) notes that military commanders were securing "diamonds-for-guns deals" with officials from the Chinese government. Yet again it was evident that the diamonds were playing an important role in funding ZANU PF's activities. The role of China in this particular arms deal is important because it resonates with Reno's belief that shadow state rulers depend on external actors to recognize the façade of sovereignty (Solomon & Funke 2002:2). The façade of sovereignty played an important role in how the diamonds assisted ZANU PF in gaining revenue. This façade is usually used to prevent the outside world from seeing the collapse of the state.

Reno argues that in shadow states, there is a deliberate weakening of institutional structures and little attention is paid to the general population (Funke & Solomon 2002:5). The Zimbabwean case relates to this as at the time of the discovery of the diamonds, the economy in the country had come to a virtual halt and the general population was experiencing the full wrath of the economic crisis. Funke & Solomon further elaborate on this by stating that a shadow state and a collapsed state are related in the sense that a shadow state usually comes forth when there is no rule of law (Funke & Solomon 2002:5). At the launch of the GNU it was evident that Zimbabwe had elements of a collapsed state and this contributed greatly to the shadow state that ZANU PF operated through the use of the Marange diamonds.

The scenario that panned out in Zimbabwe can also be linked to Mexico where the notion of a shadow state is also prevalent. When describing the shadow state in Mexico, Menjivar & Rodriguez (2005:130) note that the links between the activities of police and politicians on one hand and illegal activities such as drug trafficking on the other are intimate. This is to say that there is a link between government officials as well as the people carrying out illegal activities. This is an important aspect of the shadow state as these two entities work hand in hand to ensure that a shadow state thrives in a country.

The description of Mexico also sheds light on the fact that Mexican political elites have successfully solidified their power by maintaining influence with the hierarchy of drug lords in the country (Menjivar & Rodriguez 2000:130). Mexico can be linked to the Zimbabwean case as in both countries the governments work with those perpetrating illegal activities. These activities are crucial as they would assist the Mexican government and the Zimbabwean government to ensure that the leadership maintains its stranglehold on its power. The Mexican example can be directly linked to how ZANU PF responded to the discovery of diamonds.

2.5 Zimbabwean Land Redistribution Programme

In 2000 President Robert Mugabe's government embarked on a controversial land reform programme which saw a number of white owned farms being transferred to the landless black majority of Zimbabweans. This land reform programme would play an important role in the definition of power dynamics within the Zimbabwean political landscape.

The land question in Zimbabwe was at the heart of the liberation struggle and it was therefore going to be a contentious issue at the attainment of Zimbabwe's independence. According to, Scoones et al (2010:2) three years before Zimbabwe attained its independence it was noted that the new government in independent Zimbabwe had to address the land question. Furthermore, land had been used as a political weapon and an economic weapon by whites and was therefore never going to be an easy matter to resolve for the government that was going to inherit the country.

As in most African countries, land in Zimbabwe is a precious commodity. Farming activities created employment for a number of citizens. When the land reform programme in Zimbabwe took place it was noted that around 15,000 permanent farm-worker households were left unemployed by the process (Scoones et al 2010:2). Even though the farms were in the hands of the white community, the farms also provided employment for a number of black workers. The land reform programme in this case therefore had a negative impact on the farmworkers who lost their source of income.

In certain quarters of the academic realm President Mugabe is viewed as a champion for redistributing land in Zimbabwe. However, Scoones et al (2010:23) notes that authors such as David Moore note that the land reform programme was a 'desperate attempt by the political elite in Zimbabwe to hold on to power at a time that their backs were against the wall. The land reform programme played an important role especially in the build up to the election held in Zimbabwe from 2000. According to Scoones et al (2010:23) the land invasions took on a symbolic character in the political debate, this is further confirmed by the fact that President Mugabe was a huge supporter of the farm invasions. The land reform programme was a huge political victory for ZANU PF as the party was able to gain considerable political mileage from the whole process.

There have been various debates within the academic realm that suggest that the land reform in Zimbabwe was a complete failure that only saw ZANU PF loyalists benefitting from the process. Ian Scoones argues that this is not entirely true. According to a study he carried out, he acknowledges that there were cases of violence but he states that in Masvingo (a town South East of Zimbabwe) those who benefitted from the land reform programme were ordinary citizens (Winter: 2010). This therefore means that the programme in itself served its purpose and it

saw the ordinary citizen benefitting from the process. Another important observation by Scoones had to do with employment. From his research in Masvingo he noted that most of the benefactors of the land reform programme felt that they were better off farming than they were when they were employed (Winter: 2010). An observation of Scoones' work shows that the land reform was able to benefit the local community was set out by the government. In spite of Scoones' work it is still evident that the land reform programme in Zimbabwe led to the economic downturn that the country faced.

2.6 Operation Murambatsvina 2005

Operation Murambatsvina is yet another controversial policy that was taken on by the President Mugabe led regime. International organizations such as the International Crisis group described this operation as a brutal ill-managed campaign against its own citizens (International Crisis Group: 2005: i). The government used this operation as a way to clean up the streets of Harare and other cities in Zimbabwe. However, as is with the norm with ZANU PF, the process was controversial. In order to carry out this process the Zimbabwean government declared that Zimbabwe needed to reassert the rule of law and halt the chaos that had been caused by the movement of people from the rural areas to the urban areas after the attainment of independence (International Crisis Group: 2005:2). It was this that the government used as the rationale for the operation.

When the process started the initial aim, as I stated above, was to clean up the city by removing vendors. However, it was clear that the process ended up including the demolition of illegal structures of informal traders, shanty homes which homed the poor and unauthorized residential extensions of well-to-do residents of low density suburbs (International Crisis Group: 2005:1). What had started off as a clean-up process ended being yet another political message for those who were in opposition to the ZANU PF led government. Furthermore, at the time the operation was launched Zimbabwe was facing food insecurity, an economic meltdown, triple digit inflation; unemployment was well over 70% and a shortage of foreign currency (International Crisis Group 2005:2). Operation Murambatsvina simply compounded on the miseries that the populace was facing.

The result of the operation saw there being worldwide criticism from the UN. According to the International Crisis Group (2005:19) only Russia and China in the Security Council prevented

the organization from taking stern measures as the operation was deemed as not being a threat to international peace and security. Concern had been raised after the then Secretary General of the UN, Kofi Annan sent a team led by Anna Tibaijuka to Zimbabwe to investigate the operation. She went on to produce a report which was dubbed the *Tibaijuka Report*. This report stated that the Zimbabwean government actions had caused untold suffering on those relocated and the report also stated that the Zimbabwean government had violated the human rights of those affected (International Crisis 2005: ii). This report was a clear indication that Operation Murambatsvina failed to clean up the country but rather destroyed the livelihoods of a number of people.

It was also argued that the operation was meant to undermine the role of the opposition, MDC, in the urban areas in which the party enjoyed a considerable amount of support. International Crisis Group (2005:4) notes that ZANU PF sought to weaken the MDC by punishing its supporters who resided in the areas that Murambatsvina hit hardest. As was the case with the land reform programme, Murambatsvina became a political vehicle that ZANU PF used to weaken the opposition's political stronghold.

2.7 Conclusion

In this chapter I have given a holistic analysis of the Zimbabwean state. I firstly described the history of Zimbabwe and how the process of gaining independence was violent and how this continues to play a role in the country. I also gave an analysis of the *Gukurahundi* killings whereby President Mugabe would use similar forms of brutality that the former colonial government used on nationalist movements. More importantly by analysing *Gukurahundi* I tried to show how the army serves the interests of President Mugabe and ZANU PF. I then described the role the army plays within the Zimbabwean state. This is important because the Zimbabwean army has been able to infiltrate the daily aspects of civilian life thus ensuring ZANU PF continues to rule in Zimbabwe.

I finally discussed the system of patronage that is associated with the Zimbabwean army and the Zimbabwean government. The discussion on patronage shows that the Marange diamonds benefitted members of the army and members of ZANU PF. The system of patronage also ensured that ZANU PF would dominate the GNU it had joined with MDC T and Movement for

Democratic Change Mutambara (MDC M). The army as well as the system of patronage within the Zimbabwean state played an important role in the management of the Marange diamonds.

The role of ZANU PF in the Zimbabwean case is an illustration of the African continent where the governmental structures favour a particular political party. According to Mamdani (1996:8) the African state was deracialized and not democratized. The African state therefore resembles the colonial state in that the structures that were used by the colonial government have been adopted by the new African governments. The analysis of the Zimbabwean state has shown that in most African countries the governments are similar to the colonial governments. The predatory nature of the colonial governments is made evident throughout how natural resources are governed on the African continent.

The discussion on the Zimbabwean state reveals that weak structures are present in African states. For instance, patronage is a mechanism that African leaders like President Mugabe adopt to reward those who show loyalty especially in the face of political pressure. Natural resources play a part in this role as these natural resources are used by political leaders to ensure that the members of their political parties are rewarded through the porous state machinery that ruling government leaders use.

Chapter 3

3.1 The Zimbabwean Government Reaction to the Diamond Discovery

Now that I have discussed the resource curse as well as the Zimbabwean state I shall go on to discuss how the Zimbabwean authorities governed the Marange diamonds. In this chapter I discuss the relationship between the Zimbabwean government and the influence the diamonds had on the political fortunes of ZANU PF. The central argument in this chapter is that ZANU PF was able to use the Marange diamonds as a vehicle to prop up its waning influence on the Zimbabwean political landscape.

I have divided this chapter in to two sections in which I discuss how the government reacted to the diamond discovery and how there was no transparency in the way the companies were granted EPOs. These two sections will show the role that ZANU PF played in ensuring that the diamonds would not benefit the country. I will further argue that ZANU PF was able to grant EPOs to companies that had close ties to the party. A closer analysis will show that the board members of these companies were either retired army generals or were members of the political party. Another important theme to note in this chapter is the use of violence that ZANU PF inflicted on the panners on the site. The use of violence was a mechanism that ZANU PF used in order to control the events on the mining site.

The companies on the Marange site were responsible for the degradation of the local environment as well as the relocation of the Marange citizens. I aim to argue that the companies were responsible for inflicting more suffering on the Marange residents as the relocation process for this mining venture was not planned well thus resulting in the citizens being plunged into further poverty. The companies were ruthless in the conduct of their mining ventures as they did not adequately compensate the citizens of Marange, but were more driven by the financial gains the Marange diamonds had to offer.

3.2 Background of the Marange Diamonds

The literature that focuses on the Marange diamonds has not been unanimous in revealing when the diamonds in Marange were discovered. However, for the purposes of this research I shall begin from the period of 2006, when the discovery of the diamonds was made public. At the time of the discovery Zimbabwe was facing a tumultuous economic crisis which many attribute to the

land reform programme mentioned earlier. It was therefore no surprise that people flooded the site with the hope of alleviating their economic plight. The economic and financial status of most Zimbabwean citizens meant that the diamonds provided a form of income and therefore relief from their debilitating economic fortunes. From the turn of the millennium Zimbabwe faced a failing economy due to controversial and untenable policies that were implemented by President Mugabe's government. Author Steve Hanke states that, Zimbabwe's inflation was at 80 billion percent in 2008 whilst analyst Charles Maier states that there was a deterioration of the purchasing power of the Zimbabwean dollar (Nyamuda & Mukwambo 2012:146). The observations by Hanke and Maier reveal the extent of the damage the Zimbabwean economy had sustained.

The weakening of the economy was one of the major contributors to the influx of people who went to the Marange site. There was rising unemployment and this forced people to enter into the informal economic sector. In local lingo Zimbabwe's economy was described as a '*kukiya-kiya*' economy which implied a desperate attempt to eke out a living by doing anything and everything possible under the sun. People generated incomes through running tuckshops, cross border trading, roadside trades in currency, and selling basic commodities (Nyamuda & Mukwambo 2012:146). The rush for the Marange diamonds should then be viewed as an opportunity to make a living in a collapsed economy. In fact, Nyamuda & Mukwambo (2012:146) state that artisanal mining for gold and diamonds should be added to the list of informal activities. The economy had forced citizens to find alternative forms of survival and the Marange diamonds provided this opportunity.

3.3 The Zimbabwean Government and the Marange Diamonds

The Marange diamonds came at an opportune time for ZANU PF as its control of Zimbabwe's political space was under a serious threat. Declining economic fortunes and the growing influence of opposition politics meant that the President Mugabe led regime's stranglehold on power could no longer be sustained, let alone guaranteed going forward. Thus revenue from the diamonds would revive the fortunes of ZANU PF greatly; while ostensibly providing a somewhat new lease of life to an economy in tail spin. Surprisingly, when the diamonds were discovered in 2006 the government did not seem to have an interest. It is evident that ZANU PF

only took an interest in the area when it lost the constituency, Mutare South, to MDC T in the 2008 elections.

After President Mugabe lost the first round of elections in 2008 to Morgan Tsvangirai (according to Zimbabwean law a Presidential candidate needs 51% of the vote to be declared winner), the party launched a program of retribution against constituencies that had voted for the opposition party. In one case it is reported that ZANU PF losing candidate for Mutare South, Chris Mushowe, was appointed Governor of Manicaland Province and he was responsible for the deployment of the army with the aim of driving out artisanal miners (Maguwu:2015). As a losing candidate this gave Mushowe an opportunity to display what he was capable of doing for the ruling party. He was thus promoted to a higher post which also meant that he had more sway on how the Marange diamonds were governed. It is also believed that before the election Mushowe had promised the artisanal miners that should they vote for ZANU PF, he would ensure that they would continue with their mining activities unhindered (Maguwu:2015). History has shown that ZANU PF's relies on a culture of violence as a form of retribution and power retention strategy. It is therefore no surprise that army was deployed to maintain order in the area.

The notion of retribution by the ZANU PF government is echoed by David Torwiss who stated that the Zimbabwean government launched a programme to deal with the influx of miners. The programme, operation *Hakudzokwi* (you will not come back) was launched on the 27th of October 2008 and within a space of two months 214 locals had lost their lives (Torwiss 2013:106). This was viewed as a display of authority rather than an act of maintaining peace and order. This confirms that the acts by the government were to solidify its hold on the country which was under threat from both the failing economy and the opposition parties.

In order to deal with the large influx of about 20,000 miners that had entered the site the army was deployed to solidify ZANU PF's hold on the area (Torwiss 2013:99). The process of removing the artisanal miners was deemed to be an extreme form of violence. According to Gumbo (2013:3), the international community spoke fervently against the violent acts that were also classified as human rights abuses; some went as far as labelling them blood diamonds. The events at the site resembled a war zone reminiscent of scenes in countries such as Liberia at the height of its civil war during Charles Taylor's reign. It is alleged that the ZNA commanders resorted to helicopters to spray bullets on unarmed artisanal miners (Maguwu: 2015). The army

in this instance again proved that it was aligned to the interests of ZANU PF who intended to use the diamonds to bolster its finances at a time when its revenue sources had dried up or were scarcely adequate.

Towriss also alludes to the brutality that was used to drive out the artisanal miners. The operation to remove the miners was termed “*Operation Chikorokoza Chapera. [Panning is finished].*” Torwiss (2013:104) is of the belief that President Mugabe deployed the army after realising that the site could mobilize citizens against the government as the country was crippled economically. In this case the deployment of the army would have worked in two ways- firstly, it would have eliminated the miners from the site and secondly it would have struck an element of fear in the citizens that the citizens would not stage an uprising against President Mugabe’s regime. The involvement of the army in the Marange diamonds contributed significantly to the looting of other minerals Zimbabwe is endowed with. I shall further elaborate on this in the next section, but the points I want to make here is that the discovery of the Marange diamonds show and reaffirm the symbiotic relationship that exists between the ZNA and the ZANU PF government.

3.4 Companies on Marange Site

There was a lot of controversy that shrouded the companies that were allowed to mine diamonds at the Marange fields. The first company that was purported to have had access to the site was De-Beers. The Zimbabwean government was extremely critical of De-Beers, accusing the company of misleading them in regards to the diamonds on the Marange site. In an article published for *Bloomberg* in 2011, it was made evident that the Zimbabwean government was of the belief that De-Beers worked on the site for over 8 years and did not alert the government to the presence of diamonds on the site (Lourens:2011). The government was highly suspicious of the activities that were taking place on the site. In an interview with the state owned daily, *The Herald*, President Mugabe stated that:

We know of diamonds that had been discovered by De-Beers and they had taken it kunana (the likes of) Wits University and fortunately there are some people who are clever who stole the papers and have given them to us so now we have the papers... (Machivenyika: 2015).

The belief in this regard is that De-Beers were benefiting from the Marange diamonds at the expense of Zimbabwe. Farai Maguwu offers an interesting narrative. Maguwu seems to be in agreement with the Zimbabwean government that indeed De-Beers knew of the diamonds on the site. According to Maguwu, De-Beers approached the Zimbabwean government in the 1990s with the view of exploring the site. De-Beers was granted an EPO which was renewed more times than Zimbabwean law stated (the Zimbabwean mining law states that an EPO cannot be renewed for periods not exceeding 3 years) (Maguwu: 2015). In spite of this law, it is evident De-Beers managed to get an EPO that lasted for the period between 1993 and 2006. The Zimbabwean government granted this EPO to De-Beers and De-Beers worked on the site for over 13 years.

In an article by *The Financial Gazette* entitled “De Beers Records Vanish” the same accusations are brought forward. This article, published on the 18th of November 2011, states that there is a belief that De-Beers could have illegally smuggled the diamonds from Marange to South Africa (Financial Gazette: 2011). The belief is that De Beers was responsible for the failure of Zimbabwe to benefit from the diamonds in Marange. The Minister of Mines, Obert Mpofu went as far as labelling De-Beers as an “international looter” that failed to inform the Zimbabwean government of the presence of diamonds in the Marange area (Financial Gazette:2011). De Beers in this case are allegedly believed to have benefited from the diamonds at the expense of Zimbabwe. To further reaffirm the Zimbabwean government’s belief the Financial Gazette (2011) stated that Mpofu believed that De Beers had conducted full-scale mining ventures and exported billions in American Dollars’ worth of diamonds before abruptly leaving the site in 2006. The role of De Beers is therefore evidently controversial as there is no clear record of the activities that were taking place on the site.

To add to the controversy that surrounded De-Beers’ activities on the site, it is reported that the documentation of their activities on the site vanished. The Zimbabwe Geological Survey (ZGS) was believed to not have the complete records of De Beers’ activities and other relevant departments could not produce the records (Financial Gazette: 2011). It is again evident that there are a number of discrepancies that are related to the role that De Beers played on the Marange site. Firstly, it is noted that the government gave De Beers permission to explore the site and secondly the same government that accuses the company of looting its diamonds is the

same entity that lost the documents that outlined De Beers' activities on the site. Officials from the Ministry of Mines stated there is a possibility that there was manipulation and destruction of evidence by individuals with the aim of advancing certain interests (Financial Gazette: 2011). The loss of these documents and the unexplained process of how De Beers was able to explore the Marange site for 13 years remains one of the many controversies that surrounded the Marange diamonds.

De-Beers is a renowned mining company and has refuted the allegations labelled against it by the Zimbabwean government. De-Beers allude to the fact that it did sampling on the Marange site but decided that it was not a project they were willing to proceed with (Tweedy: 2015). De-Beers in this case did have an interest in the Marange site but decided that it was not a project that they were willing to pursue any further. In this case it is evident to note that De-Beers have admitted to working on the site but the company decided against pursuing the project for purely economic reasons. To further elaborate De-Beers' case, according to De-Beers it has only owned one alluvial mine, the Macula Mine (which they have since sold) in the 1930s (Tweedy: 2015). De Beers avoids alluvial mines because of the various complications that are associated with that form of mining.

Alluvial mining is fraught with irregularities that make it difficult for companies to monitor particular sites. One example that comes to mind is the Angolan scenario whereby former soldiers were rewarded with mining equipment in exchange for their weapons of war; this effectively meant that anyone could take part in mining activities (Tweedy: 2015). Keeping this thought in mind, it is evident that artisanal mining is a complicated form of mining that is avoided by companies such as De-Beers because it is difficult to monitor. On this basis, it would make sense why De-Beers would have decided not to pursue the Marange diamonds. In addition to this, if indeed, De-Beers was smuggling diamonds out of Zimbabwe the government has in place formal procedures and measures that allow for the transportation outside the country's borders of all minerals and mineral products. If indeed De-Beers smuggled the diamonds the Zimbabwean government would have had knowledge of this.

When De Beers left the site in 2006 a new company, ACR was granted an EPO by the government to work on the site. The shareholders of this company included individuals such as the late General Solomon Mujuru and former ZANU PF member Dumiso Dabengwa (Dawson &

Kelsall 2012:57). These individuals were at some point influential in ZANU PF and were strong allies of President Mugabe. When the Zimbabwean government discovered that there were diamonds in the area they evicted African Consolidated Resources (ACR) and the area was open to the general public. I mentioned earlier that the system of patronage within the Zimbabwean was a major factor in the poor governance of the natural resources in Zimbabwe. I shall further elaborate on this point by analysing the companies that were granted the rights to working on the Marange site.

3.4.1 Local Companies on the Site

There were a number of Zimbabwean companies that were granted EPOs to the Marange site. Under this subsection I will analyse the companies that worked on the site with the aim of further reaffirming the role that is played by patronage in the Zimbabwean state.

After the violent events that came as a result of the gold rush, the Zimbabwean government sought to bring stability by giving mining companies EPOs. The Zimbabwean government created two joint ventures, *Mbada Mining* and *Canandile Miners*. The chairman of *Mbada Diamonds*, Robert Mhlanga was President Mugabe's former helicopter pilot and another major shareholder in the company is the First Lady of Zimbabwe, Grace Mugabe (Dawson & Kelsall 2012:57). In this case it is evident that the mining companies were profiting individuals who were close to President Mugabe. David Torwiss echoes this belief when he states that the joint ventures were efforts to ease international pressure from the violent events from the site and more importantly these companies ensured that the Zimbabwean political elite would accumulate more wealth (Torwiss 2013:108). These companies were also littered with ZANU PF members, government ministers and their relatives, further reaffirming Torwiss' contention.

Two mining companies, *Core Mining & Mineral Resources* and *Grandwell Holdings* would work in conjunction with ZMDC, a government owned government. Interestingly an army general, Lovemore Kurotwi owned 46% of *Core Mining* and Robert Mhlanga, who I mentioned earlier, was a senior partner of *Grandwell Holdings* (Towriss 2013:108). It is clear that the positioning of these army generals was strategic as it allowed those who were close to the President to benefit from the diamonds in Marange.

In most cases it was made evident that shelf companies were used in order for those close to ZANU PF to benefit from the Marange diamonds. One of the companies, *Grandwell Holdings*, has been labelled a shelf company as there is no record of its existence today (Maguwu: 2015). This leads one to believe that the company was a vehicle for certain individuals to make a profit clandestinely. Another startling revelation is that the government did not conduct a tender process for issuing EPOs (Maguwu: 2015). By not conducting a tender process it is evident that the government already had an idea whom it was going to grant the EPOs.

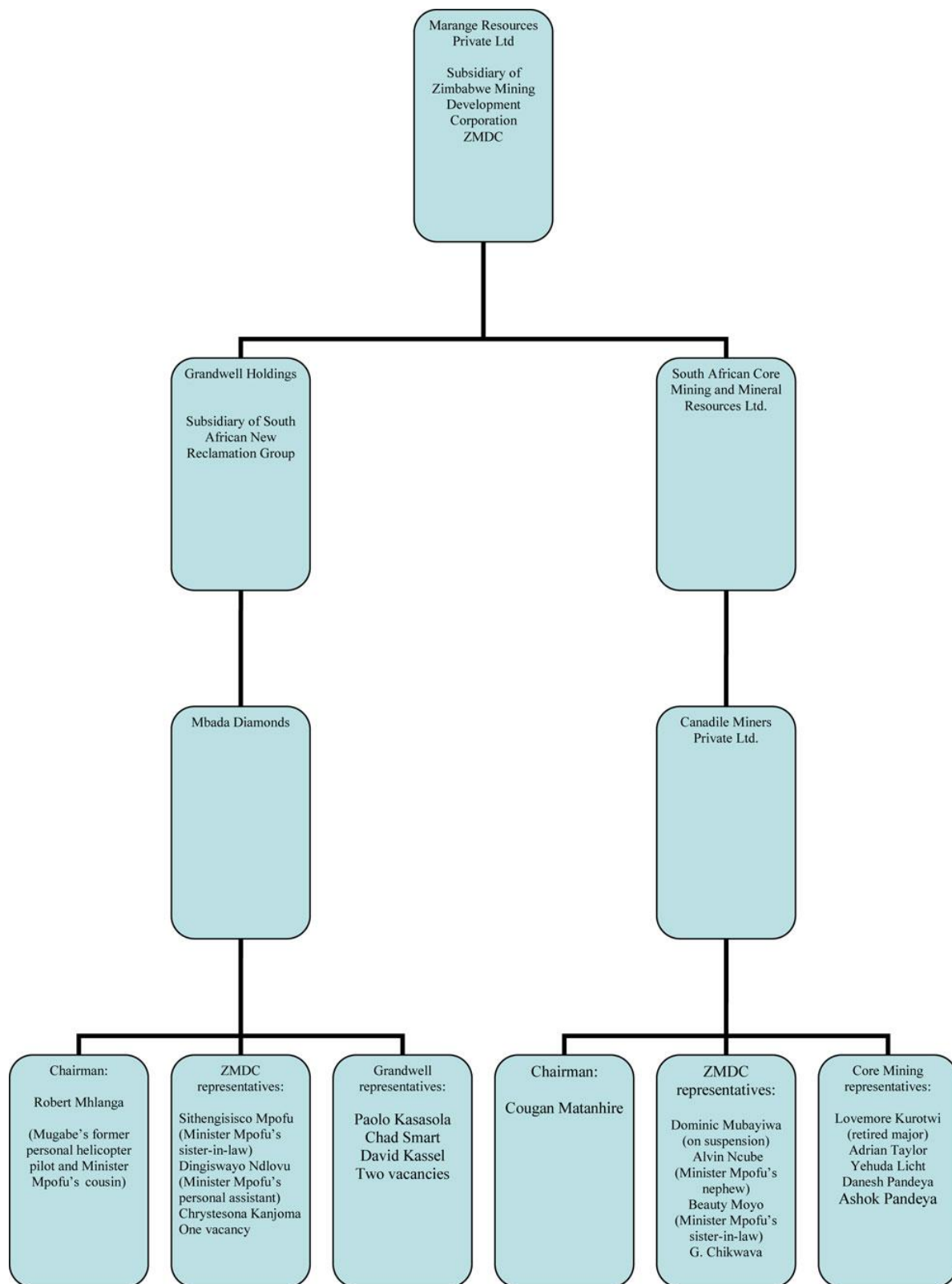
It is also important to note that ZMDC was an entity that was created by the Zimbabwean government and it is empowered by the ZMDC Act. This Act gave the ZMDC the right to conduct mining activities on behalf of the government (Mtisi: 2015). In essence it is evident that the government had, through this company, a vehicle that would allow it to use the revenue from the diamonds in a way it deemed suitable. Under normal circumstances any government should be commended for taking such action but the Zimbabwean case is different. According to Mtisi, the current problem bedevilling Zimbabwe is corruption. It is evident that state owned resources are abused and plundered because there is no accountability (Mtisi: 2015). The lack of accountability has been a major hindrance to the use of diamond revenue to benefit Zimbabwe. To further compound the diamond mining sector in Zimbabwe's Marange area, it is evident that the government embarks on seemingly public projects meant to benefit the country; however, the projects never come to fruition because certain officials abuse the funds by diverting them to their own personal use.

Corruption has been a major hindrance to growth and development of the companies that were on the Marange site. One example given has to do with projects that are funded by the diamond mines. The system of patronage coupled with corruption sees the financial benefits going to individuals rather than the general public populace (Mtisi: 2015). The system of patronage that has been created in Zimbabwe made it difficult for the Marange diamonds to be of any benefit to the ordinary citizens. The creation of the ZMDC was supposed to bring an element of transparency to the Zimbabwean mining sector but this has not been the case. Instead most of the mines that the ZMDC oversees are barely operational with *Elvington Gold*, currently operating at 2%, and *Sabi Gold* which has since closed (Mtisi: 2015). The state of these mines is attributed to ZMDC's failure to manage the mining sector in Zimbabwe. The failure of the Zimbabwean

government is mirrored by ZMDC. It is not surprising that the government created company failed to manage the Marange diamonds given its not so formally stated *modus operandi*. While there may be a board and management running the company, the incumbents to all key positions maybe pliant and subservient to the responsible minister. Rampant ministerial interference renders ineffective any attempt to run the company on sound corporate governance premises.

ZMDC is 50% owned by the government and the other 50% is owned by foreign investors. Ordinarily this kind of ownership architecture largely contributes to dysfunctional operations, lack of transparency, deferred injection of capital for growth and expansion due to the impasse that often ensues in the formal decision making processes and the absence of strategy and good concurrence between shareholders. The first half is accounted for by the government but the second half is of major concern. It is believed that the “foreign investor” in question is usually a Zimbabwean (political elite) who opens a company in Mauritius or Dubai thus acting as a “foreign investor” (Mtisi: 2015). The corruption here is evident and it is clear that the members of ZANU PF have been able to find a way to benefit financially from the Marange diamonds.

To further elaborate on the magnitude of corruption that was associated with the Marange diamonds the chart on the next page illustrates the distribution of the companies:



Source: Vircoulon: 2010

The chart on page 40 shows that the company representatives had close associations with influential ZANU PF figures. Other than President Mugabe's former pilot some of the names that appear on the chart show that patronage played a role. For instance, the Minister of Mines at the time, Obert Mpofu had relatives ranging from his sister in law to his nephew and the chart also shows that there is a heavy military influence (Vircoulon:2010). This again proves that the Marange diamonds presented ZANU PF with an opportunity to add to its treasury. The practice of patronage guaranteed the appointment of ZANU PF members to influential positions so to ensure that the proceeds from the diamonds would benefit the party.

When observing the chart it is evident to note the influence that ZANU PF had on the Marange diamonds. The company at the apex of the chart is ZMDC which is state owned. This effectively means that the state owned company was responsible for the governing of the Marange diamonds. The representatives of the ZMDC include individuals such as Sithengisisco Ndlovu who is the sister in law of the Minister of Mines, at the time, Obert Mpofu (Vircoulon: 2010). This would effectively mean that the former Minister of Mines had placed an individual he was related to in order to ensure that he could pursue his interests. To further confirm this, the chart also shows how Mpofu's personal assistant, Dinigiswayo Ndlovu, was also a representative of the ZMDC (Vircoulon: 2010). These appointments show how the minister had placed individuals who would ensure that he could control ZMDC to further ZANU PF's interests and his own.

The chart also notes that President Mugabe's former pilot, Robert Mhlanga is also Mpofu's cousin (Vircoulon: 2010). The relationship Mhlanga has with both President Mugabe and Mpofu raises eyebrows as it is clear that the appointment was made to ensure that ZANU PF was able to channel the diamond profits for its personal use. Another retired major, Lovemore Kurotwi, is shown on the chart as representing another mining company, Core Mining (Vircoulon: 2010). The relationship between ZANU PF and the army is brought to light again. In the previous chapter the symbiotic relationship between ZANU PF and the ZNA was brought to light, the role of Mhlanga and Kurotwi solidifies this symbiotic relationship. The chart is relevant as it could also confirm that a parallel government was in operation as this chart refers to 2010 when ZANU PF was serving in the GNU with the opposition parties. It is clear that patronage played an important role in the appointment of these individuals who had close ties with the ZANU PF top echelons.

3.4.2 Relocation of Marange Citizens

In any mining venture the relocation of the local community is an important and yet a controversial process. This was the case with the people of Marange who were relocated from their lands of origin. Under this section I will discuss the process and the effects of the relocation of the Marange citizens.

When the companies that were granted EPOs began their exploration work on the site they embarked on a plan that would see the people of Marange being relocated. It was reported that 600 families that had been staying in Marange for most of their lives were to be moved. According to Madebwe et al (2011:293), 50 families were moved and displaced to a government owned farm, ARDA Transau. The movement of these families was fraught with a number of irregularities. Various individuals have been vocal and critical of the mining companies and the Zimbabwean government over the relocation of the Marange citizens. The belief is that the mining companies failed to fully compensate the families that had been moved. The families were moved from their ancestral land to a piece of land equivalent to a football pitch. It is noted that ARDA Transau has accommodation which includes a three bedroomed house (substandard), a kitchen, a cattle kraal and the families were also to conduct their cultivation on this small piece of land (Maguwu: 2015). The people of Marange were short changed by the mining companies who managed to force them out for almost next to nothing.

The people of Marange who had their livelihoods on their land were forced to relocate at a time when the Zimbabwean economy was on a downward spiral, further compounding their already tenuous economic positions. In order to compensate the people of Marange the companies gave the people a few food hampers (Maguwu: 2015). The forced relocation of these citizens is also perpetuating the cycle of poverty that was already associated with the Marange area. For a country that prides itself on restoring land to its landless indigenous inhabitants the government of Zimbabwe has in this regard failed dismally. If anything, it has caused a lot of unprecedented suffering. When the mining companies provided compensation it was sorely inadequate. Madebwe et al (2011:29) note that each household irrespective of the size was given a once off payment of US\$1000 disturbance fee and a 4 months' supply of groceries worth between US\$400 and US\$480.

The citizens themselves were reluctant and most did not want to move to ARDA Transau for obvious reasons. Firstly, the citizens were given a month's notice before moving and secondly, it was noted that 80% of the affected citizens revealed that they would have resisted the move if the government did not send trucks to ferry them (forcefully) to their new home (Madebwe et al 2011:293). A massive 80% goes a long way in showing how much the citizens were against the move. To further show the lack of democracy in Zimbabwe, the citizens of Marange did not lobby mine officials due to the lack of civil society in rural Zimbabwe (Madebwe et al 2011:295). The Zimbabwean government and the mining companies were able to manipulate this and were able to forcibly move the people of Marange. To elaborate further on the chaotic process of displacement, Madebwe et al (2011:296) note that many of the Marange people felt aggrieved because those who had more land and house space wanted to be compensated as their new homes and the land for cultivation was much smaller. The people of Marange in this case felt aggrieved as diamond mining effectively had had a negative impact on their livelihoods.

When the initial movement of people started in 2009 the people of Marange were subjected to poor living conditions. Research states that families were moved into old tobacco farm barns that had no schools or clinics for the people (Dhliwayo 2013:5). These living conditions were again a far cry from what the people had in their previous lives. One can argue that the Zimbabwean government as well as the mining companies violated the human rights of the Marange people as they were deprived of basic human rights like education and access to clinics and hospitals.

Agriculture is an important aspect of rural life in African countries and this applies to the Zimbabwean case. The Marange community lost valuable agricultural and grazing land. This seriously affected the ability of the Marange people to feed their families (Dhliwayo 2013:5). In this regard, the relocation process was a major cause of concern as it obviously affects the lives of the people in a negative manner. By losing land for both agriculture and grazing it is clear that the process of relocation as well as the discovery of the Marange diamonds did not improve the livelihoods of the citizens but rather had a negative impact. If anything, the treatment of the Marange citizens mirrors the political environment in rural Zimbabwe.

The nature of Zimbabwean politics has left the rural community on the back foot in relation to asserting their constitutional rights against overbearing authorities and mining conglomerates who are on tow. Dhliwayo (2013:3) notes that the rural population do not have ownership rights

to their land and this means they have little ground to negotiate. It is therefore no surprise that the government and the mining companies took advantage of this. The Rural District Councils Act (Chapter 29:13) states that the Rural District Councils (RDCs) manage the communal land as well as any discovered minerals on behalf of the state (Dhliwayo 2013:3). This reaffirms the belief that the land is not owned by the people who use it but is in actual fact owned by the government and therefore the government will reap the rewards from any mineral resources exploited therein.

The government of Zimbabwe in itself failed to address the relocation of the people of Marange accordingly. For instance according to Dhliwayo (2013:8) the mining activities commenced in 2007 but the Marange community was only made aware of the relocations in December 2009. It took the government close to two years to inform the people of Marange about their relocation. The government failed to ensure that the people of Marange would be adequately compensated and more importantly the government failed to provide sufficient and fertile land for the people of Marange. Instead of the diamonds bringing renewed hope for the community the diamonds instead worsened their livelihoods.

3.4.3 Pollution of the Marange Area

Instead of bettering the lives of the Marange people the companies were adjudged to be guilty of polluting the Marange area. In rural areas rivers are an important source of watering crops, livestock and agricultural activities. When the companies began working at the Marange site pollution was of major concern to the citizens of Marange.

Zimbabwe Environmental Lawyers Association (ZELA) did extensive work on the pollution that took place in Marange. It was made evident that the mining companies in the Marange area had extensively polluted the Save and Odzi Rivers. Untreated water from the mines was allowed to freely flow into these rivers systems without due care and attention to the safety and health of the surrounding environment. This kind of corporate behaviour was unprecedented and impacted negatively on the local community (Izumi & Shaw 2015:94). The activities of the mining companies contaminated the Save and Odzi Rivers, and the companies were also accused of depleting the rich forestry in the region prior to commencing their mining ventures (Izumi & Shaw 2015:94). Evidently the companies were not concerned about the well-being of the citizens. This raises questions about the role of the government as it did not ensure that the

people of Marange were not negatively affected by a venture that was supposed to be of benefit to their community.

The environmental degradation was almost inevitable because of the links that these companies had to ZANU PF. Some of the mining companies in Marange had special grants issued by President Mugabe which allowed them to begin mining before environmental assessments were carried out (Africa Report: 2015). By doing so, these companies effectively enjoyed a form of *carte blanche* which allowed them to proceed with mining ventures without the consideration of its effects on the environment. The EMA admitted that the political ties of the companies made it difficult for the agency to bring them to book as ZANU PF would ensure that the companies were safe to do as they pleased (Africa Report: 2015). It was almost inevitable that there were going to be negative impacts for the Marange community as there was no environmental assessment taken prior to the mining ventures commencing. The political influence that these companies had had a negative impact on the livelihoods of the people of Marange.

In one instance it was reported that a village lost close to 300 cattle due to the contaminated water. The community leaders of Marange have placed the blame of the pollution on *Anjin*, *Mbada* and *Marange Resources*. Members of the community place the blame on these companies because the community states that the environmental challenges they are facing now only started when these companies began working on the site (Nemadire:2013). When this is taken into consideration it is evident that the companies played an active role in the woes that the community faces.

In 2012 the Marange community took these companies to task by suing *Anjin Investments*, *Marange Resources* and *Diamond Mining Company*. According to Nemadire (2013) 5 villagers and ZELA sued these mining companies for “recklessly discharging untreated mine waste material and effluent” into the province’s largest river. I earlier mentioned that river water, in any rural community, is essential to the inhabitants of that particular area. In this particular case, the plaintiff claimed that the mineral waste dumped in the rivers had silted the rivers resulting in the water being muddy and being unfit for bathing, drinking and gardening (Nemadire 2013). No doubt this development caused an upheaval to the socio-economic status of the Marange community.

3.4.4 Conclusion

Under this section I gave a background of the Marange diamonds. I showed how the Zimbabwean government reacted to the discovery of the diamonds. It was evident that the government only became interested when the diamonds presented a financial opportunity for the political party. In addition to this I also showed how the system of patronage in Zimbabwe played a role in how the diamonds in Zimbabwe were governed. An analysis of the companies associated with diamond mining procedures showed that the companies were linked to ZANU PF and the company executives were allies of President Mugabe, this ensured that the revenue would not reach state coffers and would stay within the political party. I finally analysed the plight of the Marange citizens and how the discovery of the diamonds did not do anything to influence their community positively. The process of relocation in the area resulted in the citizens of Marange being plunged into deeper levels of poverty. The irony of this is that the diamonds were supposed to be a vehicle for development but instead the diamonds became a source of more poverty to the Marange citizens.

The relocation of the Marange citizens shows the failure of the Zimbabwean government to govern the diamond discovery. The diamonds presented the Marange population an opportunity to address the poverty that had affected the region since the dawn of independence. To fully understand the magnitude of the Zimbabwean government failure it has been noted that, “The ZANU PF government has been accused of wasting Zimbabwe's resource potential, through corruption, bad legislation and incompetence” (Bell: 2014). This indeed is the case as ZANU PF neglected its role as an elected political party and instead its members amassed wealth at the expense of the citizens of Marange. The quote above by Alex Bell sums up how the governance of the Marange diamonds panned out.

Chapter 4

4.1 Diamond Influence on the Zimbabwean State

The revenue from the Marange diamonds had an important impact on the Zimbabwean state. The primary objective of this chapter is to outline how the diamond revenue was used by ZANU PF to ensure that it survived politically especially after losing the 2008 general election. The central argument here is that the Zimbabwean political terrain favours ZANU PF and this was instrumental in how the diamond revenue was managed. As a result it was no surprise that ZANU PF had a hand in how the diamond revenue did not reach state coffers.

The first two sections of this chapter will analyse how the diamond revenue failed to reach state coffers and how the diamond revenue funded a parallel government. These two sections are important in that they show how ZANU PF was able to use the state machinery in order to ensure that the party and not the country would benefit from the diamond revenue. This is further elaborated on in the third section where corruption and mismanagement were evident within the diamond sector. These three sections are important because they show how the diamonds influenced the Zimbabwean state.

4.2 Diamond Revenue and State Coeffers

Under normal circumstances, where a government upholds the rule of law, the state should endeavour to put in place measures that ensure that a country benefits from its natural resources. These measures should be in the form of legislation passed by parliament and ensure that rules and regulations should be put in place. However, this has been made difficult in the Zimbabwean scenario. ZANU PF has been able to manipulate the political terrain in Zimbabwe and this has seen the party benefit from the Marange diamonds.

In Zimbabwe the lines between ZANU PF and the government are blurred. The way and manner in which ZANU PF conducts, either party or government business, leaves one in no doubt as to the intention of the ruling party. The party is a pervasive entity in Zimbabwe's political terrain and looms large in the lives of particularly the urban poor and the rural populace where it commands a huge support. The discerning public, by far in the minority are concerned about drawing a distinction between party and government business. ZANU PF has infiltrated every aspect of government to the extent that impartiality in the conduct of government business is undermined at will. When speaking on this, Maridadi (2015) notes that it is difficult to say "this

is now government” and “this is now ZANU PF.” This scenario has been in play within the diamond sector as the benefactors were individuals who were in some way associated with President Mugabe and ZANU PF. In most cases it is even important to note that ZANU PF actions as a political party inadvertently affected the path of diamond revenue and it is therefore no surprise that it was ZANU PF, as a political party, and not ZANU PF as a government that benefitted from the diamond revenue.

Again, I will point to the GNU which was formed in 2009 after the disputed elections in 2008 as a point of reference. Due to the fact that MDC-T was running the finance ministry ZANU PF did not have access to the government’s coffers. The diamonds were pivotal in ensuring that ZANU PF was able to flex its political muscle. Countless academic sources point to how the diamonds never reached state coffers. One of the reasons the money did not reach the state coffers was due to the amount of smuggling that was taking place at the site.

In 2007 the former Governor of the RBZ, Gideon Gono, alluded to the fact that Zimbabwe was losing between US\$40 million and US\$50 million per week due to smuggling (Mailey 2015:68). Ordinarily these figures were alarmingly high and would have caused a lot of concern. It is almost safe to say that the country was losing close to a US\$100 million on a weekly basis due to clandestine activities. The level of smuggling in Zimbabwe was indicative of failed governance in Zimbabwe and this is echoed by civil society. Civil society noted that the manner of the looting and smuggling represented a systematic failure of a country’s internal control mechanism (Martin & Taylor 2012:8). The failure of internal control mechanisms further played out between the then Ministers of Finance and Mines.

The Minister of Finance during the GNU (2009-2013), Tendai Biti and then Minister of Mines Obert Mpofu were at loggerheads over the diamond revenue. According to Martin & Taylor (2012:8) Biti, in his capacity as Finance Minister, wanted transparency to ensure that the money would reach state coffers, whilst on the other hand Mpofu, was of the belief that diamonds would only benefit those who had contributed to the mining industry who in turn had a right to “reap what they have sown.” In essence, Mpofu was alluding to the fact that the diamonds would benefit those who had followed the rules that he, as a member of ZANU PF, had set out. In that regard, Biti would be side stepped and would not be a benefactor despite holding a Ministerial position within the government. Mpofu was also indirectly referring to the corruption that was

evident within the activities associated with the diamond trade in Zimbabwe. Martin & Taylor (2012:8) state that the rules governing Marange were aimed at promoting corruption, signing shady deals and most concerning of all, the plundering of a valuable national asset. The role of Mpopfu as the Minister of Mines as well as a ZANU PF member would mean that the revenue would benefit the party and not the government coffers.

On many occasions Finance Minister Biti was quoted saying that he had not received any form of remittances from the diamond sales. When writing about his personal experience as Finance Minister in the GNU, Biti pointed out the number of clashes he had had with ZANU PF officials over diamond revenue. Biti acknowledges that at one point in time President Mugabe accused him of targeting mining companies. Biti (2015:11) states that President Mugabe failed to acknowledge that the Zimbabwean government was a major shareholder in the diamond companies and would therefore receive dividends as well as taxes and royalties. By being a major shareholder the government was in a position where it should benefit from the sales of diamonds. However, when one considers the nature of the diamond mining companies it is evident that ZANU PF and not the GNU were set to benefit from the mining transactions. The former Finance Minister proceeds to touch on the issue of corruption which, according to him, had a negative impact on the government coffers as much of the revenue was being lost to corruption (Biti 2015:11). Corrupt activities coupled with the patronage that President Mugabe relied on for political mileage led to the diamond revenue being diverted from the Zimbabwean government's coffers.

Various other people are in agreement with Biti that indeed the finances from the diamond sales were directed to ZANU PF. Maridadi (2015) for instance is of the belief that the funds were clearly stolen as there is nothing concrete that was produced by the companies for the local communities. This is a valid point worth pondering upon as to this day there is no sign of development in the Marange area that can be attributed to the diamond sales. In most countries governments create a Sovereign Wealth Fund which sees funds from natural resources being put aside for development projects. Mtisi (2015) notes that such a project has been mooted by government officials but it is unlikely to gain momentum due to ZANU PF's mode of governance as well as the poor performing economy. Yet again the role of the government is brought to light. Poor planning as well as corrupt activities have led to the funds from the

diamonds sales being pocketed by a select few. Instead of embarking on projects such as Sovereign Wealth Funds a few select individuals benefitted from the diamonds in Marange.

A clear example of someone who benefitted from the diamond sales was former Minister of Mines, Obert Mpofu. It is evident that Mpofu had the final say on who was granted EPOs to explore the Marange site. Investigations by PAC show that Mpofu has lived a lavish lifestyle from when he assumed his role as Minister of Mines in 2009. When describing Mpofu, Martin & Taylor (2012:3) state that:

By most accounts, Minister Mpofu is a very rich man. He is variously described as owning “half of Matabeleland”, Zimbabwe’s largest cattle herd and a patronage network unparalleled by any of his political peers. His ego is equally large- Mpofu is known to refer to himself as the “King of Matabeleland.

The above description of Mpofu shows how the diamond sector functioned. ZANU PF, through individuals, was able to amass wealth through the diamonds sales. Mpofu’s wealth is even more alarming due to the fact that his gazetted salary as a civil servant was a paltry US\$800 per month (Martin & Taylor 2012:3). It is therefore evident the Mpofu benefitted from the diamond sales. It is evident that the money from the sales was never going to reach government coffers as Mpofu was serving the interests of ZANU PF and not the country.

Mpofu was not the only ZANU PF member that benefitted from the diamond revenue. Other individuals who were close to President Mugabe also enjoyed the benefits of the diamond revenue. In order to further solidify this point of view Martin & Taylor (2012:3) state that Mpofu’s wealth is “symbolic of the larger mismanagement” of Zimbabwean natural resources. I shall further discuss this in the next section where I will explore how the diamond revenue was used by ZANU PF to fund parallel activities to the GNU they had entered into with the opposition parties.

More importantly, however, Mpofu serves not only as an example for the Zimbabwean case but similar cases can be drawn across the African continent. The scenario in Zimbabwe is summed up by Burgis (2015:181) who states that zero-sum politics (where there has to be a loser and a winner) is at play in Africa where there is an obsession to amass wealth at all costs. This point is

linked to the role that ZANU PF and its members played in the governing of the Marange diamonds.

The role of corruption and zero-sum politics plays a role in obstructing the resource revenue from reaching the government's coffers as the Zimbabwean case shows. It is evident that the political elite are the ones that gain the most at the expense of the citizens of the country.

4.3 Diamond Revenue and Parallel Activities

As I mentioned in the earlier chapter, ZANU PF was accused by various sects within the academic and media realms of using the diamonds to fund parallel activities. Under this section I will unpack the various parallel activities that the diamond funds funded.

There is a large volume of academic literature that point out that diamond revenue was redirected to ZANU PF funded parallel activities. There is a lack of transparency that can be associated with the diamond business and this therefore makes it difficult to determine how the funds were used. Martin & Taylor (2012:3) are of the view that the lack of transparency in the industry has resulted in the belief that ZANU PF used the funds to run a parallel government. This belief is also upheld by members of the opposition. As I stated in the previous section, Maridadi (2015) is of the belief that the diamonds were stolen by ZANU PF. This has been the belief amongst various authors and more interestingly this belief correlates with how Mpofu accumulated wealth.

Mpofu is not the only one to benefit immensely from the diamonds but it is evident to note that ZANU PF as a party was able to benefit greatly. In the first chapter of this research paper I alluded to how African states are able to fund parallel budgets and I briefly mentioned that ZANU PF did so during the GNU with MDC T. Maridadi (2015) is of the belief that the diamond revenue largely contributed to ZANU PF's survival in the GNU as the Ministry of Finance was being run by MDC T. In order to obtain revenue, ZANU PF through the Ministry of Mines, did not declare the revenues that were made to the government but instead used the money to fund its own parallel programmes that undermined the GNU (Maridadi:2015). Maridadi echoes the belief that has been predominantly brought forward by a number of reports on the Marange diamonds.

Global Witness contends that there was indeed a parallel government run by ZANU PF. Global Witness states that the Marange diamonds were used to create an off budget funding scheme for Zimbabwe's secret police, the CIO (Global Witness 2012:3). This would be important as it would ensure that ZANU PF had the upper hand within the GNU. This can also be further confirmed as the secret services in Zimbabwe serve the interests of ZANU PF and not the country. Although this belief is difficult to confirm due to the nature of the accusation, the predominant belief in Zimbabwe is that the CIO play an important role in the maintenance of ZANU PF's stranglehold on Zimbabwean politics.

The CIO is a ruthless organization that has been adjudged to have eliminated a number of President Mugabe's foes. Global Witness (2012:6) describes the CIO as being a violent organization that is loyal to President Mugabe solely. This again further solidifies the belief that the diamond funds benefitted ZANU PF as the CIO was heavily involved in the Marange diamonds. The fact that the Ministry of Finance was in the hands of the opposition meant that ZANU PF would have struggled financially, thus making the diamond revenue ever more important. It is believed that members of the CIO formed a partnership with a notorious South Korean businessman, Sam Pa. It is believed that Sam Pa's contribution to the CIO resulted in the organization having a budget of close to US\$121 million (Global Witness 2012:7). Such an outrageous figure would have meant that the organization would not have had to rely on the Ministry of Finance for funding. However, interestingly, in return for the funding, Sam Pa's company was granted opportunities in the diamond, cotton and property sectors (Global Witness 2012:7). One can see the importance of the diamond revenues from Marange ZANU PF as they became a vehicle for ZANU PF to further its political ambitions.

Surprisingly the GNU was created to ensure that Zimbabwe would return to democratic norms especially after the controversial 2008 elections. However, when one considers the nature of the Marange diamonds and the clandestine activities surrounding it, it is clear that ZANU PF undermined the norms they had signed up to in the GNU (Global Witness 2012:10). This reveals the nature of ZANU PF as a political party that is driven by its own ambitions even if it means trampling on the norms of democracy which the party claims to uphold. Not only has the party undermined the notion of democracy but the party plundered the Marange diamonds.

One of the companies that were on the Marange site was mining enough revenue from diamonds that could contribute significantly to the Zimbabwean economy. According to Global Witness (2012:10) it is believed that Anjin was seven times bigger than the other companies given EPOs to engage in legal mining activities on the Marange site, however, in spite of this, none of the company's revenues reached government coffers. In May 2012 Finance Minister Biti noted that:

We [the government] have not received a single cent from Anjin, yet Anjin is seven times bigger than some of the other (diamond) companies. Clearly, we fear as the ministry of finance that there might be a parallel government somewhere in respect of where these revenues are going, and are not coming to us. There is opaqueness and unaccountability surrounding our diamonds. (Global Witness 2012:18).

Biti is one of the few officials in the GNU who admitted to the fact the diamond revenue was going elsewhere. As I also stated earlier, Maridadi went as far as stating that ZANU PF was building a war chest for future elections (Maridadi: 2015). All these individuals are in agreement with the fact that the diamond revenue was being used to fund parallel activities that were unrelated to the GNU of which ZANU PF formed part.

4.4 Illegal Activity and Corruption within the Diamond Sector

In addition to the government's clandestine activities a lot of the diamond revenue was lost to illegal activities such as smuggling. According to Chimonyo et al (2014:18) there was a lot of chaos as there was no clear direction as to how the diamonds were to be traded; this was evident in the early days of the diamond discovery. When this is kept in mind it is evident to note that the government was losing a hefty amount of revenue to illegal activities in Marange. In most cases the Marange citizens did not know the value of the diamonds they possessed and diamond barons were able to take advantage of this. One example is when diamond barons would lure diamond panners with attractive prices (Chimonyo et al 2014:18). It is clear that the government would not receive taxes from such transactions as they were illegal.

The RBZ noted that the country was losing close to \$1,2 billion per annum through illegal trading whilst other diamond trade experts noted that the activities in Zimbabwe could have been detrimental to the entire diamond sector (Chimonyo et al 2014:18). Again this is an example that

showed the diamond revenue was being directed. Illegal activities meant that the state would not receive any revenue. Alarmingly, the country was losing money to both government officials acting illegally and corrupt business individuals as noted earlier in this chapter.

One of the other reasons why the government did not receive funds from the diamonds was due to the fact that the Zimbabwe Revenue Authority (ZIMRA) did not enforce its constitutional right to collect taxes at source. It appeared as though such state entities turned a blind eye to the companies' errant behaviour. This could be a case of a "hands off" approach by a state owned entity for fear of reprisals or it could also be viewed as a case of gross ineptitude on the part of the state revenue collecting agent (Maguwu: 2015).

In the early days of the discovery, diamond panners were mainly concerned about maximising and improving their living conditions. Thus, illegally, panners would sell to dealers at high prices, causing a huge loss of revenue to government through these illicit activities. As Chimonyo et al (2014:18) notes, the diamonds became a vehicle to escape Zimbabwe's economic downturn and this fuelled illegal diamond trade. It is evident that the government failed to receive much needed revenue from the diamond sales as desperate citizens were driven to deal with illegal diamond buyers. Earlier in this chapter I mentioned the role that was played by former Mines Minister, Obert Mpofu. His role in the diamond sector shows that the extent of corruption was institutionalized at government ministerial level. It is almost certain that majority of the diamond revenue was lost to corrupt activities. Corruption has always been prevalent in Zimbabwe since the attainment of independence in 1980, but intensifying in the last decade with high level government officials being at the centre of such trade practices.

One case that mirrors the Marange diamonds is the ZNA's involvement in the DRC civil war in the late 1990s. This war resulted in Zimbabwe's army generals creating links with the troubled African country which were crucial in the smuggling of the Marange diamonds (Martin & Taylor 2012:12). By using these channels the ZNA army generals were able to personally benefit from the Marange diamonds. In more recent cases, especially in the mining sector, corruption has run rampant.

Throughout this research paper I have outlined the effects that corruption has had on the governing of the Marange diamonds. If by corruption it is meant that as those who hold high

office are abusing that particular office for their private benefit (Mtondoro et al 2013:3), individuals such as Mpofu, the ZNA as well as other members of ZANU PF who benefitted at the expense of the country could be deemed as being corrupt. In an article entitled “*Research Paper on the power dimensions to mineral related corruption*” Manase Chiweshe make an important link between the political elite and the role its members play in the governance of natural resources in Zimbabwe. Due to the fact that the elite are the “powers that be” they are in an advantageous position to benefit from the country’s resources (Chiweshe 2015:2). The political elite are able to use corruption to solidify their position in society.

What transpired in Zimbabwe is an example of the events that surround natural resources in resource rich African countries. What is even clearer is the role that is played by the political elite. Abiodun Alao derives his example from the Nigerian oil fields. According to Alao (2007:255) many people including MNCs and the political elite are driven by obtaining a profit at all costs thus costing local communities dearly. Alao’s example speaks to the broader understanding of African natural resource governance where elites are predators. The same can be said of the Marange diamonds which also speak broadly to the African case where African governments have failed to steer their respective countries from colonial government’s predatory nature. The inequality that is in resource rich countries fits in with the definition of the resource curse where the resources do little to improve the lives of the general population (Burgis 2015:216). Burgis is vindicated by the fact that resource rich communities rarely see any signs of economic development.

In resource rich African countries, natural resources benefit a select few and it is also that African governments believe in a zero-sum game. According to Burgis (2015:179) in resource rich states the belief is that “*for me to win, you must lose.*” It is the same concept at play in the Marange diamonds as in countries such as Nigeria. In Nigeria, corruption, as in Zimbabwe is a preserve of the political elite who benefit from the rich resources with which the country might be endowed. In the first chapter, I mentioned that the remnants of colonialism are still existent in the African state today. It has been noted that various countries under colonial rule saw their resources being plundered by the colonial rulers who served as the ruling elite (Burgis 2015:180). When African states are observed it is evident that the practices of the colonial forces are still in place as the political elites in Africa are the ones benefitting from the natural

resources. Although colonialism has ended, the manner in which the colonial government acted is the same way in which the African state continues to operate.

I have continued to reiterate that in the Zimbabwean case the political elite benefitted greatly from the Marange diamonds. According to Mtondoro et al (2013:5) those who wield power in society are known as power elites and they are comprised of politicians, members of the military class and influential business leaders. These individuals played a massive and decisive role in the governing of the diamonds from Marange. The role of these individuals would have ensured that the government of Zimbabwe would not receive the revenues from the diamond sales. Mtondoro et al (2013:5) note that in countries such as Zimbabwe there is misallocation of resources, as the elite within society are driven by the desire to enrich themselves. Curiously the same individuals played a role in the diversion of diamond revenue from state coffers.

The political elite within the African state need not be taken lightly. It has been noted that government ministers command power and this power is often abused to engage in corrupt activities (Mtondoro et al 2013:7). Political elites therefore influenced what transpired with the revenue from the diamond sales in Zimbabwe. A number of cases confirm how corruption ran rampant in relation to the Marange diamonds. The role of Mpofu again comes to the forefront. The Minister had the power to grant EPOs to companies that would work on the Marange site. Under normal circumstances such decisions needed to be made by the Mining Affairs Board but instead Mpofu took executive decisions to grant the EPOs to potential mining companies (Mtondoro et al 2013:16). By doing so, Mpofu had the power to decide which companies were allowed exploration on the site. This would have fuelled corruption and enabled Mpofu to enhance ZANU PF's political options to a large extent provided the motivation for the diversion of the Marange diamond sales.

The level of corruption is not only evidenced by Mpofu but is evident within the ZANU PF party structure. One example cited by Mtondoro et al (2013:19) notes that a ZANU PF functionary named Godwin Nhari (now late) was caught in possession of diamonds whilst trying to leave Zimbabwe. This again proves how the diamond sector in Zimbabwe was operating. The nature of ZANU PF has seen the party being able to ensure that the diamonds were able to stay within the party structures and not the country. This is further confirmed by Mtondoro et al (2013:20) who state that the mining companies were subtle in their way conducting business to the extent that

only Mpofu was fully aware of the activities on the site. It would therefore have been obvious that Mpofu was truly serving the interests of ZANU PF and not the country.

4.5 Conclusion

In this chapter I have outlined where the diamond revenue was diverted to. I explored the relationship between the diamond revenue on the one hand and the state coffers on the other. The revenue from the diamonds benefitted individuals in ZANU PF such as the former Minister of Mines, Obert Mpofu. I further explored how the diamond revenue fuelled ZANU PF's parallel activities. I outlined how the former Minister of Finance made claims that none of the diamond revenue reached his ministry of finance. This section also revealed the corrupt nature of ZANU PF which I explored in the third section. In the final section I outlined how corruption and illegal activities were one of the major reasons why the Zimbabwean government did not receive revenue from the diamond dealings. Ultimately the zero-sum game practiced by ZANU PF led to the failure of Zimbabwe effective use of the Marange diamonds.

From this chapter it is important to see that there are deep rooted issues that are associated with the governance of natural resources on the African continent. In the Zimbabwean case the role of the ruling party played a significant role in shaping the Zimbabwean state. It is clear that as stated by Maridadi (2015), the lines between the government and ZANU PF are blurred. The blurring of these lines results in matters such as patronage and corruption taking place as government leaders are not answerable to the government but rather to the political party they serve. This ties closely to the Marange diamonds as ZANU PF members and army generals were the ones who benefitted from the diamonds at the expense of the country.

Chapter 5

Chapter five is the concluding chapter to this research report. The three sections in this chapter include a summary of the chapters in this report, a broader application of the study and recommendations for the study respectively. The summary aims to shed light on the arguments that the research paper chapters made. The broader application of the study situated the Zimbabwean case study as a microcosm of what transpires in resource rich countries. The broader application of the study is important because it shows how the Marange diamonds represent a broader African problem in relation to the governance of natural resources. The final section of this chapter focuses on the recommendation in relation to how African governments can better govern and benefit from their natural resources.

5.1 Summary

This research paper has explored the governance of natural resources in Zimbabwe. In order to do this I started off by giving a theoretical approach which was centred on the resource curse. This theory showed that the resource curse is applicable to the Zimbabwean case study. In addition to this, an analysis of the resource curse shows that there are also other factors that contribute to the failure of African countries benefitting from their natural resources. One of the examples that came to light had to do with the roles that were played by autocratic regimes as well as rebel groups. These factors are important and have to be taken into account when analysing the governance of natural resources on the African continent. Although Zimbabwe did not have a civil war the role of the army played an important role in how the Marange diamonds were governed. In the introductory section I provided examples of countries such as Botswana that have been able to avoid the pitfalls of other resource rich countries. I provided various theories that govern the African continent which were important as they allowed for one to understand how the general governance of the African continent influences the governance of natural resources.

In the second chapter I gave a description of the Zimbabwean state. The aim of this chapter was to give an understanding of how the Zimbabwean state functions. I firstly gave a historical background of the country to show how the notion of violence within the Zimbabwean state dates back to the liberation war which brought independence. The role of the army in the country is another important aspect that contributes to the understanding of the Zimbabwean state. The

role of the ZNA shows that the army is a strong supporter of the ZANU PF led government and in most cases has adopted methods that have ensured that ZANU PF has stayed in power. The role of the army within the Zimbabwean state led to a discussion that focused on the role that is played by patronage within the Zimbabwean state. The role of patronage within the Zimbabwean state played a role in how the government issued EPOs to companies on the site. The systematic use of patronage is a mechanism that President Mugabe has used to reward those who have shown their loyalty to him especially when his political career is under threat. The Marange diamonds were a clear example of how patronage was used by ZANU PF.

I discussed how the Zimbabwean government reacted to the diamond discovery in Marange in the third chapter. I gave a background of the diamonds in relation to the Zimbabwean government. I discussed the role that was played by the companies that were on the site. In this chapter I pointed out the role that was played by patronage as the companies that were granted EPOs were in some way associated to ZANU PF and therefore ensured that the proceeds from the diamond sales benefitted the political party. In addition to this I mentioned the role that the companies played in the relocation of the Marange residents and how the activities of the companies had an adverse impact on the livelihoods of the people of Marange. This chapter showed how the diamonds did not yield any positive results for the Marange citizens.

I finally explored how the diamonds influenced the waning fortunes of ZANU PF in the fourth chapter. In this chapter I outlined the various clandestine activities that were associated with the diamond trade. I discussed how the revenue from the diamonds did not reach state coffers but how the revenue was directed towards funding ZANU PF's parallel government. This section also outlines the corruption that was associated with the government officials. I show that the diamond revenue benefitted ZANU PF members like Obert Mpofu and not the people of Marange or the country as a whole.

5.2 Broader Application of Study

As I have reiterated throughout this research report the Zimbabwean case study is a broader study on the African continent. There is a strong link between the governance of a country and how the government governs its natural resources. The role of the government is extremely important in this regard as the government is responsible for the administration of natural resources in any country.

The Zimbabwean case study and the African continent in general show that the lack of democracy within a country influences the distribution of natural resources. I shall derive my definition of democracy from Samuel Huntington's two-turnover test. According to Huntington (1991:267) a democracy in this instance is when ruling party X loses an election to opposition party Y and hands over power successfully to party Y, however, Huntington goes on to state that for democracy to fully prevail party X has to regain power in the next election. This definition speaks greatly to the African context in which most African states claim to be a democracy on the premise of holding elections. Huntington (1991:267) moves on to state that, "Selecting leaders through elections is the heart of democracy, and democracy is real only if rulers are willing to give up power as a result of elections."

On the African continent not only are the elections marred by massive irregularities, but at times the incumbent refuses to hand over power. In this case the governments of these countries are not accountable and this has a negative impact on the use of natural resources. The role of the political elite comes to play, because if the political elite does not adhere to democratic principles its members are likely going to abuse state resources. Huntington's two-turnover test is important for three reasons. Firstly, it shows the commitment that leaders have to upholding democratic norms, secondly it shows that the general public and the elite are upholding democratic norms, and more importantly when things go wrong in the country the leaders and not the regime are changed (Huntington 1991:267). The notion of accountability is raised as the citizens within a country play their role in the governance of a country. Although this view is utopian, there should be efforts by African governments to adhere to democratic principles as democratic principles can go a long way in bringing transparency in both natural resource governance and effective running of African countries.

In Zimbabwe, ZANU PF has been in power since the attainment of independence in 1980. Other than the GNU that was born out of a controversial election in 2008, the party has won every single election albeit it under some controversial circumstances. The monopoly ZANU PF has enjoyed since the attainment of Zimbabwe's independence has seen the political party abuse Zimbabwe's Marange diamonds show. This is the same for a number of other African countries. The role of the government is important as the Botswana case study shows. The Botswana government joined forces with De Beers to ensure that the diamonds in the country would

benefit the country. It has been noted by Ferreira-Marques (2013) that the two parties, De Beers and the Botswana government, agreed to a 50/50 joint venture. By being part owners with De Beers it is evident that the Botswana government has taken steps to ensure that there is an equal footing between itself as the host country and De Beers as the foreign investor. This again speaks to the notion of governance as the government of Botswana has ensured that it has a role to play unlike in many other African countries where foreign investors almost override the government. The onus has and will always be on the government to put in place measures that ensure that a country benefits from the natural resources that it possesses. The Botswana government can serve as a positive example in the effective use of natural resources. The lack of governance in relation to the Marange diamonds shows the importance of good governance. Good governance avoids and stops the political elite from enriching themselves.

In fact the Zimbabwean case is similar to cases in Nigeria where the political elite have enriched themselves through the use of natural resources. Burgis (2015:217) states that where power is concentrated between a certain group, democracy is used as a façade to abuse natural resources for their own benefits at the expense of the country. The role of the political leaders is important in this regard. Burgis (2015:217) further states that the mannerism of the African political elite can be likened to tribal chiefs rather than a modern government. The leadership of African countries in this case is to blame for the abuse of natural resources as they use their political positions to further their own agendas.

The Zimbabwean case revealed the importance of planning for any government. In *Making Poverty a History* Thomas Lines notes the importance of planning for any government. According to Lines (2008:54) governments are in place to strategize, analyse and lead. The question that needs to be kept in mind here is whether governments are doing enough to achieve particular goals that have been set. For instance in Zimbabwe, the government introduced what is known as the Indigenization policy. This policy was aimed at transferring stakes in foreign owned companies to indigenous owners or the state to ensure that a greater share of the revenues stay in Zimbabwe (Burgis 2015:230). This policy aims to address the inequality that was caused by colonial rule.

Another important aspect of this policy is that it is similar to the BEE law that was introduced by the ANC government in South Africa. These two policies are great efforts by the respective

governments as these governments are trying to rectify the injustices of the past. However, unsurprisingly, these policies have been hijacked by the political elite meaning that the elite and not the average citizen benefit from these policies. Although the policies are positive endeavours by the governments, implementation remains a major challenge for African governments. This research report has shown that Zimbabwe is a microcosm of events that have transpired on the African continent. The failure to adhere to democratic principles and the role of the political elite has influenced the governance of natural resources on the African continent negatively.

The effects and practices of colonialism continue to have a lasting impact on independent African states. This is applicable to the Zimbabwean case as it is on the African continent. When writing on colonialism, Acemoglu & Robinson (2013:11) state that the colonialists wanted nothing but to plunder the natural resources that the colonized states had to offer. The methods that were used by colonialists are the same methods that have been adopted by present African governments. Where the colonialists acted as the elite, a new group of elites have emerged and they are almost identical to colonialists. The looting has continued even with a new form of leadership at the helm. The role of the Zimbabwean government can be likened to the role of the Rhodesian government and this also is evident throughout the African continent where the repressive laws of the colonialists are replaced by the repressive laws of the new African government.

The belief that colonialism is closely tied to the notion of abusing natural resources is further reaffirmed by Alao. Alao (2007:280) acknowledges that certain African states attempted to put in place measures to utilize natural resources but the rest of the African states simply adopted the same looting methods that were in place through colonialism. The failure of African leaders to put in place measures to use natural resources to develop their countries is a resonating feature and this has affected majority of resource rich African states. Like Zimbabwe, other resource rich countries need a high level of accountability that steers their countries away from the path of the resource curse. Furthermore, African states need to do away with the colonial way of operation where looting was a mechanism which benefitted the elite. Accountability is therefore crucial in order to adequately manage the natural resources.

Alao brings the issue of the international arena to the forefront and this is yet another contributor to African states failing to benefit from natural resources. According to Alao (2007:281) the

international system has exploited the lack of governance on the African continent as well as the lack of transparency within the African states. He further states that Multinational Corporations (MNCs) have worked in conjunction with the greedy elite who are concerned with enriching themselves. The MNCs are driven by the profit incentive which therefore makes the African state a lucrative continent. This problem was evident with the ZNA working in conjunction with Asian companies and this is also evident in other African states where MNCs overlook the grave injustices that are caused by natural resources. The role of the greedy African elite coupled with profit driven MNCs contributes greatly to the failure of the African states to fully reap the rewards of their natural resources.

The role of China has been heavily influential on the African continent in the same manner as the MNCs I mentioned in the previous paragraphs. African countries such as Zimbabwe opt to work with China due to the fact that unlike European countries China does not put emphasis on human rights violations or matters pertaining to governance. Burgis (2015:170) notes that China's easy credit was proving to be favourable with African governments especially when compared to institutions such as the WB and the IMF. Due to the fact that African governments are fraught with human rights abuses and failed government efforts, they opt for China as China does not put emphasise on this. Chinese influence was evident in Zimbabwe with the role played by Sam Pa, who also plays a role in various other resource rich African countries.

5.3 Recommendations

Natural resources on the African continent can serve as a vehicle that could aid development in African states. Natural resources can be used to alleviate challenges that are faced by the continent such as poverty and unemployment. However, for African states to reap the rewards of natural resources, the onus is on the government to plan accordingly, this has been a recurring theme in this research report. There is an urgent need by governments to use natural resources to enrich the country and not the political elite. The Zimbabwean case study is an example that shows the challenges that are faced by the African continent. It is not all doom and gloom; however, as there are some other countries that have adopted measures to constructively use natural resources.

The role of the government cannot be ignored and should not be ignored in the governance of natural resources. I have mentioned how countless of African countries have failed to benefit

from their natural resources. There are countries such as Botswana, which I mentioned at length and other African countries such as Ghana where a strong democratic system in the country has played a crucial role in the effective use of the country's oil reserves. When writing on Ghana, Burgis (2015:161) notes that whilst West Africa was witnessing civil wars Ghana's leaders would uphold the notions of democracy and vacate office. The process of transferring power to other parties is almost unheard of on the African continent and this could go a long way in understanding why natural resources are abused by governments that are often undemocratic.

When taking governance into consideration it is important to note that a lack of transparency is one of the contributions to fanning the flames of the resource curse. Khadiagala (2015:25) notes that transparency is at heart of African states reaping the rewards of its natural resources. Transparency is indeed a key ingredient as the lack of it in the Zimbabwean case resulted in there being conflicting reports as to who actually benefitted from the diamonds. In such cases the importance of transparency cannot be understated. Khadiagala (2015:27) further states that accountability and participation are other important factor of governance. This speaks to the notion of democracy which I mentioned earlier. A government that is transparent, accountable and a government that allows participation is likely going to be better placed in governing natural resources as there will be channels in place that will allow for the effective use of natural resources.

There are groups such as the KP which were created in order in order to deal with conflict diamonds. It is noted that the KP was created after NGOs campaigned against the trade of conflict diamonds (Khadiagala 2015:33). Such initiatives are commendable as they ensure that there are no human rights violations perpetrated in the purchase of diamonds. There have been some challenges for the role that is played by the KP. One of the areas of concern is that there is no clear definition for conflict diamonds (Khadiagala 2015:33). The failure of this definition has led to members of the group being at loggerheads as the Zimbabwean case study showed. In spite of this the KP has made great strides in reducing conflicts in most diamond producing countries by undercutting the ability that armed groups may have to use diamonds for illegal activities (Khadiagala 2015:33). It is important for the international community and for Africa to make use of groups such as the KP as they promote transparency which is lacking within the African natural resource.

The Marange diamonds were divisive for the KP. African members in the KP were in favour of Zimbabwe trading its diamonds in spite of the controversy that shrouded them whilst Western groups such as Global Witness wanted a stronger stance (Khadiagala 2015:33). The challenge that the Zimbabwean case presented to the KP shows the amount of effort that needs to be made if such organizations are going to be successful. It is further stated that even though Zimbabwe had joined the top 10 world diamond producers the Marange diamonds show that the KP had to address the governance challenges that are faced in Africa (Khadiagala 2015:33). The KP is an important entity and such entities could go a long way in bringing transparency to the diamond sector in Africa. Although the KP struggled to deal with the Zimbabwean case it is important that groups like the KP stay in place in order to bring transparency to the diamond sector. Regional mechanisms can also go a long way in addressing the governance of natural resources in Africa.

Countries in Africa require mechanisms that will make them accountable and regional initiatives can play an important role. The AU calls for a strengthening of frameworks that promote sustainable and equitable management and exploitation of natural resources (Khadiagala 2015:37). Regional organizations such as the AU have an important role to play in ensuring that African governments are able to benefit greatly from their natural resources. In relation to transparency it has been noted that Tanzania has embarked on creating a Sovereign Wealth Fund to manage its natural gas revenue (Khadiagala 2015:39). Such efforts, if addressed on a collective basis by the AU, can go a long way in ensuring that the continent's governments are able to make positive use of their natural resources. Although the AU has an important role the onus is and will always be on African governments to make use of their natural resources. Countries like Botswana and Ghana have been able to use their natural for economic growth.

Other mechanisms include the APRM. This initiative was introduced by the AU in order to assist African countries reap the benefits of their natural resources. In a document entitled, *Harnessing The African Peer Review Mechanism (APRM) Potential to Advance Mineral Resources Governance in Africa*, it is made clear that in order for Africa to benefit from its natural resources there has to be a dependence good governance and sound management practices (AU 2013:3). This is another recurring theme whereby the onus is on the government to make use of the natural resource revenue. The APRM is a home grown and African owned mechanism which has been described as "Africa's unique and innovative approach to governance" (AU 2013:4). In

a continent that is sceptical of external influence the APRM is driven by Africans and this could be a vehicle that could assist the continent. The APRM being driven by Africans will have an influence as there is no external interference which has been viewed negatively by African leaders. The APRM is also important because it encourages public discussion with all stakeholders through inclusive, participative and consultative processes (AU 2013:4). Such efforts will see transparency being at the heart of the APRM being of great benefit to resource rich African states. As the literature reiterates, transparency is lacking in the African natural resource sector. The APRM can go a long way in addressing this problem.

The EITI was another mechanism that created with the sole aim of bringing in transparency in resource rich countries. This initiative is important because it is a coalition of governments, companies, civil society groups, investors and international organizations (AU 2013:6). This initiative is a combination of all interested parties in relation to natural resources. By bringing the important parties to the table transparency could be further brought to the governance of natural resources. This is further confirmed by the AU (2013:6) who state that in Cameroon, the EITI helped the country monitor its capacity of relevant government agencies and in Ghana it has helped local communities to engage with companies involved in natural resource extraction. Yet again it is clear that transparency is important if African countries are going to benefit from their natural resources. It is also important that with the Ghanaian example the involvement of the people is crucial as the people in the resource rich countries are the ones most affected by the companies that extract the natural resources. Ghana is another example of a country that African states can learn from in regards to natural resource governance.

Although Ghana experienced a dictatorship it has since become one of the leading African countries in relation to democracy on the African continent. Ghana had experienced single party rule but by the time there was an oil discovery it had built a strong democratic state which was the foundation needed to utilize its natural resources (Burgis 2015:162). This is important because with the Zimbabwean case study, the fact that one political party has been in power for over 3 decades is one of the root problems that have seen the plundering of natural resources. The lack of an effective democratic system in Africa gives parties such as ZANU PF in Zimbabwe and the ANC in South Africa room for the political elite to be the ones who benefit from the country's wealth. However, even though Ghana has shown that democracy is a strong point various

challenges such as the literacy rate show that the country still has challenges it still faces in spite of possessing gold reserves (Burgis 2015:163). The Ghana example is important and relevant because it shows the importance of democracy and more importantly it shows that democracy ensures that the political elite cannot do as they please especially in regards to the use of natural resources.

African governments need to ensure that the role of the foreign investor benefits the country and the foreign investor must come in on the terms of the host country. The role of MNCs on the African continent is well documented and deemed controversial. African states need to be wary of the role that is played by MNCs. Burgis states that MNCs have been allowed to get their way at the expense of the host country. In an interview held by Burgis, Vice President of *Newmont* for Africa went as far as stating that the organization's agreement with Ghana supersedes the country's mining law after Ghana had planned to increase royalties (Burgis 2015:165). In such instances it is evident that African states need to curb the role of MNCs that believe they are above the law. The role of the MNCs can be closely linked to the role that is played by the Chinese on the African continent.

In relation to the Marange diamonds it was evident that the Chinese enjoyed a level of unprecedented independence in the mining of the diamonds. In the Zimbabwean case study the diamond mining process was supposed to be a vehicle to create employment for the Marange people. However, this did not transpire as the Chinese companies brought their own Chinese workforce to work as security guards and diamond sorters (Chinguno et al 2015:1). This undermined the people of Marange as they were overlooked by *Anjin* as it employed its own Chinese workers. This does not do Zimbabwe any favours as the Chinese are the ones who benefitted more from the diamonds than the people of Marange.

The Zimbabwean government seemingly allowed the Chinese to implement their own policies. According to Chinguno et al (2015:2) in one case the Zimbabwean workers went on strike because of the poor working conditions; in retaliation the Chinese companies simply dismissed all the workers that were linked or directly involved in the strike. Throughout this whole process the Zimbabwean government did not intervene to ensure that there was an amicable resolution to the poor working conditions. Yet again the conditions favoured the Chinese companies. In addition to this, Chinguno et al (2015:2) note that there were always violent skirmishes between

the Chinese workers and the Zimbabwean workers. The government could have avoided such scenarios by allowing the Chinese companies to use Zimbabwean workers rather than Chinese workers thus ensuring that there was employment for the Zimbabwean people. In this case the Zimbabwean government and other African states need not shun the Chinese and MNCs but there should be deals that benefit the local communities. The example of the Chinese with the Marange diamonds can be linked to other African states where the Chinese have been given freedom to do as they please and this should not be the case. Instead African governments should be working hand in hand with the Chinese for the betterment of the locals' lives.

ZANU PF's election manifesto for the 2013 general election stated that natural resources were supposed to be owned by Zimbabweans. The party believes that the people of Zimbabwe should be empowered through the owning of the natural resources (ZANU PF 2013:80). This rhetoric by ZANU PF explains how the party dealt with the discovery of the diamonds. The owners of the companies that were allowed to operate on the site had links to ZANU PF but the underlying fact is that the companies were Zimbabwean and thus the people were empowered in that manner.

The manifesto's rhetoric is crucial as it leads one to understand the governing of the natural resources in Zimbabwe. ZANU PF (2013:85) states that "Zimbabwe should own its natural resources as an expression of our national sovereignty." Such documents show that the rhetoric of ZANU PF is commendable as the party is driven by ensuring that Zimbabwean citizens are the ones who benefit from the natural resources. However, as this research report has shown, the practices of the political party are questionable. The systems of patronage, corruption and greed have cost Zimbabwe dearly. It is important to note that in recent times such government initiatives have been vehicles that have fuelled corruption. Corruption and zero sum politics practiced by ZANU PF have been of major hindrance to Zimbabwe and it is important that these are rooted out the Zimbabwean political system. Until the Zimbabwean government roots out corruption, until the government avoids zero sum politics and until the norms of democracy are upheld Zimbabwe as well as other African states will fall prey to the resource curse. A further analysis of the resource curse and how it relates to the Marange diamonds shows that African states have weak structures in place that have seen the looting of natural resources. African states need to build structures on the foundation of accountability and transparency. Until African

leaders are accountable, until there is transparency in the governance of natural resources and until the norms of democracy are upheld Africa will not reap the rewards of its natural resources.

5.4 Postscript

Upon completion of this research report there were developments regarding to the Marange diamonds. The government evicted all the companies on the site and President Mugabe made a startling revelation that indeed Zimbabwe had lost revenue to clandestine activities. These developments were important for the topic and were essential in that they confirm that the government of Zimbabwe failed in its governance of the Marange diamonds. Furthermore, these events prove and show that the institutional weaknesses in Zimbabwe have seen the Marange diamonds benefitting the Zimbabwean political elite.

Recent events have shown and confirmed that the ZANU PF led government has failed to adequately govern the Marange diamonds. On the 22nd of February 2016 the Minister of Mines, Walter Chidhakwa held a press conference in which he announced that all the companies on the Marange site were to cease operations immediately. According to Gumbo (2016), the Zimbabwean government wanted to consolidate the diamond mining in Zimbabwe into one company, Zimbabwe Consolidated Diamond Company. The companies refused to comply with the government's proposal and the government refused to renew the companies' licences in retaliation. The creation of this government company can be equated to the nationalization of the Marange diamonds.

When the minister made this announcement it was reported that anarchy prevailed on the site. As soon as the announcement was made, diamond panners stormed the site reminiscent of the diamond rush in 2006 (Gumbo: 2016). The decision taken by the government to expel the companies from the site left a vacuum that the panners came in to fill. What is of major concern is the unemployment that the government's decision is likely going to create. The decision the government has taken affects the workers in the same way that the companies will be affected. Unemployment is already alarmingly high and the government's decision is questionable. The Zimbabwean government is yet to outline how the new company will operate and only time will tell if this initiative will be successful.

To further confirm that the Zimbabwean government had failed to govern the Marange diamonds, President Mugabe accused foreign companies of stealing the Marange diamonds. According to the BBC (2016), President Mugabe noted that the companies "swindled" and smuggled the diamonds out of Zimbabwe. This is of major concern as he is admitting that under

his presidency the country was effectively robbed of a commodity that could have gone a long way in alleviating the challenges that Zimbabwe is currently facing. What is of greater concern is the fact that the President further confirmed that the country lost money in the region of \$US15 billion (BBC: 2016). Yet again not only does one learn the value of the Marange diamonds but one also begins to see how the Zimbabwean state is indeed dysfunctional. It does not make sense how a government can be able to lose such astronomical figures of money in unexplained circumstances. If anything, the admission by President Mugabe shows that he has admitted that the Zimbabwean government has failed in governing the Marange diamonds.

To further confirm the failures of the Zimbabwean government, President Mugabe seems to be in agreement with former Finance Minister Tendai Biti, who during his tenure as Finance Minister made the same claims. President Mugabe stated that "We have not received much from the diamond industry at all..." (BBC: 2016). In the research report I quoted Biti who made the similar claims that the revenue from the Marange diamonds was not reaching state coffers. The lack of transparency in the Zimbabwean diamond sector has seen clandestine activities by political individuals winning at the expense of the Zimbabwean people. It is even more shocking that a president can admit that such activities were happening in his government. President Mugabe further stated that the mechanisms in place to monitor diamond activities were failing to serve their role. President Mugabe noted that those who were meant to monitor the events on the Marange site could "not be able to see" or "hear" what was going on (BBC: 2016). This admission that the mechanisms in place failed to address the events on the Marange site speak to how African states have weak institutions which make the effects of the resource curse inevitable.

The literature that was used in the research pointed to the fact that the government had a 50% stake in some of the companies that were granted EPOs. According to (BBC: 2016) the government has long appeared to be in control of operations at Marange and it makes it harder to explain how such "theft" could have happened without its knowledge. This again confirms the fact the Zimbabwean government is structured in such a way that looting has no consequences for the perpetrators. In this case it is even clearer that the Zimbabwean state is porous to the extent that diamonds worth US\$15 billion can vanish. The lack of transparency and

accountability on the government's part is the chief contributor to the Zimbabwean government failing to benefit from the Marange diamonds.

What is of further concern is the fact that President Mugabe announced that the country would take over control of all the mining procedures at Marange. President Mugabe noted that because the existing companies had robbed the country of its wealth the government had decided to take over the mining activities (Reuters: 2016). By effectively nationalizing the mines it is evident that the Zimbabwean government is now in total control of the Marange site. This is commendable by the government but the nature in which the Marange diamonds were governed in the first place raises major concerns. It is still clear that the structures within the Zimbabwean state are still weak and this could be yet another vehicle for looting the diamonds. Until there is transparency within the diamond sector in Zimbabwe the country will suffer at the expense of the ZANU PF elite who have already clandestinely reaped the rewards of the Marange diamonds.

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Appendices

Appendix 1

Interview Questions

1. Can you please state your name and the role that you play in your organization?
2. Can you please give examples of the kinds of projects you have worked on?
3. Can you please give a brief background of the mining sector in Zimbabwe?
4. How has the Zimbabwean government shaped its public policy towards the governance of natural resources?
5. What is your understanding of the diamond discovery in Marange?
6. How did Zimbabwe manage to trade its diamonds in spite of the controversy that shrouded them?

Appendix 2



**University of the
Witwatersrand
1 Jan Smuts Avenue & Jorissen Street
Braamfontein, Johannesburg
2000**

Participant Information Sheet

Dear Sir/Madam

My name is Gwinyai Taruvinga, I am a Master's student at the University of the Witwatersrand and I am currently doing research as part of my studies. My research aims to explore how the diamond discovery in the Marange area influenced ZANU PF's political ambitions. I am concerned with how the natural resources were governed.

I am asking you to participate in this study because of your expertise in the topic. If you agree to participate in the project, what I will request is information about those events, and about your involvement in them if any.

If you choose to participate in this research, you will be asked to take part in a formal interview. The interview will take place at scheduled times by prior agreement. The meetings will take place at a location which is suitable to you. Please be aware that there will be no payment of any kind involved, and that participation in the research is voluntary, not a requirement. You should be aware that if at any time during your participation in the research you are asked questions that make you uncomfortable, you may refuse to answer them. Please also be aware that you can withdraw from participation in the study at any time. If you wish your identity to be kept confidential in the report which is generated from this research, please tell me and I will use a pseudonym.

The final research report will be available online through the university library website. If you have questions regarding the research you can contact me by email or by phone. At your request I will also send you a copy of the final report if you are interested in seeing it.

Thank you very much for considering your participation in this research. My contact details are as follows:

Cell: +27728411756

Email: gwinyaitaruvinga@gmail.com

My Supervisor's Email: joel.quirk@wits.ac.za

Appendix 3



Title of Project: The Governance of Natural Resources in Zimbabwe: The Case of the Marange Diamond Fields.

Researcher: Gwinyai Regis Taruvinga (525450)

1. **Purpose of the Study:** The purpose of this research study is to explore how the discovery of diamonds in Marange influenced ZANU PF'S political fortunes
2. **Procedures to be followed:** A series of questions based on the purpose of study
3. **Duration:** 1 hour
4. **Statement of Confidentiality:** Your participation in this research is confidential. The data will be stored and secured at *91 De Korte Street, Braamfontein, Johannesburg, South Africa* in a *laptop that is password protected*. In the event of a publication or presentation resulting from the research, no personally identifiable information will be shared.
5. **Voluntary Participation:** Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this form for your records.

Participant Name & Signature

Gwinyai Regis Taruvinga (525450)

Person Obtaining Consent

Appendix 4



Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Taruvinga

CLEARANCE CERTIFICATE

PROTOCOL NUMBER: H15/08/42

PROJECT TITLE

The governance of natural resources in Zimbabwe - The case of the Marange Diamond Fields

INVESTIGATOR(S)

Mr G Taruvinga

SCHOOL/DEPARTMENT

Humanities/

DATE CONSIDERED

21 August 2015

DECISION OF THE COMMITTEE

Approved unconditionally

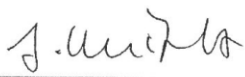
EXPIRY DATE

15 September 2018

DATE

16 September 2015

CHAIRPERSON


(Professor J Knight)

cc: Supervisor : Professor J Quirk

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10005, 10th Floor, Senate House, University.

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

Signature _____

Date ____/____/____

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES