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1 ABSTRACT

The discovery of diamonds in Zimbabwe in 2001 took place in the midst of a socio-economic crisis caused by a hostile relationship between the Zimbabwean Government and Western Countries which became an underlying factor that led to the diamond conflict in Zimbabwe. The current study was carried out to investigate who is in control of diamonds in Zimbabwe, the major reasons behind the diamond conflict and the impact of the conflict.

The study revealed that the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe included the negative perceptions on Zimbabwean diamonds by some Western Countries like Britain and USA and a deliberate intention of influencing the KPCS to act outside its mandate, presence of illegal miners in Chiadzwa and a tug of war between parties in the Unity Government. The major negative impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe included loss of potential revenue due to depressed prices on a resultant narrow market and reduced demand for Zimbabwean diamonds, loss of potential foreign investors and associated Foreign Direct Investment, escalation of mistrust between parties in the GNU. Some positive and unintended impacts of the Zimbabwe diamond conflict included compulsion of the Zimbabwe Government to acquire KPCS compliance and curb potential leakage of diamonds and compensation of displaced villagers.

The author recommended the Government of Zimbabwe to work closely with all key local and international stakeholders involved in the mining and marketing of diamonds to remove all associated stumbling blocks and put in place a diamond mining sector development strategy built on continuous exploration, a vibrant and sustainable value addition industry, readily available markets, transparency and corporate social responsibility, unity of purpose and political stability and trained personnel.
DECLARATION

I, Charlotte Musarurwa, declare that I am the sole author of this dissertation, that during the period of registered study I have not been registered for another academic award or qualification, nor has any of the material been submitted wholly or partly for any other award. This dissertation is a result of my own research work, and where other people’s research was used, they have been duly acknowledged.

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DEDICATION

I dedicate this project to the almighty God who enabled me to complete the project.
TABLE OF CONTENTS

1  ABSTRACT .......................................................................................................................................... 2

DECLARATION ........................................................................................................................................ 3

ACKNOWLEDGEMENTS ............................................................................................................................ 4

DEDICATION ............................................................................................................................................. 5

1. ABBREVIATIONS ................................................................................................................................. 9

2  CHAPTER ONE ...................................................................................................................................... 11

2. BACKGROUND OF THE STUDY .......................................................................................................... 11

3. PROBLEM STATEMENT ....................................................................................................................... 23

4. RESEARCH QUESTIONS ...................................................................................................................... 24

5. RESEARCH OBJECTIVES ................................................................................................................... 24

6. SIGNIFICANCE OF THE STUDY ......................................................................................................... 25

7. ASSUMPTIONS .................................................................................................................................... 26

8. DELIMITATION OF THE STUDY ........................................................................................................ 26

9. LIMITATIONS TO THE STUDY ......................................................................................................... 27

10. DEFINITION OF KEY TERMS ........................................................................................................ 28

11. SUMMARY ...................................................................................................................................... 29

CHAPTER 2: LITERATURE REVIEW ....................................................................................................... 30

2.1  Introduction ...................................................................................................................................... 30

2.2  Theoretical framework ..................................................................................................................... 30

2.3  Greed and Grievance Theory ........................................................................................................ 31

2.4  Background to conflict on diamonds ............................................................................................ 34

2.5  Evidence of Diamonds macro-conflict .......................................................................................... 35

2.5.1  Establishing the gap .................................................................................................................... 38

2.5.2  International Response ............................................................................................................... 38

2.6  GENERAL FRAMEWORKS OF RESOURCE CONFLICTS ............................................................... 42

2.6.1  The resource curse ..................................................................................................................... 42

2.6.2  Resource conflicts ..................................................................................................................... 43

2.6.3  Conflict resources ..................................................................................................................... 43

2.6.4  Fiscal transparency .................................................................................................................... 44

2.7  EFFECTS OF RESOURCES AT THE MACRO AND MICRO LEVELS ........................................... 45
2.7.1 Renewable versus non-renewable resources .......................................................... 45
2.7.2 Resource abundance and dependence ................................................................. 46
2.7.3 Rentier state and institutional weakness .............................................................. 47
2.7.4 Investors versus consumers .................................................................................. 47
2.7.5 Inter versus intra-state conflict ............................................................................. 49
2.8 Myth on Zimbabwean diamonds .............................................................................. 51
2.9 Summary .................................................................................................................. 53
4.1 INTRODUCTION ........................................................................................................ 54
4.2 RESPONSE RATE ..................................................................................................... 54
4.3 RESPONSES FROM MINING COMPANIES AND KEY STAKEHOLDERS .................. 56
  4.3.1 Trends on internationally imposed sanction ......................................................... 57
  5. Evaluation of the diamond mining sector in Zimbabwe ............................................. 67
4.4 Strategies implemented by the diamond mining sector in reducing the impact of the conflict .......... 76
  12. Relationship between Zimbabwe’s Diamond Mining Sector and the International Market ........ 79
  15. Reasons on the level of Zimbabwe’s self-reliance in critical processes for diamond mining .......... 82
  16. Views on the orientation of the growth of the Zimbabwean economy ......................... 83
4.5 How Zimbabwe should manage conflicts emanating from diamonds ....................... 87
4.6 CONCLUSION .......................................................................................................... 88

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ........................................... 89
  5.1 SUMMARY .............................................................................................................. 89
  5.2 CONCLUSIONS ...................................................................................................... 90
    5.2.1 Powers behind the control of diamonds in Zimbabwe ........................................... 90
    5.2.2 Major reasons behind the diamond conflicts in Zimbabwe ................................... 90
    5.2.3 Impact of the macro conflicts emanating from the discovery of diamonds in Zimbabwe .......... 91
    5.2.4 Positive and unintended impacts of the macro conflicts ........................................ 92
  5.3 RECOMMENDATIONS ............................................................................................ 92

REFERENCES .................................................................................................................. 95

APPENDIX 1: INTERVIEW GUIDE FOR DIAMOND MINING COMPANIES’ REPRESENTATIVES .......... 98

APPENDIX 2: QUESTIONNAIRE COMPLETION ON CONFLICTS EMANATING FROM DIAMONDS IN ZIMBABWE 100
1. ABBREVIATIONS

COMESA - Common Market for Eastern and Southern Africa

SADC - Southern Africa Development Community

FDI - Foreign Direct Investment

WDC - World Diamond Council

MDC - Movement for Democratic Change

GNU - Government of National Unity

ZMDC - Zimbabwe Mining Development Community

MMCZ - Mineral Marketing Cooperation of Zimbabwe

ZANU-PF - Zimbabwe African National - Patriotic Front

KPCS - Kimberley Process Certification Scheme

KP - Kimberley Process

WFDB - World Federation of Diamond Bonurses

USA - United States of America

UN - United Nations
NGO-Non Governmental Organisations

WTO-World Trade Organisation

GATT- General Agreement on Trade and Tariffs

UNSC-United Nations Security Council

OFAC –Office of Foreign Assets Controls

RUF- Revolutionary United Front (Sierra Lione)

DRC- Democratic Republic of Congo
2 CHAPTER ONE

INTRODUCTION TO THE STUDY

2. BACKGROUND OF THE STUDY

The discovery of diamonds in Zimbabwe came up with some mixed fortunes for the country. Many people in Manicaland had their lives transformed for better with the discovery of diamonds as they could pick up the gems easily from the surface. However the government moved quickly to declare the area a protected area. People no longer had easy access to the diamonds. Villagers who used to live in Marange were relocated to some other places. People who used to come and mine the diamonds from outside found the area barricaded by the army. The Land Acquisition Act [Chapter 20:10] in the Zimbabwean Lancaster Constitution, allows government to declare state land for the purposes of land reorganisation, forestry, environmental conservation or the utilisation of wild life or the discovery other natural resources such as minerals. According to the constitution the land is declared state land with full title therein with effect from the appointed day or with effect from the date it is identified. In the case of Marange, the government felt justified by its actions to displace the people who lived in the area.

Marange is the name of diamond fields that spread over some 566.5 kilometers in Chiadzwa, Zimbabwe. These diamonds fields were discovered in 2001, at the peak of the political, economic and humanitarian crisis in the country. The production of diamonds in Marange is controversial due to the illegal mining and the frequent government raids in the area. The previous miner was
African Consolidated Resources, but in December 2006, the government of Zimbabwe took over the mining rights through the state's mining development corporation. After the takeover of the diamond fields, the phenomenon of illegal mining became even more widespread.

As the government of Zimbabwe tried to put some control to the mining of the Chiadzwa diamonds, many people lost their lives as they tried to gain entrance into the diamond fields. This put the country on the spot light as the whole world wanted to know what was going on in Zimbabwe. The awarding of mining licences to some companies linked to Government as well as to the Chinese companies resulted in the western world getting more interested.

The discovery of diamonds in 2001 also triggered attention around the country. Illegal miners came from all over the country, their number estimated 15 000-20000 as of mid-December 2006. Zimbabwe, Diamonds and the Wrong Side of History, Partnership Africa Canada Report March (2009). Initially panners were told to sell their products to MMCZ which proved to be under sourced and could not compete with illegal traders who had descended on the country. The large numbers of miners created a chaotic situation which needed management. The government intervened to put order in the fields through police officers and Soldiers. While the police were meant to restore order they were reports alleging that they were digging to the secured zone. During the operation many people were said to have been injured and deaths were also recorded. Katsaura 2010 mentioned that the militarization of the Chiadzwa fields from 2006 to 2009 resulted in gross human rights violations through killings, beating and torturing of illegal miners by the police and army officials. According to a Global Witness report (2010) stated that the deaths can be attributed to the violent assaults by government security forces against diamonds diggers and local communities. It said hundreds of people have been killed and many more have
been beaten, raped and forced to mine for the army and police. Browne (2012) stated that between eighty and two hundred illicit diamond miners were killed by Zimbabwean armed forces in 2008. This was widely reported in the media and by Zimbabwean human rights organizations and the Kimberley process was finally shamed into sending a review mission.

Amnesty International (2009) noted that the violence in Marange reached a peak in autumn 2008, with the arrival of the army and the launching of operation “Hakudzokwi” or You will not return. The operation had two goals to ensure control of the diamond deposits for the Zanu PF elite and to reward the army for its loyalty to clique. More than 800 soldiers were deployed alongside helicopter gunships, killing over 200 people. During the 2006 and 2009 Marange chaos and disorder, the British owned company de Beers showed its interest in Marange diamonds by continuously taking samples from Marange diamonds (Sachikonye:2009).

With the increasing calls from the Kimberley Process (KP) to suspend Zimbabwe, a KP delegation recently investigated what was going on in the diamond fields, and ruled that militia forces are indeed exercising violence against the diamond miners. The KP demanded the temporary suspension of diamond mining in the area. The government of Zimbabwe pledged to remove militia forces from the area in response, and stated that the Marange diamond fields will soon be transferred to a private entity.

The whole controversy shrouded in the discovery of diamonds in Zimbabwe was the involvement of Zimbabwe in the Democratic Republic of Congo war in 1998. Many conflicts were triggered by the involvement into the DRC war. Zimbabwe's involvement in the war was not approved by Parliament, but only by the President, which Presidential approval could have been based on
what the President himself or other national and military leaders stood to gain in terms of illegal diamond mining and contracts awarded to their private companies. After the DRC war there was a flurry of business with the DRC, but because the businesses were based on opportunistic and inexperienced companies formed for that purpose only, they were soon overrun by South African and other bigger players with capacity.

Meredith (2008) also noted that the folly of intervening in the DRC distant war had no interest, at a time when the country’s finances were in a ruinous state and the government was heavily over-borrowed, was evident to all. Both at home and abroad, the Congo intervention was seen as a sign of Mugabe’s growing megalomania. Meredith further states that Zimbabwe’s intervention in the DRC was in exchange of diamonds.

“For a select group of defense officials and businessman however, the Congo offered rich pickings. In return for military support, Kabila was prepared to handout mining and timber concessions and offer preferential trade in diamonds, cobalt and other minerals. The intention was said to be to allow Zimbabwe recoup some of the costs of the war, but beneficiaries tended to be members of the ruling elite,” Meredith (2008).

During that period the international players in the diamond sector accused Zimbabwean elites of looting diamonds in DRC as a form of compensating them for the war they were involved. Browne (2012) supports the looting of diamonds happens everywhere in the world,

“Looting has always formed part of the history of diamonds. None will ever know the full extent of jewellery that was looted during the Second World War in territories occupied by Nazi Germany.”
When the diamonds were discovered in Marange the international players could not come to terms with the discovery opting to have proper investigations done to prove that they were Zimbabwean diamonds not those that they had looted DRC. In 2012 Zimbabwe refused to be involved in the DRC war, another reason given why Zimbabwe is not going was that Zimbabwe’s mining contracts there were cancelled by the Kabila government; probably after the DRC government had learned through a UN report how much Zimbabwean military officials had plundered their resources.

As the gory details of the war in DRC began to trickle in, it became clear that Zanu PF and top military officers were involved in questionable activities in the Congo which earned the attention of the United Nations. Highly secretive military-run companies and corporations were set up, gobbling millions of taxpayer dollars and contributing significantly to the historic economic meltdown which later paralysed the Zimbabwean economy, Tsvangirai (2010).

According to a UN investigation, a company called Cosleg was hastily set up numbering among its key players Laurent Kabila’s son, Joseph; the Speaker of the Zimbabwe Parliament, Emmerson Mnangagwa; and the commander of the Zimbabwe Defence Force, General Vitalis Zvinavashe. It had interests in diamonds and other precious minerals, timber and general supply contracts to the military. An inner circle of army diamond traders instantly turned Harare into a significant illicit diamond trading centre. This circle included Brigadier General Sibusiso Moyo, Air Commodore Mike Karakadzai, and Colonel Simpson Nyathi. Defence Minister Sidney Sekeramayi was cited in the UN report as a political coordinator and a shareholder. None of these findings were publicly refuted by President Mugabe, by the government or by the persons named in the United Nations report, nor was there an alternative explanation. Mnangagwa was
personally involved in the Zimbabwean army's mining deals with Congo-based holding company, JFPI Corporation. But there are a lot of illicit activities he has been linked to such as illegal gold panning and DRC blood diamonds. The United Nations Security Council reports in 2002 and 2003 named Mnangagwa as one of the illegal mineral exploiters in the Congo. Mnangagwa and Thamer Said Ahmed Al Shanfari, were both immediately in the spotlight of a long-standing United Nations investigation into the looting of the Congo's mineral wealth.

According to Tsvangirai (2011) at a governance level, the military assignment in the Congo started to weaken civilian systems of accountability and parliamentary checks and balances. Tsvangirai further states that there was a rise in the personal enrichment of military leaders, an increase in their visibility as an upper class – especially members of the Joint Operations Command (JOC), a body including all the Zimbabwean military and paramilitary leaders. None of the proceeds from the military-run businesses found their way into the public purse at home. A real vacuum cleaner mentality had taken root and was mutating fast, benefitting a tiny elite. The benefits of the Congo war to Zimbabwe were never quantified or explained, nor were any details of the precise events disclosed.

For a year or so, Billy Rautenbach, a Zimbabwean businessman who is reportedly close to Mugabe’s entourage, acted as the managing director of Gécamines, Congo’s state mining company specialising in copper and cobalt. Zimbabwe had a strong military presence in the southern Congolese city of Mbuji-Mayi. Zimbabweans were said to be airlifting diamonds home on a regular basis. With the complicity of some Congolese officials, several prominent Zimbabweans became owners of the two richest diamond mines in Mbuji-Mayi, under a company called Sengamines, Tsvangirai (2011). While Zimbabwe as a state may not benefit
much from the looting of DR Congo’s resources, individual members of the country’s elite reaped the spoils of war.

United Nations report (2002) supports the view that Zanu (PF) senior officials were the ones benefitting from the Chiadzwa diamonds and were involved in the smuggling of the precious stones. While media reports state that individuals such as Mohammed Al Shanfari gained notoriety when he was linked to diamond looting in the Democratic Republic of Congo. Al Shanfari is the owner of Oryx House that is tucked away in Folyjon Close in Borrowdale. He has been linked to Zanu (PF) officials who endorsed Zimbabwe’s intervention in the DRC war in the 1990s in order to take advantage of the strife in that country to smuggle diamonds. Tales have been told of helicopter-loads of minerals being airlifted from the DRC and influential Zanu (PF) members reportedly escorted diamond smugglers to the airport to ensure they were not searched. Even after the certification of the Zimbabwean diamonds, reports are still floating of diamond smuggling and looting by some connected government officials. According to the Zimbabwe Mail (2012), there was a raid in 2012 on a house in Borrowdale believed to be owned by Thamer Al Shanfari, because they suspected they have been storing diamonds from DRC who is the former chairman of Cayman Islands-based mining company Oryx Natural Resources (ONR). This led to the arrest of a Russian national, Alexander Filegon alias Alexander Filatov, and an Israeli, Mike Raslan, who were said to be diamond and gold dealers. Some government officials have been linked to the underhand dealings of diamonds at the Borrowdale house, showing that diamond smuggling and looting still continues.

It is against this background that despite the discovery of diamonds in Marange a number of international players were not fully convinced that the diamonds were not discovered in
Zimbabwe but were looted from DRC by the government officials. Following the discovery of diamonds in Zimbabwe the Kimberley Process which is a composition of more than 80 countries that mine diamonds from Zimbabwe worldwide found that the diamonds from Zimbabwe from Marange are being mined under serious conditions of human rights abuses, with endemic smuggling and rampant corruption. This was in breach of standards set by the organisation. But because its members include Namibia, Russia and South Africa which support President Robert Mugabe, the group decided in November 2009 not to suspend Zimbabwe or ban sales of diamonds.

President Robert Mugabe’s Speech at the 2012 Diamond Conference reiterated that experts indicate that Zimbabwe’s diamond production could double the current global output and easily contribute by 2015, 25 percent of the world’s supply by value and 30 percent by volume. President Mugabe stated that the country has not been able to realize full benefits, particularly from diamonds mined in Marange. The diamonds have been marketed at depressed prices owing to a negative buyer perception resulting from illegal sanctions, Mugabe Speech (2012). The country has a number of diamond mines namely, Murowa Diamond, River Ranch Mines, Marange Resources (formerly Canadile Mine), Mbada Diamonds, Anjin, Sino Zim and Pure Diam.

Kimberley Process Certification Scheme (KPCS) is a regulatory system which assures that the diamond trade and industry can operate confidently in a market free from so-called ‘conflict diamonds’. Chiadzwa’s diamonds exports were banned from November 2009, after a KPCS monitoring mission found evidence of non-compliance and human rights violations. Many countries including the United States, Canada, Australia and a group of human rights groups
blocked exports resumption in 2010. They embarked on an economic campaign to smear Marange diamonds, alleging that they were blood diamonds produced under conditions that encourage human rights abuses. External diamond players tried to label Chiadzwa diamonds as blood diamonds. The idea was facilitated by neo-imperial organizations such as Global Witness and Partnership Africa Canada which peddled reports of unfounded human rights abuses at Chiadzwa. This view is also supported by former South African President Thabo Mbeki who stated the following statement at the Diamond Conference held in Zimbabwe in 2012,

“In the very short years that since Zimbabwe started mining and exporting diamonds international debate has been unjustifiably hostile to Zimbabwe and has sought use Kimberley Process incorrectly to classify Zimbabwean diamonds as blood diamonds. We will work hard to ensure that KP is not misused to compromise the right of Africa as a whole, a major diamond producer, to the fundamental and inalienable right to self determination and to the right of development.”

At the 2012 Diamonds Conference in Victoria Falls, South African Minister of Mineral Resources Susan Shabangu in her speech reiterated the same statement supporting the Mbeki view.

“It was not so long ago that Zimbabwe particularly the Marange diamond fields, was in news for alleged human rights violations which led to the impasse in the Kimberley process for a while.”

These are some of the issues raised by the EU and the US and which led the World Federation of Diamond Bourses (WFDB) to caution its affiliate diamond bourses against trading directly or indirectly in diamonds originating from the Chiadzwa fields in the Marange district. The World
Diamonds Council was established in 2000 under the auspices of the UN by representatives of the diamond manufacturing trading companies. In turn, UN defined blood diamonds as diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognized governments and used to fund military action in opposition to those governments or in contravention of the decision of the security council. The Kimberley Process was then instituted by the diamond industry requiring all shipments of rough diamonds be made in tamper-proof containers and accompanied by a certificate identifying the country of origin, the size and value of each shipment and the identity of the exporting authority. However, the Kimberley Process also adopted a much narrower definition of blood diamonds than did the UN, and excluded cut and polished diamonds. In doing so, it made a mockery of the UN intentions (Browne 2012). As a result, a report from ZMDC says that over USD 80 million of diamonds sold were blocked in Dubai due to a 17 November 2010 order banning export of Marange diamonds.

The International Monetary Fund in September 2011 announced that Zimbabwe had been placed on its alert list as a safe haven for syndicates engaged in money laundering and financing of terrorism. It is noted that due to its weak law enforcement and laxing bank controls, Zimbabwe is seen as a playground for money launderers, some of whom have links to the international terrorist cells.

In May 2012, Finance Minister Tendai Biti said only a small group of powerful figures in Zimbabwe was benefiting from diamond trade. Minister Biti is on record saying the Treasury was not receiving revenue from Anjin, a diamond mining company in Chiadzwa. Global Witness, a United Kingdom based non-governmental organisation claims it was highly possible that the
revenues had been diverted to the company’s part owners in the military and the police.

A steady influx of unlawful diamonds from Zimbabwe to Mozambique is providing fresh wealth to border towns. Traders use mules that often ingest the stones to smuggle them into Mozambique where they are linked to dealers from Lebanon, Belgium, Iraq and Mauritania and the Balkans, many of them with connivance of the army and the police. According to the London Telegraph (2011) the construction of the run away is well underway and includes a newly built tower. Although industry leaders including the World diamond council have called on Jewellers to maintain vigilant to prevent the sale of diamonds from Marange district, many jewelers many countries continue to sell Zimbabwe diamonds as conflict free while failing to demand an international system that can ensure that all diamonds are ethically mined.

There has been growing concern about the increased involvement of the Zimbabwe National Army in diamond mining activities. Finance Minister Tendai Biti revealed at a conference hosted by Center for Natural Resource Governance in May 2012 that Anjin Investments was in partnership with the Zimbabwe National Army and not with the Zimbabwe Mining Development Corporation (ZMDC) as is the case with other joint ventures in Marange. ZMDC was formed by an Act of parliament to oversee the development of mining in Zimbabwe. The Anjin–Zimbabwe National Army relations came to light through a $98 million loan extended by China to Zimbabwe for the construction of a Defense Academy. The loan was to be repaid with diamonds mined at Anjin, Zimbabwean mail (2012)

However KPCS certified companies operating at Chiadzwa as compliant to its minimum requirements. This happened during the 2011 KPCS plenary session in DRC, where Anjin investments and Marange resources were granted permission to export diamonds without
hindrances. The country still faces challenges from western countries led by the United States since the sanctions imposed on the country are still in effect. The writer has not come across enough documentation on the conflicts surrounding diamond mining in Zimbabwe, hence, the need for this study. Yet revenue from the Marange diamond fields can be worth billions of dollars that could rebuild a country ruined by decades of mismanagement. The country is estimated to have over 16.5 million tones of diamond reserves available for mining.

Browne (2012:121) states that Zimbabwe diamonds fields in Marange are said to cover more than five hundred and sixty six square kilometers of the Zimbabwean bushveld in the Chiadzwa district, he further alludes that the estimated is that Marange field was worth 800 billion pounds and that it contained one quarter of the world’s diamond reserves.
3. PROBLEM STATEMENT

According to the Kimberly Process Certification Scheme Zimbabwe is currently holding at least 25% of the world diamond reserves in Marange only and more diamond deposits have been found in other parts of the country, yet diamond sales and the development of the diamond sector do not seem to fall in line with this fact as the contribution of the diamonds to the national fiscus is minimal. Ever since the discovery of diamonds, the country has been facing challenges in the process of distribution, allocation and extraction of these natural resources.

While Minister of Mines and Mining Development Obert Mpofu argues that the deals were rushed through because the government was in urgent need of foreign exchange there was little evidence of actual revenues having been generated.

Zimbabwe still depends on exporting raw diamonds to the international market while in return importing more expensive processed goods. The country has been facing challenges in the diamond sector which has allowed it to be under scrutiny from international community.
4. RESEARCH QUESTIONS

At the end of the study, the researcher sought to answer the following questions;

i. Who is in control of diamonds in Zimbabwe?

ii. What are the major reasons behind the conflicts of diamonds in Zimbabwe?

iii. What recommendations can be provided for the government of Zimbabwe in light of the conflicts surrounding the discovery of diamonds?

5. RESEARCH OBJECTIVES

The following were the research objectives;

i. To establish the powers behind the control of diamonds in Zimbabwe

ii. To establish the major reasons behind the diamond conflicts in Zimbabwe.

iii. To establish the major impacts of the diamond conflicts in Zimbabwe

iv. To provide recommendations to the government of Zimbabwe in light of the conflict caused by the discovery of diamonds.
6. SIGNIFICANCE OF THE STUDY

This study has a number of beneficiaries who include, among others, the Government of Zimbabwe, the diamond mining sector and the academic world. Each of these stakeholders benefits in different ways.

The mining sector in general would benefit from the study. A descriptive analysis of the macro conflicts emanating from the discovery of diamonds in Zimbabwe would bring out clarity on the importance of solid international relations towards the success of any mining sector since the sector depends more on exports than domestic sales. Such information would help in developing organisational strategies that are in line with global factors in the globalised economy in order to increase sales. The diamond mining sector, in particular, would benefit more from the study.

According to the Kimberly Process Certification Scheme, Zimbabwe is considered to be one of the top five countries with diamond reserves. Since the selling of Zimbabwean diamonds is done on the international market, it is important to know the impacts of such things as negative perception and strained relations with the international community on the selling of diamonds. The government would benefit directly through information and the knowledge of such impacts as well as indirectly through increased sales from the diamond mining sector.

The academic world would benefit through the addition to the available literature on the macro conflicts emanating from the discovery of diamonds in Zimbabwe. This could be extended to other developing nations in their academia. Since there are limited resources and research articles in conflict diamond and currently the academia is relying more on news media, this study could
benefit the academia more by providing the needed literature for future in the diamond mining sector which is considered very critical in today’s economy.

7. ASSUMPTIONS

The Researcher made the following assumptions;

- The researcher would get access to information on conflicts over diamonds from embassies and the Ministry of Mines as well as other government sectors. Failure to get all the information from the will result in the researcher using documented information and primary sources of data.

8. DELIMITATION OF THE STUDY

The main purpose of this study was to provide a descriptive analysis of the macro conflicts emanating from the discovery of diamonds in Zimbabwe over the period 2001-2011. Geographically, the majority of respondents were drawn from Harare although other respondents were drawn from around the country including mining companies. Respondents included economic analysts/experts, government representatives from the Ministry of Mines, diamond mining company executives and representatives from embassies.

Diamond mining companies to be interviewed include Marange Resources, Mbada Diamonds and Murowa Diamonds while the study also included the American Embassy and the Australian Embassy. This is because the headquarters of most of the diamond mining companies in
Zimbabwe are located in Harare so it is easier for the researcher to get information needed for the study.

9. LIMITATIONS TO THE STUDY

- The findings of the study may be affected by politics especially when senior government officials are involved, these may not open up freely to the researcher.

- Embassy representatives may feel threatened by the study and may not be honest in their responses. However, the researcher made sure all necessary protocols were observed and approvals were granted in order to reduce opposition. The researcher also assured the respondents that the study was purely academic and that their confidentiality was guaranteed.

- Because this was a case study and only focused attention on Zimbabwe, the results of the study may not be used to give a generalised picture to other developing nations.
10. DEFINITION OF KEY TERMS

Sanctions - are penalties or other means of enforcement used to provide incentives for obedience with the law, or with rules and regulations.

Conflict - is an ongoing state of hostility between two groups of people.

Macro conflict – Internationally it is a conflict between two or more nations. In competitive situations, the two or more parties each have mutually inconsistent goals, so that when either party tries to reach their goal it will undermine the attempts of the other to reach theirs.

A blood diamond- (also called a conflict diamond, converted diamond, hot diamond, or war diamond) is a diamond mined in a war zone and sold to finance an insurgency, invading army's war efforts, or a warlord’s activity. These terms are particularly used in the context of diamond trading to indicate the negative effects of their sale.
11. SUMMARY

In this chapter, the researcher discussed the background to the study, in which he explained the study problem. The main focus of the chapter was on discussing problem areas regarding the conflicts of diamonds in Zimbabwe and the challenges faced by the Zimbabwe diamond mining sector over the period 2001-2011. Although the country is now a member of the KPCS, the western countries still argue that there is no democracy in Zimbabwe and that there are cases of human rights violations among other things, hence the conflicts surrounding Zimbabwean diamonds are still rampant. However, the researcher argues in this chapter that the conflicts surrounding Zimbabwean diamonds are most likely to have impacts on the country’s diamond mining sector which depends on the exportation of diamonds to the international market. Other things covered include problem statement, research questions, and research objectives, significance of the study, delimitation of the study, study limitations and the definition of key terms. The following chapter presents and reviews the relevant available literature on the topic of sanctions and its impacts on the diamond mining sector.
Chapter 2: Literature review

2.1 Introduction

This chapter will focus on the theoretical framework through which the study will take as well as related literature. In this study, the researcher looked at the descriptive analysis of the macro conflicts emanating from the discovery of diamonds in Zimbabwe. The current review of literature covers the different kinds of conflicts related to diamond mining as well as conflicts related to other natural resources with examples from other countries. The researcher also draws the reader’s attention to the discussion of some theories that were deemed applicable to the situation of Zimbabwe.

2.2 Theoretical framework

The study will be based on the greed and grievance theory by Collier and Hoeffler (2002). In recent years, two phenomena have been utilised to explain conflict onset among academic economists: greed and grievance theory. According to this view, conflict reflects elite competition over valuable natural resource rents, concealed with the fig leaf of collective grievance. Additionally, rebellions need to be financially viable: civil wars supported by natural resource based rents like blood diamonds or oil, or when sympathetic Diasporas provide a ready source of finance, are more likely to occur.

The theory is of utmost importance to the study because in the Zimbabwean diamond situation senior government officials were said to be looting resources at the expense of the nation. Despite the diamonds being discovered in 2001 there has not been tremendous change in terms of
developments yet the officials are said to be benefiting yet the economy is not performing well.

The current scholarly debate on resource wealth and armed conflict was triggered in the late 1990s, when findings emerged of a statistical correlation between a measure for countries, "natural resource endowment and the incidence of civil war (Collier & Hoeffler, 1998; Collier, 2000). This finding was initially interpreted as evidence that resource wealth makes armed conflict more likely.

Be it as it may, the greed and grievance theory continues to lose ground as many conflicts do not lend themselves to such a simplistic categorisation. The causes of conflicts are multiple and in the case of Africa there is need for a universal explanation for the prevalence of the conflict, then the concert of marginalization both in the material and political sense might provide a much more useful point of departure for any analysis of the motivators of the conflict.

The study will review the Zimbabwean situation by analysing these conflicts beyond what scholars have attributed, this will also be of benefit because there are very few literature on Zimbabwean diamonds because the issue is still topical. This study will also fill in the gap by proving relevant material on Zimbabwean diamond mining sector.

2.3 Greed and Grievance Theory

The “greed versus grievance” theory provides opposing arguments on the cause of civil war. Proponents of the greed argument posit that armed conflicts are caused by a combatants’ desire for self-enrichment. These motivations are manifested in multiple ways, including economic gain through control of goods and resources or by increased power within a given state. Conflicts started through greed are often seen in states with negative economic growth and/or systemic
poverty, as this implies limited state capacity to provide opposition groups with economic concessions as well as the likelihood of the absence of an effective military or police apparatus to contend with those seeking power or resources.

Paul Collier and Anke Hoeffler (2002) wrote one of the seminal pieces defending greed over grievance. They found that factors that increase the military or financial viability of rebellion correlated with more instances of conflict than factors leading to grievances. Lootable natural resources such as diamonds, drugs, and timber were specifically cited as sources of financial wealth that cause conflict; thus confirming that countries with abundant natural resources have a higher risk of conflict. Collier P, and Hoeffler A, (2002) also make an important distinction between preferences and constraints in terms of circumstances that favor rebellions. Societies can be more prone to conflict because preferences for rebellion are unusually strong or because constraints on rebellion are unusually weak – the former being aligned with grievance and the latter with greed. These variables are important to establish because a potential rebel groups might have grievances that align with rebellion, but if they are in a state with excessive constraints on rebellion there is little chance at success.

Financing combatants is crucial to the success of any rebellion. Extortion and donations from diasporas are two possible financial sources used by rebellion groups. The extortion of primary commodity resources is especially suited to the operations of rebel groups, as they are often made up of unskilled labor and given whatever weapons are available. As rebel organizations need to be fairly large to have a significant impact and incite a civil war, the looting of primary commodity resources is the best way for them to maintain financial viability. Examples of this include diamonds in Sierra Leone and Angola, timber in Cambodia, coca in Columbia, and poppy
in Afghanistan. Another factor that relates to lower constraints on rebellion is that primary resources are often found in rural locales. Thus, they often require an army to defend a large area, something that is much less likely in weak states that cannot sustain a military apparatus.

Diaspora populations are also likely funding sources for rebel groups, as was the case with the Tamil population in North America funding the Tamil Tigers in Sri Lanka. Diaspora populations, who are usually wealthier than their native counterparts, are able to mobilize for collective action, and do not directly suffer the consequences of a conflict. While the potential for diasporas to be financial backers of rebel groups was noted, Collier and Hoeffler found that diasporas themselves do not increase the risk of conflict. Overall, Collier and Hoeffler’s study drew multiple conclusions in support of the greed model. Faster economic growth reduces risk, likely because it raises the opportunity costs of joining a rebellion. The higher a state’s dependence on primary commodities, the greater the risk of conflict; this is due to the resources being a main financial component of rebel groups and a weak governmental structure. However, they observed that if there is a particularly high dependence on primary commodity resources, conflict risk declines as states find ways to protect their resources and deter looting.
2.4 Background to conflict on diamonds

Diamonds are judged by the “four-Cs”: carat, clarity, color, and cut all around the world, (Carlsbad, 2004). In the late 1990s, however, consumers have been asked to inquire about a fifth C: conflict. Conflict or blood diamonds are rough diamonds traded by rebels to finance their armed conflicts against legitimate governments (Browne, 2012). Blood diamonds have fueled and funded wars, massive death, and refugee crises in Angola, Sierra Leone, Liberia, the Democratic Republic of Congo (DRC), and Côte d’Ivoire. Even the lower-end estimate suggests a significant source of war funding, given that the annual diamond trade is worth around $7 billion.

In recent years, the United Nations Security Council (UNSC) and the international diamond trading community have made a cooperative effort to stem ongoing conflict in Africa by issuing sanctions against the sale of conflict diamonds in the international market. UNSC diamond sanctions prohibited all United Nations (UN) member states from importing African diamonds that did not carry a special certificate of origin issued by a government that the UN recognised as “legitimate.” The objective of these sanctions was to keep diamonds originating from rebel-controlled territories from entering the mainstream international market (Tamm, 2002).

Initially, these and other UNSC sanctions had little effect in mitigating the conflict diamond trade because of non-compliance problems on the part of diamond importing member states. After much pressure from non-governmental organizations (NGOs) such as Global Witness, the international diamond monopoly De Beers agreed to cooperate with the United Nations and with
African government leaders to devise a more effective diamond monitoring system. In December 2000, the United Nations General Assembly passed a resolution calling for the establishment of an international certification scheme to enforce UNSC diamond sanctions (Kimberley Process Background, 2003). In 2003, the Kimberley Process Certification Scheme (KPCS) was created to serve this purpose. The KPCS required officials in participating diamond exporting countries to attach a forgery-proof certificate of origin to each “legitimate” shipment of diamonds leaving the country, and for officials in importing countries to verify the shipment upon arrival (Kimberley Process Background, 2003). According to KPCS estimates, the percentage of conflict diamonds in the world market has dropped from 15% in the 1990s to less than 1% in 2006 (Kimberley Process Report, 2006).

2.5 EVIDENCE OF DIAMONDS MACRO-CONFLICT

The commodity chain from ground to retailer is all but glamorous and that is true for blood and so-called clean diamonds. Diamonds are found in many places around the world; approximately 26 countries mine for diamonds worldwide. Botswana, Australia, Russia, the DRC, South Africa, Angola, and Canada are the top producers of diamonds. Globally, approximately 160 million carats, or 32,000 kg, of diamonds are mined every year (Royal Bank of Canada 2009). Of those, 30 million carats are gem diamonds. This amounts to an annual $9 billion in industry revenues. Diamonds are found in either alluvial or kimberlite deposits. Alluvial diamonds are the result of millions of years of erosion which brought diamonds to the surface across vast areas, usually along riverbeds. Artisanal miners dig for these diamonds with basic tools such as shovels and sieves. African countries with large alluvial diamond reserves are Angola, the Central African
Republic, Côte d’Ivoire, DRC, Guinea, Ghana, Liberia, Sierra Leone, and others. Kimberlite diamonds, on the other hand, are mined with capital-intensive machinery that extracts the diamonds directly from volcanic pipes. Kimberlite deposits are the source for most of the diamonds mined in the top producing countries, except for the DRC and Angola. Much of the diamond deposits, particularly kimberlite mines, are owned by states that frequently hold licensing agreements with companies like De Beers for diamond extraction. For example, Debswana, the company in control of Botswana’s diamond extraction, is co-owned by the government of Botswana and De Beers. In Russia, on the other hand, ALROSA, a state-owned company, is in charge of all of Russia’s diamond extraction.

Diamonds have largely been a blessing for kimberlite diamond countries like Botswana and a curse for alluvial diamond nations like the DRC or Sierra Leone. Nations who suffered from the negative effects of blood diamonds all have alluvial diamond deposits. Rebels frequently control alluvial diamond fields and poor artisanal diamond workers are easily recruited for rebel armies or to sell the diamonds they find to regional warlords. Kimberlite mines on the other hand are more easily regulated with stable ownership by states and private enterprises, contained and controllable sites, salaried employees, and anti-smuggling infrastructure, like x-ray machines. The type of industry and extraction goes to the root of the conflict diamond problem and without adequately regulating artisanal diamond mining, the volatility for conflict remains (PAC and Global Witness 2004).

Angola’s civil war plagued the country since it gained independence from Portugal in 1975 (Collier and Dietrich, 2000). During the cold war, the Soviet Union funded the Marxist M PLA government of Angola, while the United States supported the UNITA rebels and their leader,
Jonas Savimbi. After the cold war ended and alternative sources of funding dried up, UNITA increasingly funded its war effort through the trade of diamonds. It is estimated that UNITA controlled 60 to 70 percent of Angola’s diamond trade between 1992 and 1999, which translated into $3.7 billion in income (Global Witness, 1998).

In Sierra Leone, the RUF waged a brutal civil war from 1991 to 2002. The RUF’s tactics included amputating limbs and the use of child soldiers. The trade in diamonds funded the ongoing war, which killed an estimated 75,000 people. Liberia’s Charles Taylor, who took power amidst Liberia’s civil war (1989–2003), sponsored the RUF in an attempt to destabilize his neighbor. He provided the RUF with weapons and training in return for diamonds. Taylor is currently standing trial in The Hague for crimes against humanity. Liberia is now led by the first female president in Africa, Ellen Johnson Sirleaf, who was democratically elected in 2005.

The DRC (former Zaire) experienced multiple civil wars in the 1990s and has suffered the greatest death toll, approximately 4 million lives. Diamonds were among the resources (including coltan and cassiterite) that fueled various factions in the fighting. Most recently, conflict has flared in the Goma district in eastern DRC, where Tutsi rebel leader General Nkunda led its force against the government and Rwandan Hutu army members who fled to that area of the DRC after the genocide in Rwanda in 1994. The various factions in this conflict too have been funded in part by diamonds.

Thus while some of the extensive civil war fighting funded through the diamond trade has come to an end, new conflicts involving diamonds have emerged more recently. Côte d’Ivoire’s civil war started with a coup in 1999. Ivorian diamonds are currently under UN sanctions because the
Forces Nouvelles, a rebel group, is under control of the diamond-rich northern area.

2.5.1 Establishing the gap

While several scholars have attributed that the discovery of natural resources causes civil wars within countries as evidenced by wars in Siera Loine, Angola and Liberia, the Zimbabwean situation is different in that while diamonds were discovered there is no evidence of wars but the issue of sanctions have resorted to these conflicts hence the need for this study.

Scholars have also attributed that the funding accrued from natural resources are used to fund rebels and terrorist groups. This has not been the case in the Zimbabwean situation, there is no evidence of any terrorist group that has been sponsored yet the revenue accrued has no transparency hence the need to fill in the gap to find out how the money is accounted for and who really is in control of the diamonds in Zimbabwe.

2.5.2 International Response

It was impossible for the international community to ignore the ghastly situation fueled by the desire for diamonds in Africa. As early as 1998, NGOs such as Global Witness and Partnership Africa Canada became actively involved in the campaign to publicise and ultimately put an end to the brutal African conflicts both caused and funded by diamonds. These organizations published myriad reports condemning the human rights atrocities linked to the diamond trade (Woody, 2000). In May 2000, major diamond trading and producing countries, diamond industry representatives, and NGOs met in Kimberley, South Africa to discuss ways to confront the conflict diamonds issue. Mindful of the importance of the legitimate diamond industry upon
which numerous countries rely on the participants began a three-year negotiating process, the Kimberley Process, to institute an international certification scheme for rough diamonds (Global Witness, 2008).

Faced with mounting pressures and the risk of a “potentially crippling consumer backlash and boycott,” the diamond industry was aware that the time was ripe for action (Wallis, 2005). At their meeting in Antwerp, Belgium in July 2000, the World Federation of Diamond Bourses and the International Diamond Manufacturers Association—the two largest international diamond trade organizations (World Diamond Council, 2008) passed a resolution creating the World Diamond Council (WDC). In addition to representatives from the diamond industry itself, the WDC was to include emissaries from nations where diamonds play a major economic role and the international banking sector. The WDC was charged with the development, implementation, and oversight of a tracking system for the import and export of rough diamonds so as to thwart the exploitation of diamonds for illicit purposes such as war and the infliction of cruelty (Goldman, 2008).

In December 2000, the United Nations General Assembly unanimously adopted Resolution 55/56, recognizing the role of diamonds in fueling conflicts (World Diamond Council, 2008). This resolution called upon the international community to develop and implement a “simple and workable international certification scheme for rough diamonds” based predominantly on national certification schemes and internationally agreed minimum standards (ibid). In addition to this and other related General Assembly resolutions, a number of UNSC resolutions imposing sanctions for trading in conflict diamonds have also played an active role in responding to and shaping the conflict diamond agenda (Goldman, 2008).

After three years of negotiations, the international cooperation sought by the UN was realised in
the form of the Kimberley Process Certification Scheme. The KPCS, which was put into practice in January 2003, is an international certification scheme for the import and export of rough diamonds with the goal of preventing trade in conflict diamonds while protecting the legitimate diamond trade (WDC, 2008). As described by one commentator, the KPCS has three main elements: a system of internal controls from the mine to the point of export; requirements for shipping rough diamonds; and a system to track the movement of rough diamonds after the point of export (Goldman, 2008). As of September 2007, the KP had 48 participants representing 74 countries, with all European Community countries counted as a single participant. The KP thus applies to more than 99% of global rough diamond production.

Although the meetings that engendered the KPCS lacked the benefit of formal or diplomatic status and the agreement does not constitute a treaty, the Kimberley Process accords resembled any ordinary legislative process; in addition, the U.N.’s backing of the KP serves to buttress its international legitimacy (Feldman, 2003). However, while some commentators have argued that the KPCS should be viewed as legally binding, many others describe the scheme as a mere political agreement that technically lacks “the binding force of international law” and thus neglects to provide a framework for legal means of enforcing the failings of participants. According to Wallis (2005) KP participants are required to pass national laws implementing import and export control regimes, which must entail the use of KP certificates to accompany all shipments of rough diamonds both leaving and entering their respective countries. In theory, this should prevent conflict diamonds from entering the legitimate “diamond pipeline.” In practice, however, the KPCS’ lack of an international monitoring body or legally binding compliance standards has proved a serious weakness (Woody, 2000).
The KPCS prohibits participants from trading in rough diamonds with non-participants. Since the category of nonparticipants encompasses some members of the World Trade Organisation, the KPCS restricts some trade between WTO members and thus violates certain articles of the General Agreement on Tariffs and Trade treaty (Goldman, 2008). However, in May 2003, the WTO granted a waiver on trade restrictions so as to proscribe the exportation of rough diamonds to non-participants in the KP. In the past, the waiver was reviewed annually; in December 2006, the WTO extended the waiver for six years (WDC, 2008).

While the international response to other diamond selling countries is through negotiations this has not been the case with Zimbabwe. Zimbabwe was put on sanctions which means that they are not able to sell diamonds anywhere in the world. Diamonds have to be smuggled to realise profit which is what the researcher is trying to bring out by giving a descriptive analysis of the macro-conflicts emanating from the discovery of diamonds and this has been ignored by many scholars.
2.6 **General frameworks of resource conflicts**

Le Billon (2008) coins explanations for the links between resources and conflict into three broad frameworks: the resource curse, resource conflicts, and conflict resources. While borderlines between them are sometimes blurred, each account points to distinctively different dynamics. The researcher also adds fiscal transparency to the three and all these are discussed in the following sections.

2.6.1 **The resource curse**

This explanation focuses on the negative effects of resource wealth at the country level. Slow economic growth, corruption and authoritarian rule, factors that tend to be associated with resource abundance; make for unstable domestic politics. The crowding out of the non-resource sector due to currency overvaluation and rent-seeking hinders the emergence of a middle class. The dominance of the state-controlled extractive sector renders the economy vulnerable to the volatility of commodity prices on the world market, which complicates long-term planning and exposes the resource-rich country to boom-and-bust cycles. This vulnerability, combined with the global peri-phenalisation of commodity-exporting economies, can create breeding ground for conflict. Le Billon (2008: 347) sums up broader findings on these macro-level dynamics as follows: “the characteristics of countries most vulnerable to civil war since 1946 are low per capita income, declining economic growth rate, “weak” state coercive capacity and institutional authority, and political regimes in transition.” Countries that are rich in resources but where most of the population is poor tend to develop governance problems and weak institutions as they start depending on exporting high-value commodities. If such countries see falling economic growth
and political transition they will be particularly vulnerable to conflict; or so the account goes. At the more micro level, in resource-dependent countries citizens have few economic opportunities outside of the extractive sector; they depend on an often corrupt public sector; and find few avenues to voice their concerns due to the repressive nature of the rentier state – all of which are traits that can be conducive to violent conflict.

2.6.2 Resource conflicts

In this framework, akin to the “grievance” account of civil war; conflicts arise in response to various actors’ attempts to control the finite pool of natural resources. In the analysis of Le Billon (2008: 349), such “resource conflicts” comprise both “livelihood conflicts pertaining mostly to renewable resources” and “national or military resource security pertaining to mostly nonrenewable resources such as oil and „strategic” minerals.” Resource conflicts hence arise because of the perceived importance of the resources in question, be they renewable or nonrenewable, and because of different actors’ seemingly incompatible claims to these resources.

2.6.3 Conflict resources

In this third account, resources connect to conflict because they constitute an opportunity for enrichment and profit for individuals and organizations. The high value of the resources attracts agents with an economic agenda who are willing to take up arms, and/or to encourage or force others to do so, in order to access the resources and the profits derived from extracting and selling them. While an early version of this argument focused on how resources chiefly attract civilians to take up arms as part of an insurgency (e.g. Collier & Hoeffler 2004), later accounts have focused on how resources can become “conflict resources” also as a result of activities by regular army soldiers and state agents more broadly, and by agents from beyond the conflict scene.
2.6.4 Fiscal transparency

In resource-rich environments, key actors often have an interest in secrecy. Governments may want to hide figures on natural resource and other revenues in order to maximize their bargaining power vis-à-vis foreign investors, while firms may have a similar interest since their market position may deteriorate if they “publish what they pay” while other companies do not (Ballentine & Nitzschke, 2005). Fiscal transparency, on the other hand, can enhance the accountability of the regime and of their business partners toward the citizenry, and thus strengthen state-society relations and societal trust deemed crucial for state- and peacebuilding. Possible resistance against transparency from governments and companies should therefore be addressed. In this vein, it has been suggested (Ballentine & Nitzschke, 2005) to make disclosure of natural resource revenues by governments and/or companies a condition:

- for the resource-rich state to receive development aid; and

- for the national export credit agencies where investors are based to give lending, insurance, and project finance to the resource-rich state.

As regards aid, the effectiveness of conditionality will depend on how important the aid is as a source of revenue for the recipient state. In many resource-rich countries, such as Angola, the generous revenue streams from resource endowments make aid less important. Yet in post-conflict settings, such external assistance might prove unusually important even in well-endowed states, given the extra costs of reconstruction and postwar development. Le Billon (2005) proposes that this aid instrument also can be used towards a neighboring state that continues to
thrive on a surviving war economy of its neighbor. Aid conditionality was brought to bear on Thailand in the 1990s, for example, targeting its trade with resources from neighboring Cambodia. While this measure apparently did help reduce illicit activities, timber trade still represents a major challenge for peace consolidation in post-war Cambodia (Smoke & Taliercio Jr., 2007).

2.7 Effects of resources at the macro and micro levels

These general frameworks touch on a number of dynamics that may link natural resources to violent conflict. Over the last decade academic research has elaborated on how these dynamics work. Central foci in macro-level studies include how conflict relates to renewable vs. non-renewable resources; to resource abundance vs. dependence, and to rentier states and institutional weakness often associated with resource wealth. Micro-level studies have explored how resource wealth may provide incentives for peaceful or violent behavior.

2.7.1 Renewable versus non-renewable resources

Which of these types are more closely tied to armed conflict? The academic debate suggests that non-renewables are most clearly connected to large-scale violence. To the extent that the two types of resource figure in conflict narratives, focus is either on abundance of non-renewables that tend to have a high market value, or on scarcity of renewable resources with lower value. While several studies have found a connection between resource scarcity and conflict (Homer-Dixon, 1999; Kahl, 2006), recent statistical analysis has found the connection between resource scarcity and conflict to be fairly weak (Binnings et al, 2007; Theisen, 2008). A statistical study of
the two types of resources finds the correlation between mineral resources and conflict to be far stronger than the one between renewables and conflict (de Soysa, 2002). It seems, however, that renewable resources may give rise to conflict at a lower level of violence (e.g. below the threshold required to define intra-state conflict as civil war), and that conflict may be more tied to the distribution of the limited resources than to scarcity as such Theisen, (2008). Given the lack of consensus in the literature about the links between renewables and conflict, this synthesis focuses on the role of non-renewables.

2.7.2 Resource abundance and dependence

What is it about mineral resources that make them associated with conflict? One answer lies in the extent to which countries that have such resources display an abundance and/or dependence of them. Resource abundance or resource wealth means that there is a high production per capita of the resource(s) in question, while resource dependence implies that the resources constitute a high proportion of the country’s exports. As Le Billon (2008: 354) shows, an economy can be fairly dependent on a resource that it hardly has an abundance of (e.g. Sierra Leone, where diamonds make up 17-18% of exports but production is worth less than $100 per capita), and vice versa – they can have abundance of a resource that they hardly depend on (e.g. Angola, where diamond production is worth more than $100 per capita but makes up merely 5-6% of exports). Basedau and Lay’s study of oil and conflict finds that countries that are both resource-abundant and resource-dependent are more peaceful than those that are merely resource-dependent. They suggest the reason is that “only the availability of very high per capita revenues … allows regimes to achieve internal stability” (Basedau & Lay, 2009: abstract).
2.7.3 Rentier state and institutional weakness

The argument that resource dependence is more problematic than resource wealth intertwines with the idea of the rentier state. Rent can be seen as income that accrues from fixed assets, in contrast to income that is generated from productive activities. The availability of bountiful rent from the extraction and export of mineral resources stimulates a dynamic of rent-seeking at the expense of risk-taking and entrepreneurship. If the state controls access to resources with a high market value, rent-seeking by politicians and bureaucrats tends to give rise to authoritarian regimes and weak institutions. This can in turn foster violent conflict, since avenues for peaceful dissent get blocked and institutions become poorly equipped to resolve disputes non-violently. Yet at Dunning (2008) shows, the extent to which the rentier character of mineral-exporting states gives rise to dictatorship and conflict varies, and is conditional upon a number of factors. One factor is the ownership of the mineral wealth, which tends to be assumed by the state although various public-private ownership models are conceivable (Jones Luong & Weinthal, 2006; Stiglitz, 2007).

2.7.4 Investors versus consumers

How resource wealth impacts on micro-level behavior has been less explored than possible resource-conflict connections at the macro level. Jeremy Weinstein’s (2007) study of rebel movements in Uganda, Mozambique and Peru is a notable exception. The study explores variations in behavior between rebel groups, between different individuals who join them, and between recruits and those who opt to stay out. It finds that resource endowments have a significant impact on those behavioral patterns. Rebellions that have more easy access to finance, through the exploitation of high-value resources in their territory and/or through external support,
are more prone to use violence indiscriminately or at random. Conversely, rebellions that depart from social rather than from economic endowments will use violence more selectively and exercise restraint in their relations with civilians, because they need their continued support. Such socially endowed, activist rebellions, Weinstein argues, contrast with the economically endowed „opportunistic“ rebellions; and the two types of rebellion attract different types of individuals. Activist rebellions attract „investors” ready to make sacrifices in the short term in order to gain in the longer term, while opportunistic rebellions attract „consumers” more motivated by the potential of quick returns. So in this perspective, if rebellions occur in resource-rich areas, that resource wealth will make those who participate in the insurgency more likely to exert indiscriminate violence and be abusive toward civilians, than rebels operating in areas with a less stable inflow of finance. Yet in a more recent study of why individuals choose to fight in civil wars, the resource factor does not feature with the same importance. In the Sierra Leonean case explored in that study, participation in any of the warring factions depended on a number of factors: an individual’s relative social and economic position, the costs and benefits of joining, and the social pressures that emanate from friends and community members (Humphreys & Weinstein, 2008: 452). So though resource wealth may lure individuals in pursuit of short-term gain to fight in civil wars, this dynamic is far from deterministic.
2.7.5 Inter versus intra-state conflict

While scholarly writing mostly has focused on how resource wealth affects intrastate conflict, some studies find resource abundance to be associated with international wars as well. Klare (2001a; 2001b) outlines what he sees as a new landscape of global conflict in the post-Cold War era, shaped by the growing strategic value of certain mineral resources. The international community’s attention to the resource-rich regions of Central Asia, the Middle East, and Africa is seen as a sign of this shift. Writing before the outbreak of the Iraq war, the scholar asserts that “behind this shift in strategic geography is a new emphasis on the protection of supplies of vital resources, especially oil and natural gas with global energy consumption rising by an estimated two percent annually, competition for access to large energy reserves will only grow more intense in the years to come” Klare (2001: 50). Klare further argues that the moves powerful countries make to ensure access to key resources can give rise to clashes in resource-rich areas Klare (2001: 59). The assumption that powerful countries intervene elsewhere in pursuit of valuable resources is also the point of departure for another study, which finds that “wars over oil further destabilize faltering regimes” Kaldor et al, (2007). This contrasts with other research which argues that policy and context will determine whether and to what extent oil connects to conflict Humphreys et al, (2007). The assertion that global competition for resources gives rise to international wars is relatively weakly supported by evidence. Inter-state wars have been on the decline in recent years, and the extent to which the international wars that have taken place are resource-related remains contested.

A country’s resource bounty can relate to international conflict not only through global, but also
through regional competition for resources. Some of the civil wars that broke out after the end of the Cold War saw involvement of armed groups from neighboring countries, some of which were active in extracting and selling resources from the country at war. Such groups can be state or non-state. As regards non-state armed groups, one study finds that rebel sanctuaries across borders do increase the probability of an international conflict Salehyan, (2008). It is less known to what extent resource extraction and trade by such foreign militias cause international conflict or internationalisation of internal strife. The argument has also been made that resource bounty can prompt international conflicts by attracting agents representing neighboring states or business corporations, but one study finds little evidence of such a dynamic Humphreys, (2005). Yet given the relative dearth of research on resource wealth and international and internationalised wars, these conclusions remain tentative.

There are a number of conflicts that emanate from the discovery of natural resource hence one needs to dig deeper depending on the level of conflicts.
2.8 Myth on Zimbabwean Diamonds

In this section the author reviewed key information on the suggestion that Zimbabwean diamonds are blood diamonds with the aim of unpacking some of the underlying causes of the Zimbabwe diamond conflict.

By combining information from different sources that included interviews with key stakeholders like ZMDC and Ministry of Mines, parliamentary committee hearings, assessment reports by human rights organizations and an assessment report by the Kimberley Process team, Global witness (2010) concluded that diamonds from Chiadzwa in Zimbabwe were ‘blood diamonds’. In the report “Return of the Blood Diamond, The Deadly Race to Control Zimbabwe’s New-found Diamond Wealth”, Global Witness wrote that “From early 2007, police officers stationed in the diamond fields began forcing miners to work in syndicates under their control; demanding bribes and beating or killing anyone else they found mining in the area.” Violence was said to have reached a peak “in autumn 2008, with the arrival of the army, and the launch of Operation ‘Hakudzokwi’, or ‘You will not return’ to ensure control of the diamond deposits for the Zanu PF elite, and to reward the army for its loyalty to this clique”. However evidence of actual killings in the diamond fields was not given.

The Kimberley Process Mission to Chiadzwa diamond fields in 2010 also concluded that “there were credible indications of significant non-compliance with the minimum requirements of the KPCS and the chief concerns included government involvement in human rights abuses, smuggling and lax control that compromised the entire chain of production”. (Kimberly process
Global Witness also highlighted that “through the Marange diamond fields, one party in the power sharing agreement, Zanu PF, is securing exclusive access to a substantial source of off-budget financing. This gives it means to finance another campaign of attacks on its opponents comparable to the one that it unleashed during the 2008 national election”.

Classification of Zimbabwean diamonds from Chiadzwa as blood diamonds caused unprecedented controversy within the Kimberly Process Certification Scheme to the extent that the existence of the organisation was being threatened as some members threatened to break away. One of the major sources of controversy was that all reports on the human rights abuses were based on evidence given by third party witnesses who were only able to give verbal evidence of torture or abuse of human rights. Reports also gave estimates of numbers of illegal miners who may have been killed but evidence of who was actually killed was not given.

The manner in which Anjin and Mbada Diamonds were granted mining licenses in Chiadzwa also contributed to a suspicion that funds from diamonds were going to be benefit Zimbabwean military leaders and would also be used for sponsoring violence against Zimbabwean people. In the report entitled “Analysis of Zimbabwe’s Diamond Policy”, Centre for Natural Resource Governance (April 2013), it was highlighted that “The majority of diamond mining companies in Marange lacked a proven track record in diamond mining, lending credence to the need for a more prudent and inclusive process of identifying investors in the diamond sector”. This was attributed to “the Minister of Mines having too much power to make unilateral decisions which may have far reaching consequences for the country”. This observation also concurs with the finding in the Global Witness report (2010) that the awarding of mining licences to Anjin and
Mbada Diamonds was done in violation of the government tender procedures. Awarding of licences to mining companies in Chidzwa and commencement of mining activities in the absence of a diamond policy approved by Parliament was an underlying cause for the controversy on whether Zimbabwean diamonds should be classified as “blood diamonds” or not.

2.9 Summary
This chapter has presented and reviewed literature on the subject under study. The chapter looked at the issue of blood diamonds and the sanctions imposed by UNSC which prohibited all United Nations (UN) member states from importing African diamonds that did not carry a special certificate of origin issued by a government that the UN recognised as “legitimate.” A review was also made in the chapter of those countries which ended up having conflicts as a result of the discovery of diamonds and other minerals. The following chapter presents and discusses the study methodology.
Chapter 4: PRESENTATION AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION

In this chapter, the researcher presents and discusses the research findings and results. This is done in line with the study objectives. However, before presenting the findings, she presents the different groups of respondents and their respective response rates in the study.

4.2 RESPONSE RATE

As discussed in the preceding chapter, a sample of 2 financial institutions, 4 mining companies and 5 policy making organizations (1 government ministry/institutions and one 2 industry body responsible for legislation and regulation of the mining sector) were included in the study. The researcher selected at least 2 respondents from each organisation. Questionnaires were used to collect data from politicians, mining companies and ministry of Youths while a combination of both questionnaires and semi-structured interviews were used to collect data from policy making institutions. The following table shows the response rates for each group of respondents.
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<th>Target Population</th>
<th>Instruments</th>
<th>N&lt;sub&gt;all&lt;/sub&gt; of Respondents Targeted</th>
<th>N&lt;sub&gt;all&lt;/sub&gt; of Successfully Completed Questionnaires/Interviews</th>
<th>Response Rate</th>
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<td>3</td>
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4.3 RESPONSES FROM MINING COMPANIES AND KEY STAKEHOLDERS

Responses from respondents from organizations selected on the basis of their involvement in the mining of diamonds are presented in the following sections.

1. Role played by the international community in the development of African states and Zimbabwe in particular

A major role was viewed as the influence the international community has on the flow of FDI (Foreign Direct Investment) into African states. In the case of Zimbabwe, the imposition of sanctions was viewed as having had a negative impact on the country’s ability to attract investment especially from the West.

The other roles were stated as provision of markets, skills and technology transfer, facilitation of trade and provision of financial support for projects and provision of funding for various social and economic projects. In the case of Zimbabwe the international community was viewed as a provider of markets for Zimbabwean goods (processed and raw materials) through bilateral trade agreements and agreements with regional blocks like COMESA, SADC, African Union and European Union. Skills and technology transfer was perceived as being provided through government to government technical cooperation, capacity building projects, study tours and scholarship programmes for Zimbabwean students to study abroad. Provision of funding for various social and economic projects was said to be done through foreign aid agreements, long-term loan agreements and humanitarian projects in times of drought and other natural disasters. The international community was also viewed as being there to enforce the upholding of the rule
of law.

2. Effect of “internationally imposed sanctions on Zimbabwe”.

4.3.1 Trends on Internationally imposed sanction

Figure 4.1 shows that 71% of respondents strongly agree that internationally imposed sanctions have done more harm than good to Zimbabwe, whilst the remaining 29% partially agreed that Zimbabwe has been affected by the sanctions. This shows that sanctions have had some negative impact on Zimbabwe.
3. The discovery of diamonds in Zimbabwe and the negative impact of macro conflicts on the nation in general, the diamond mining sector and the general populace

Most of the respondents had a view that the nation in general had been negatively impacted by the macro conflicts emanating from the discovery of diamonds in Zimbabwe to a large extent. Respondents argued that the country was being denied permission to sell its diamonds for a long time and this resulted in the country losing millions of dollars which could have boosted economic growth. The discovery of diamonds led to the intensification of economic sanctions and international scrutiny on Zimbabwe. The United States, European Union imposed sanctions on diamond companies with the office of foreign assets control (OFAC) of the US intercepting revenue, this curtailed the growth of the sector.

Findings from the Kimberly Process Certification Scheme Review Mission to Zimbabwe (30 June to 4 July, 2009: page 33, 39) support the view that the Kimberly Process Certification Scheme to press Zimbabwe to end the smuggling of diamonds and to ensure that all diamonds from Marange are lawfully mined, documented and exported in compliance with KPCS standards.

Respondents noted that not much revenue was being realized from diamond mining as little was being channelled into the fiscus and yet the country needed the balance of payment support. Respondents also noted that crime and corruption emanating from the discovery of diamonds had retarded socio-economic development.

Macro conflicts within Government (between ministries and departments) on the handling of revenue accruing from diamond auctions and transparency has to a large extent affected
Zimbabwe because critical energies that ought to be invested in the country’s development were being channeled to useless quarrels. This scenario was said to have cast Zimbabwe in bad light in the market hence attracting the term “conflict diamonds” from some groups. Most respondents were also of the view that discovery of diamonds had divided the nation on political lines. Part of the populace have been made to believe that the diamonds were benefiting one political party that is Zanu PF, whilst those that support the MDC have been sidelined. This argument is in line with the observation from literature that “The type of industry and extraction goes to the root of the conflict diamond problem and without adequately regulating artisanal diamond mining, the volatility for conflict remains (PAC and Global Witness 2004)”. Although there have been significant efforts to regularise and control mining of diamonds in Zimbabwe, only one party in the Government of National Unity (Zanu PF) has been responsible for licensing agreements with mining companies agreements have been mainly held with Chinese companies since they are viewed as companies from a country friendly to Zimbabwe. Diamond mining licenses have therefore been issued along political lines to give Zanu PF an advantage in controlling resources. There is therefore a general suspicion among other political parties that some of the revenue from diamonds is not being remitted into state coffers. According to the African Bureau (17 April 2013), the Zimbabwean Minister of Finance, is on record as having said that “there was no money remitted from the diamond sector in January or February 2013, and only about 5 million dollars was remitted in March, despite profits of over $100 million being realized”.

Respondents also highlighted displacement of communities as a negative impact of the macro conflicts emanating from discovery of diamonds in Zimbabwe on the nation. Over 780 families were relocated from Marange to Odzi to pave the way for diamond mining in Chiadzwa.
Communities therefore needed time to adjust to a new environment and it may take time for those affected to get settled. In addition four years after relocation, most of the families complained that they were still to be compensated by the six diamond mining companies operating in the area, namely Mbada Diamonds, Anjin, Marange Resources, Diamond Mining Corporation, Rera Diamonds and Jinan Investments.

The macro conflicts emanating from the discovery of diamonds in Zimbabwe have therefore escalated mistrust between parties in the GNU and have also divided the nation on political lines and in some cases along tribal lines.

Respondents had a view that the macro conflicts emanating from the discovery of diamonds in Zimbabwe reduced the dividends that were being channeled to Treasury since the country had been forced to sell diamonds at low prices. Capital projects in infrastructure and social investments were perceived to have suffered as a result.

Respondents viewed stunted growth as one of the negative impacts of macro conflicts emanating from the discovery of diamonds in Zimbabwe on the diamond mining sector. According to literature, the diamonds have been marketed at depressed prices owing to a negative buyer perception resulting from illegal sanctions, Mugabe Speech (2012). Chiadzwa’s diamonds exports were banned from November 2009, after a KPCS monitoring mission found evidence of non-compliance and human rights violations. Many countries including the United States, Canada, Australia and a group of human rights groups blocked exports resumption in 2010. This automatically meant that demand for diamonds from Zimbabwe was significantly reduced and production had to go down. Growth of the sector was therefore was stunted as a result of the
macro conflicts emanating from the discovery of diamonds in Zimbabwe.

Respondents had a view that there is a cloud of secrecy surrounding diamond mining and this has resulted in some countries through KPCS calling for some boycott of Zimbabwean diamonds which has affected sales of diamond thereby companies realizing little cash flow. This argument is also in line with an observation from literature that some Western Countries suspected that the diamonds being marketed as diamonds from Chiadzwa were actually diamonds smuggled by the Zimbabwean army from DRC. According to the UK Parliamentary Debate Report (www.parliament.uk:17 July 2012), “diamonds from Chiadzwa are smuggled to the town of Vila de Manica, in Mozambique, only 12 miles from the Zimbabwe boarder. This town is crawling with illegal dealers from countries such as Lebanon, Sierra Leone, Guinea, DRC, Nigeria and Israel”. The parliamentary debate concluded that the diamond companies operating in Chiadzwa, mainly Mbada Diamonds and Anjin needed to be included on the sanctions list to ensure diamonds from Chiadzwa were not accepted on the international market.

Respondents noted the difficulty faced by diamond players to auction diamonds on an open market and get fair value on its gems. Diamonds being sold at low prices thereby depriving the mining companies of potential revenues. Since Zimbabwean diamonds are not being sold freely on the marketed, demand for such diamonds is reduced and hence the prices for such diamonds are forced to go down.

This was perceived to have resulted in the much needed investment on the sector being held back, particularly by the Western countries. This has resulted in government using third parties to procure mining machinery from western countries due to sanctions. Procuring machinery through third parties may mean that the country is losing thousands of dollars since third parties may not
get the best prices and routes being used to transport machinery may not be the shortest routes for fear detection.
4. Views on the extent to which macro conflicts emanating from the discovery of diamonds in Zimbabwe have positively impacted on the nation in general, the diamond mining sector and the general populace

Respondents highlighted increased revenue from the mining sector to treasury, creation of significant employment opportunities in the mining and construction sector, increased inflow of foreign currency, increased Foreign Direct Investment and arousal of interest in management of natural resources by the population in general as positive impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe on the nation in general.

Respondents were of the view that revenue from the mining sector to Treasury increased since the macro conflicts paved the way for a large market in China and this has boosted revenue from the mining sector.

Key informant respondents were of the view that macro conflicts forced the Zimbabwean Government to embark on a look East policy which resulted in at least 3 large Chinese Companies establishing diamond mines in Chiadzwa and this created significant employment in the country. Increased inflow of foreign currency and has enabled government to meet some of its obligations in the social services sector. The macro conflicts enabled Zimbabwe to establish world class diamond mining mines at Chiadzwa with assistance from Chinese investors.

The influx of Chinese investors who took advantage of investment opportunities created by the poor relationship between Zimbabwe and Western Countries automatically increased FDI in the country.
Discovery of diamonds in Marange was said to have added more zeal to Zimbabweans and aroused their interest in natural resources and international investors. Zimbabweans have now realized that their country is endowed with great mineral wealth and if properly managed these resources contribute significantly to economic growth. It has generally improved the lives of some for instances companies such as Mbada Diamonds have embarked on a number of charity programmes in a bid to prove critics of diamond mining wrong.

Increased diamond production, increased employment in the mining sector, development of downstream industries such as cutting and polishing, establishment of regulatory systems for diamond mining in compliance with the KPCS requirements and acquisition of state of the art equipment were viewed as positive impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe on the diamond mining sector.

Establishment of state of the art diamond companies in Chiadzwa brought about increased diamond production in the country. This was a result of the government’s look east policy which was a response to the macro conflicts emanating from the discovery of diamonds in Zimbabwe.

Increased employment in the subsector was also stated as a positive impact since the establishment of world class diamond mining companies in Chiadzwa automatically meant employment was created for workers in the construction industry and mining industry. Employment opportunities were also created for transporters since diamonds have to be transported to appropriate ports for export.
Development of downstream industries such as cutting and polishing was also stated as a positive impact on the diamond sector since increased diamond production meant that cutting and polishing of diamonds had to be developed to add value to diamonds before export.

One of the perceived impacts was that the macro-conflicts brought the spotlight on Chiadzwa compelling government to acquire KPCS compliance and curb potential leakage of the gems. As highlighted in literature, “the KPCS requires officials in participating diamond exporting countries to attach a forgery proof certificate of origin to each “legitimate” shipment of diamonds leaving the country, and for officials in importing countries to verify the shipment upon arrival (Kimberly Process Background, 2003).

The macro conflicts were also viewed to have strengthened the need for transparency and for the opening of the sector to new indigenous players. As mentioned in literature the need for transparency is a requirement from the KPCS for the diamonds to be sold freely on the international market. Certification of Zimbabwean diamonds by the Kimberly Process was also approved at a time when the Zimbabwe Government was embarking on an indigenization policy and this meant that indigenous people got an opportunity to participate in the mining and exporting of diamonds.

Respondents were of the view that diamond mining companies have developed innovative ways to market and sell their gems in an increasingly hostile environment as a result of the macro conflicts. This view is also in agreement with the findings from the Kimberly Process Certification fact Finding Mission of March 2010 which revealed that the volume of diamond sales for Zimbabwe had shown an upward trend between 2008 and 2010 (Abbey Chikane, 2010).
The four main diamond mining companies have also gone on to purchase new state of the art equipment to improve their diamond output. All this has also been done to boost the country’s benefit from the mineral as well as prove the West wrong.

A bigger resource envelope for Treasury, creation of employment, compensation of displaced villagers, increased interest in diamond mining and governance issues by the nation in general were highlighted as some of the positive impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe on the nation in general populace.

Respondents viewed that macro conflicts emanating from the discovery of diamonds in Zimbabwe compelled the Government to have a system in place where revenue from diamonds was channeled to Treasury and this increased revenue from mining sector to Treasury for the general population. Treasury had therefore a bigger resource envelope for allocation of funds to different ministries like Ministry of Health, Education and Transport that address the needs of the general population.

The macro conflicts emanating from the discovery of diamonds in Zimbabwe were perceived to have forced the government to bring law and order in Chiadzwa to establish well organized diamond mining companies that created employment for the general population in Chiadzwa.

The macro conflicts emanating from the discovery of diamonds in Zimbabwe were perceived to have forced the Government and diamond mining companies in Chiadzwa to adequately compensate displaced villagers in line with the minimum requirements of the Kimberly Process.

The macro conflicts emanating from the discovery of diamonds in Zimbabwe were perceived by (5%) of respondents to have ignited interest among members of the general to understand how
the diamond mining sector operates.

5. Evaluation of the diamond mining sector in Zimbabwe

All (100%) of the respondents were of the view that the Zimbabwean mining sector had significantly developed between the year 2001 and 2011. This gives evidence to suggest that despite the sanctions imposed by Western Countries, the mining sector has developed significantly.

6. Perceived factors contributing to the level of development highlighted above

Respondents cited the opening of more diamond mines especially in Chiadzwa, increased Foreign Direct Investment especially from the Chinese, opening of cutting and polishing industry, local and international scrutiny of operations at Chiadzwa, availability of state of the art equipment and partnerships with friendly countries like China as some of the factors contributing to significant development of the diamond mining sector in Zimbabwe.

Significant development of the diamond mining sector was attributed by some respondents to the opening of more diamond mines especially in Chiadzwa and this led to increased production (from 1 mine in 2001 to 6 in 2011).

Respondents also cited Foreign Direct Investment especially from Chinese companies and a resultant job creation as a factor contributing to significant development in the diamond mining sector.

Opening of cutting and polishing industry from 0 in 2001 to 31 in 2011 was also stated as factor
contributing to the development of the diamond mining sector. This was also said to have led to
more jobs, skills development and technology transfer.

The level of development was also attributed to Local and International scrutiny of the operations
at Chiadzwa. International scrutiny compelled the government to restore law and order in the
diamond fields and this resulted in an atmosphere that was conducive for growth in the diamond
mining sector as foreign investors found it worth-while to establish mines in the diamond fields.

The sector has developed at a time when Global diamond mining has matured, therefore, players
have been able to access state of the art technologies. Increased investor appetite has also availed
the much needed capital investment.

The desire by the government to prove critics wrong was also mentioned as a factor that
contributed to significant development of the diamond mining sector. The government had to
ensure that the standards and expectations of the international community were met and this also
created an environment that was attractive to big international investors who had the potential to
increase production significantly.

Significant development of the diamond mining sector was also said to be attributable to
partnership between the government and friendly countries that were willing to invest in the
sector since these countries provided a stable market for the diamonds produced in Zimbabwe.
7. **How macro conflicts of Zimbabwean diamonds affected the marketing and trade of Zimbabwean diamonds**

Macro conflicts of Zimbabwean diamonds started at the time when it was discovered by the Zimbabwean government that De Beers (a diamond mining company) who held exclusive diamond prospecting in the Marange area of Zimbabwe where looting diamonds without any benefit to the government. It is estimated that during the time De Beers were prospecting for Diamonds in Marange area, they actually illegally exported more than 100,000 tonnes of diamond ore on the pretext that they were trying to find out if it was worthy mining diamonds in Marange area (Browne, 2012). When De Beers license was cancelled they retaliated by trying to block Zimbabwe from selling its diamonds on the international market.

Respondents highlighted reduced access to markets, low prices for diamonds of good quality diamonds and a biased negative view on diamonds produced in Zimbabwe as some of the effects the macro conflicts of Zimbabwean diamonds had on the marketing and trade of Zimbabwean diamonds. Global Witness (2010) recommended that “Countries which maintain sanctions against the Zimbabwe Mining Development Corporation (ZMDC) should issue a warning to importers not to buy diamonds from either Canadile Ltd or Mbada Diamonds Ltd, as both companies are 50% owned by the ZMDC” and this warning also confirms the views of the respondents.

Macro conflicts of Zimbabwean diamonds were perceived to have led to the closing of some markets to Zimbabwean diamonds. This led to unfair market access and depressed prices and
consequently leading to failure to meet revenue targets. Reduced market access meant that demand for Zimbabwean diamonds had to go down and prices automatically had to go down. Macro conflicts from Zimbabwean diamonds were viewed as having negatively affected trade in the sense of sanctions imposed on companies that produced diamonds and this meant diamonds could not be sold openly on the international market which in turn affected the price at which they can be sold. The MMCZ has not been able to openly market local diamonds. USA, one of the biggest diamond consumers has been passionately opposed to local GEMs. Zimbabwe has thus had to change her approach and find alternative markets.

Respondents had a view that diamonds from Zimbabwe had been equated by Western countries to those from the war tone regions such as East and Central Africa resulting in some international markets shunning them. This is also in line with the suggestion from some Western countries that “Zimbabwean diamonds were not discovered in Zimbabwe but were looted from DRC by government officials”.
8. Views on other impact the macro conflicts of Zimbabwean diamonds caused on the Zimbabwe Diamond Mining Sector

Respondents highlighted suspension of expansion and exploration programs, loss of potential foreign investors, suspicion regarding use of diamond revenue by local and international stakeholders as some of the impacts macro conflicts of Zimbabwean diamonds caused on the Zimbabwe Diamond Mining Sector.

There was a general view that expansion and exploration programs by miners were put on hold as a result of the macro conflicts from Zimbabwean diamonds and as expected revenues and profits were not realized resulting in stunted development of the sector. This happened especially during the time when Zimbabwean diamonds were not yet certified by the Kimberley Process.

Respondents also had a view that some foreign investors got negative perceptions and decided not to invest locally resulting in loss of potential Foreign Direct Investment.

Interviewed stakeholders also had a view that the macro conflicts brought an element of suspicion regarding the use of diamond revenue. These is a general suspicion that revenue from diamonds is being used to line the pockets of politicians from ZANU PF. This suspicion has divided the country along political lines with those in support of this suspicion being viewed as the country’s detractors. This suspicion and division also empowers the Western countries to press on with the sanctions that have narrowed the market for Zimbabwean diamonds.
9. Perceived core building blocks for the development of diamond mining in any diamond mining country

Extensive and continuous exploration, a vibrant and sustainable value addition industry, Markets, transparency and corporate social responsibility, unity of purpose and political stability, state of the art machinery, trained personnel and well equipped training institutions were viewed as core building blocks for the development of diamond mining in any diamond mining country.

Respondents noted that extensive and continuous exploration was important for discovery of most of the diamond deposits and maximization of diamond production in a diamond producing country. Discovery of limited diamond deposits does not attract investment since return on investment will be low. This view also concurs with the findings from the “Analysis of Zimbabwe’s Diamond Policy” (Centre for Natural Resource Governance: April 2013) which recommended that “a Precious Stones Commissioner needed to be appointed and his or her functions needed to include continuous monitoring of exploration, mining, valuation and marketing”.

Interviewees also viewed a vibrant and sustainable value addition industry as a core building block for the development of diamond mining in any diamond mining country. According to the report “Creating Shared Value from Diamond in South Africa, Botswana and Namibia”, “natural mineral resources are finite by nature”. “Developing sustainable economies has to involve planning and supporting development of a broad based, diverse economy that will prosper
beyond the finite wealth created by natural resources. For the diamond industry one way to support this diverse economy is through the process of beneficiation which includes sorting, valuing, cutting, polishing and jewellery setting. In so doing greater economic value is ‘created at source’, maximizing the value derived from diamonds for the local economy”. Sustainable value addition as a building block will develop the diamond mining in a diamond mining country by making it broad based and more sustainable and viable.

Markets were viewed as a key building block for the development of any diamond mining country in the sense that readily available market for diamonds is likely to lead to an increase in demand which will automatically lead to increased prices for diamonds. Increased prices make diamond production more profitable if production costs remain stable and hence diamond mining develops further as production has to be increase to meet increased demand.

Transparency and social responsibility were viewed as a factor that enhances reputation and at the same time eliminate any suspicion that diamonds from a diamond producing country are produced under any conditions of human rights abuses or unfair practices. With enhanced transparency and corporate social responsibility, diamonds from a diamond mining country become highly marketable and a broader market facilitates development of the diamond mining sector. Transparency which can only be enforced through a legislation spelling out clearly the exploration, marketing and sell of the diamonds (i.e. Diamond Act)

Unity of purpose and political stability were viewed as a factor that promotes law and order as well as good governance and transparency. Good governance and transparency eliminate any basis for suspecting that diamonds from a diamond mining country were produced under human rights violations or unfair practices. Unity of purpose and political stability also create a
conducive environment for Foreign Directive Investment which is a driver for the development of diamond mining sector.

State of the art machinery and trained personnel and well equipped training institutions were also stated as a key building block for the development of any diamond mining country. State of the art machinery and trained personnel are important for high level production since well trained personnel who are well equipped have a strong foundation for being highly productive.
10. Where does Zimbabwe stand on the perceived building blocks for development of diamond mining

In terms of the extensive and continuous exploration respondents were of the view that Zimbabwe was not doing well. Exploration was perceived not to be taking place because of lack of capital or Foreign Direct Investment. The cutting and polishing industry struggling as it is burdened by high operational costs and a harsh tax regime. Jeweler industry virtually non-existent. Access to markets heavily hindered by sanctions imposed on ZMDC and MMCZ.

Out of the respondents who viewed transparency and corporate social responsibility as a key building block, 50% were of the view that Zimbabwe had reached the level of other diamond mining countries like Botswana and South Africa by virtue of getting KPCS certification and investing revenue in the social services sector. The other 50% had a view that Zimbabwe was still at a formative stage in terms transparency and social responsibility and their argument was that Zimbabwe still had to put a diamond act in place. As stated in literature “KPCS certified companies operating at Chiadzwa as compliant to its minimum requirements only”. Respondents suggesting that Zimbabwe is in the same category as countries like Botswana in terms of diamond mining standards were being over-optimistic.

On markets as a key building block for development of diamond mining respondents had a view that Zimbabwe had a narrow market due to sanctions imposed by the Western Countries. This is also in line with the facts in literature indicating that “EU and US led the World Federation of Diamond Bourses (WFDB) to caution its affiliate diamond bourses against trading directly or
indirectly in diamonds originating from the Chiadzwa fields in Marange”.

In terms of unity of purpose and political stability respondents viewed Zimbabwe as being below average due to divisions in the Unity Government along political lines. Politically respondents viewed the country as being unstable especially in the build up to elections. Respondents hoped that the country would improve on political stability in the event that a democratically elected government is elected in the next few months.

On state of the art machinery, trained personnel and well equipped training institutions participants were of the view that Zimbabwe is slightly below average. They argued that the country does not have training institutions though one is about to be complete. On trained personnel respondents believed that the numbers of trained personnel were low although the actual numbers were not known. On state of the art machinery interviewees the government as having failed to invest more in the sector and hence the coming in of foreigners in partnerships that lead to externalization of earnings from diamonds.

4.4 Strategies implemented by the Diamond Mining Sector in reducing the impact of the conflict

1. Perceived reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe

Respondents viewed negative perceptions on Zimbabwean diamonds by western countries and a deliberate intention of influencing the KPCS to act outside its mandate, presence of illegal miners in Chiadzwa and a tug of war between parties in the Unity Government as some of the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe.

Macro conflicts emanating from the discovery of diamonds in Zimbabwe were perceived to have
been caused by some western countries that had an intention of influencing the KPCS to act outside its mandate. These countries wanted to use the KPCS to settle non-diamond issues they had with Zimbabwe. Respondents believed this was an anti-Zimbabwe diamond campaign based on political stand-off between the country and some European nations over political policies. This view is in agreement with the view in literature which indicates that “External diamond players tried to label Chiadzwa diamonds as blood diamonds and this idea was facilitated by neo-imperial organizations such as Global Witness and Partnership Africa Canada which peddled reports of unfounded human rights abuses at Chiadzwa”.

Interviewees also indicated that the presence of illegal miners in Chiadzwa contributed to the macro conflicts emanating from the discovery of diamonds in Zimbabwe. The presence of illegal miners meant that the government had to deal with these illegal miners and put an end to illegal mining in Chiadzwa. Any use of force to stop illegal mining of diamonds would therefore be interpreted by the international community as human rights abuse especially in view of the record of human rights abuse Zimbabwe already had in the eyes of Western Countries.

The tug of war between parties in the inclusive government arising from desire for control of resources and power was also highlighted as one of the causes of the macro conflicts emanating from the discovery of diamonds in Zimbabwe. ZANU PF wanted control of the country’s natural resources especially diamonds and be credited for any significant recovery in the economy and at the same time MDC also desired credit for any significant recovery in the economy and gain political mileage in view of the next election. Control of resources was therefore highly strategic in the inclusive government.
11. Views on who is in control of diamonds and diamond mining in Zimbabwe

About 40% of respondents believed that the Government of Zimbabwe through ZMDC, owned and controlled the Marange fields and has 50% shareholding in each of the 4 companies operating there. Murowa and River Ranch, in Zvishavane and Beitbridge respectively were said to be owned by private investors.

Fifty percent of respondents indicated that diamonds and diamond mining in Zimbabwe were jointly under the control of the Government of Zimbabwe in partnership with various investors on a 50-50 basis.

Ten percent of respondents believed that the government, mainly ZANU PF elements in government and the Ministry of Mines were in control of diamonds and diamond mining in Zimbabwe.
12. Relationship between Zimbabwe's Diamond Mining Sector and the International Market

Figure 4.2: Relationship between Zimbabwe’s Diamond Mining sector and the International Market

The results shown in figure 4.2 reveal that 86% of respondents said that the Export/Import relationship between Zimbabwe’s Diamond Mining sector and the International Market is not beneficial to Zimbabwe.
13. Reasons why relationship between Zimbabwe's Diamond Mining Sector and the International Market had perceived effects

Respondents with the view that Zimbabwe was not benefitting from the relationship between the country and the international market indicated that the country did not have easy access to markets as a result of sanctions on ZMDC and IMMZ. As a result, Zimbabwe ended up selling its diamonds to available buyers, not the best paying buyers. At the same time the US’ OFAC used the sanctions to intercept revenue. Respondents that viewed Zimbabwe as not benefitting from the relationship between the country and the international market also argued that diamonds were being exported raw without value addition, meaning the country’s benefit from diamonds was limited.

Respondents with the view that Zimbabwe was benefitting from the relationship between the country and the international market highlighted that there had been a major boost in sales and this showed show that local diamonds had been well received on the international market despite persistent efforts to bar trade on Zimbabwean diamonds.
14. Views on the extent to which Zimbabwe is self-reliant regarding the major and critical processes involved in diamond mining

![Pie chart showing the extent to which Zimbabwe is self-reliant.]

Figure 0.2.5: Extent to which Zimbabwe is self-reliant regarding the major and critical processes involved in diamond mining

The results shown in figure 4.6 reveal that 71% of the respondents viewed Zimbabwe as being moderately self-reliant and 29% of respondents had a view that Zimbabwe is highly dependent on the developed world in regard to the major and critical processes involved in diamond mining such as exploration, mining, processing and marketing among others.
15. **Reasons on the level of Zimbabwe’s self-reliance in critical processes for diamond mining**

Respondents that viewed Zimbabwe as being moderately self-reliant argued that the industry had done well without the WEST and in any case the policy in place was that Zimbabwe provided the resource and investors provided the capital and technical knowledge.

Respondents that viewed Zimbabwe as being moderately self-reliant Zimbabwe had a perception that the country was self-reliant in mining and exploration but relied on the developed world for processing. Marketing was said to be a challenge because of the sanctions.

Respondents that viewed Zimbabwe as being highly dependent on the developed world in regard to the major and critical processes involved in diamond mining argued that machinery is manufactured in developed countries and value addition is also done in these countries. In addition Zimbabwe was viewed as having limited control in the exploration of diamonds and faced challenges in acquiring machinery. The same respondents also had a view that developed countries provided both the technology and market for the resource.
16. Views on the orientation of the growth of the Zimbabwean economy

![Diagram showing views on the orientation of the growth of the Zimbabwean economy]

Figure 0.4.6: Views on the orientation of the growth of the Zimbabwean economy

The results in Fig. 4.6 revealed that half of the respondents had a view that Zimbabwe is import oriented and had internally generated growth, whilst 33% were of the opinion that Zimbabwe is export oriented and had externally generated growth. The remaining 17% was indifferent.

17. Challenges faced by diamond mining in Zimbabwe

Respondents highlighted that high licensing fees and lack of tax incentives for the cutting and polishing industry were hindering maximized development of diamond mining in Zimbabwe. This was perceived to be resulting in 99% of Zimbabwean diamonds being exported rough. Respondents noted that the highest benefits from mining were not from exporting rough diamonds but from local value addition.

Lack of a diamond policy was perceived to be hindering growth since a clear diamond policy will
promote transparency and accountability which in turn will enhance investor confidence.

Respondents were of the view that lack of a policy clearly spelling out the role of the state in diamond mining was hindering development of diamond mining since this policy vacuum resulted in the state interfering with diamond mining by making political decisions that are contrary to sound business decisions.

18. Views on accountability of diamond revenues in Zimbabwe

The majority (70%) of respondents perceived that there was no transparency and accountability of diamond revenue in Zimbabwe since most of the revenue was not accounted for. The hostile relations between government and the USA, including the EU block gave government and excuse to keep its cards close to its chest and not be accountable on the use of diamond revenue. Respondents were of the view that the sanctions have created a virtual slush fund since the selling was not done openly.

Respondents also argued that there was no transparency and accountability of diamond revenues due to regulations restricting information of who buys what and auction is on confidentiality basis.

Thirty percent of respondents perceived that there was accountability of diamond revenues in Zimbabwe since funds were being declared to Treasury and the country was benefitting from diamond revenue.
19. Strategies put in place by the Zimbabwe Diamond Sector to maximize revenues

Putting in place a Zimbabwe Diamond Policy, regulation of diamond mining in Zimbabwe and elimination of illegal mining, allowing the KPCS to assess mining activities in Chiadzwa and seeking certification and having plans to use revenue from diamonds for capital projects and social investment were viewed as strategies put in place by the Zimbabwe diamond sector to maximize revenue and benefits accrued from diamond mining.

Some respondents had a perception that the Government had put the Zimbabwe Diamond Policy in place to maximize revenues and benefits accrued from diamond mining. The Government of Zimbabwe was said to be owning 50% shareholding in almost all mines, with the implication that significant dividends accrued to the state. Respondents highlighted that the Government of Zimbabwe managed to regulate diamond mining in Zimbabwe and eliminated illegal mining as a strategy to maximize revenue and benefits accrued from mining.

Respondents indicated that the government had allowed the KPCS to the mining activities in Chiadzwa resulting in the KPCS certification of Zimbabwe’s diamond mining to obviate the tag of conflict diamonds.

Plans by the Government of Zimbabwe to use revenue from diamonds for capital projects and social investments was viewed by respondents as a strategy to maximize benefits accrued from diamond mining.
20. Perceived strategies put in place by the Zimbabwe Diamond Sector to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues

Respondents perceived that the Diamond Sector heightened security at the diamond mines and curbed illegal mining and opened access to the diamond fields by international observers under the KPCS as a strategy to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.

The majority of respondents had a view that the Diamond Sector made sure it met the minimum standards required by the KPCS and managed to get certification as a strategy to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.

Respondents also believed that the Diamond sector has continued to work within and in compliance of the KPCS requirements to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.

Some respondents also perceived that the Diamond Sector embarked on a massive investment in local communities (corporate social responsibility) as a strategy to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.

Respondents had a perception that the Government was currently crafting a Diamond Act as a strategy to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.
mining and revenues.

Respondents also had a view that the Diamond sector had continued to use international fora to advocate for free trade of its diamonds as a strategy to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.

4.5 How Zimbabwe should manage conflicts emanating from diamonds

Respondents recommended that Government and diamond mining sector engage all stakeholders so that they can express their grievances to facilitate formulation of stakeholder driven policies.

It was also recommended that whenever discoveries are made the Government needs to provide sufficient information to secure the area and prevent the proliferation of illegal mining like the illegal mining that took place in Chiadzwa which promoted unwarranted conflicts.

Respondents recommended the Government and diamond mining sector of Zimbabwe to put in place systems that enhance transparency on the composition of diamond companies, their operations, output and earnings.

Respondents recommended that the Government of Zimbabwe needs to expedite the legislation of the Diamond Act that clearly guides how the sector should operate.

It was also recommended that the Government of Zimbabwe and diamond mining sector need to engage international community on lifting of sanctions on diamonds produced in Zimbabwe.

Respondents also recommended that the Government of Zimbabwe needs to have political will to put both legislative and fiscal measures in place that promote better revenue collection and economic development in the country.
4.6 CONCLUSION

In this chapter, the researcher has presented the study results and findings. The central finding was that the Government of Zimbabwe and Investors are in control the Diamonds. Sanctions were found to have a negative impact on the diamond mining sector and caused a significant loss of revenue. The detailed effects of the macro conflicts are also discussed in the following chapter, chapter five, which presents the study conclusions and recommendations.
Chapter 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

The main objective of this study was to establish the powers behind the control of diamonds in Zimbabwe. The study revealed that the Government of Zimbabwe in partnership with investors is in control of diamonds and diamond mining in Zimbabwe. The author also explored the macro conflicts emanating from the discovery of diamonds in Zimbabwe and found that the macro conflicts have negatively impacted on investment in the Zimbabwean mining sector and have also reduced revenue from the sale of diamonds on the international market. Also the author tried to find out the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe. The major reasons behind the diamond conflict in Zimbabwe included the negative perceptions on Zimbabwean Diamonds by some Western Countries like Britain and USA and a deliberate intention of influencing the KPCS to act outside its mandate, presence of illegal miners in Chiadzwa and a tug of war between parties in the Unity Government.

The major constraint for the study was that there was not enough time and a limited budget was available to collect all the data that could have been collected. This was mainly due to the nature of the study and that the area of diamond mining has attracted a lot of controversy and opposition, hence, a study like this needed to follow all procedures for approval before embarking on it mainly to get full support and to get all information without challenges. The time to go through all the necessary procedures was not available to the researcher resulting in him failing to interview potential interviewees throughout the country. However, those included in this study were considered sufficient for the objectives of the study.

In spite of these constraints, findings and observations were made and the following conclusions
5.2 CONCLUSIONS

5.2.1 Powers behind the control of diamonds in Zimbabwe

The revealed that the major diamond mines in Zimbabwe were being owned by the Government of Zimbabwe and some were being owned by private investors. The Government has 50% shares in the Marange diamond fields and private investors own 50% of the shares. Other diamond fields like Murowa and River Ranch are owned by private investors.

The findings from the study also gave evidence to suggest that diamonds and diamond mining in Zimbabwe were being controlled by the Government of Zimbabwe through ZMDC and Ministry of Mines in collaboration with local and international investors.

5.2.2 Major reasons behind the diamond conflicts in Zimbabwe

The study revealed that the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe included the negative perceptions on Zimbabwean diamonds by some Western Countries like Britain and USA and a deliberate intention of influencing the KPCS to act outside its mandate, presence of illegal miners in Chiadzwa and a tug of war between parties in the Unity Government as some of the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe.

Western countries like Britain and USA are believed to have launched an anti-Zimbabwe diamond campaign based on a political standoff between the country and some European countries over policies viewed as not being favourable to these countries.
Presence of illegal miners just after the discovery of diamonds in Chiadzwa led to human rights abuse accusations by the international community as the government had to use force to put an end to illegal mining in Chiadzwa.

Events leading to the formation of the GNU led to a tug of war between parties in the inclusive government as each party vied to be in control of key resources available in the country and be credited for any turn around in the economy of the country. Inter party conflicts associated with the control of diamonds therefore became part of macro conflicts emanating from the discovery of diamonds in Zimbabwe.

The study also revealed that awarding of tenders to diamond mining companies or investors in the absence of a Diamond Act or a Diamond Policy acceptable to key local and international stakeholders was an underlying cause for the diamond conflict.

5.2.3 Impact of the macro conflicts emanating from the discovery of diamonds in Zimbabwe

5.2.3.1 Negative impacts of the macro conflicts

The study provided evidence to suggest that the conflicts emanating from the discovery of diamonds in Zimbabwe had a significantly negative impact on the economy of the country and the nation in general.

The discovery of diamonds led to the intensification of economic sanctions by some Western Countries spearheaded by Britain and USA and also led to intensification of international scrutiny on Zimbabwe. As a result the country lost millions of dollars due to depressed prices on
a resultant narrow market and reduced demand for Zimbabwean diamonds.

Some of the negative impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe included loss of potential foreign investors and associated foreign Direct Investment, stunted growth in the diamond sector resulting in Treasury failing to meet its financial targets and procurement of machinery through third parties.

The macro conflicts emanating from the discovery of diamonds in Zimbabwe also escalated mistrust between parties in the GNU and divided the nation on political lines and in some cases along tribal lines.

5.2.4 Positive and unintended impacts of the macro conflicts

A positive impact of the brought about by the macro-conflicts was that after the diamond mining activities in Chiadzwa were put on the spotlight the government was compelled to acquire KPCS compliance and curb potential leakage of diamonds.

Some of the positive impacts of the macro conflicts emanating from the discovery of diamonds in Zimbabwe included a bigger resource envelope for Treasury, creation of employment, compensation of displaced villagers, increased interest in diamond mining and governance issues by the nation in general.

5.3 Recommendations

1. The Government of Zimbabwe and the Diamond Mining Sector are recommended to ensure that the core building blocks for the development of diamond mining in any diamond mining country are in place. The building blocks include extensive and continuous exploration, a vibrant and sustainable value addition industry, readily
available markets, transparency and corporate social responsibility, unity of purpose and political stability, state of the art machinery, trained personnel and well equipped training institutions.

2. There is need to expedite the finalisation of the Diamond Policy as recommended by the Centre for Natural Resource Governance and also ensure it is in line with the standards of the Kimberly Process Certification Scheme.

3. Since the international community has a very strong influence on the flow of Foreign Direct Investment and provision of markets, skills and technology transfer as well as provision of financial support for economic and development projects the researcher recommends that the Government of Zimbabwe needs to engage hostile Western Countries and mutually explore ways of restoring good relations with these countries.

4. Respondents recommended that the Government of Zimbabwe needs to expedite the legislation of the Diamond Act that clearly gives guidance on the role of the Government, the role of local and foreign investors, the role of other local and international stakeholders on the exploration, mining, beneficiation and marketing of diamonds produced in Zimbabwe as well as the benefits of the population in general. A well formulated diamond act will help to boost the image of the country internationally and also attract more Foreign Direct Investment as well as promote the marketing of Zimbabwean diamonds on the international market.
5. Zimbabwe needs to strengthen trade agreements with regional blocks that include COMESA, SADC, African Union, European Union and European Union and at the same time explore the possibility of establishing trade agreements with other regional blocks in Asia and South America. This will be very important to maximise trade opportunities with regional blocks and widen markets for Zimbabwean goods including diamonds and other minerals.

6. The Government of Zimbabwe needs to ensure that a stable socio-political environment prevails in the country and in collaboration with diamond mining companies ensure continued and sustained compliance with KPCS standards to eliminate any negative perceptions on Zimbabwean Diamonds by some influential countries like Britain and USA and at the same time widen the international market for Zimbabwean Diamonds.
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Appendix 1: Interview Guide for Diamond Mining Companies’ Representatives

1. What do you think are the major causes of conflicts emanating from the discovery of diamonds in Zimbabwe?

2. Who can you say is in control of diamonds and diamond mining in Zimbabwe?

3. How did the conflicts affect you as a diamond mining company?

4. What are the negative financial impact, operational and marketing impact of the diamond conflicts on your organisation and the diamond mining sector in general?

5. Do you think there is accountability of diamond revenues through treasury in Zimbabwe?

6. What role do you think the international community play in the development of African states and in particular Zimbabwe?

7. How do you evaluate the development of the diamond mining sector in Zimbabwe between the year 2001 and 2011?

8. Can the level of development you highlighted in the above question be attributed to (significant or insignificant development)?

9. What do you think are the core building blocks for the development of diamond mining in any diamond mining country?

10. Do you think the export/import relationship between Zimbabwe’s Diamond Mining Sector (in terms of diamonds and related products/materials) and the International Market is beneficial to Zimbabwe?

11. Are there, in your view, any policies that are hindering maximized development of diamond mining and/or the proceeds obtained from the diamond mining in Zimbabwe?

12. What strategy has the Zimbabwe Diamond sector put in place to maximize revenues and benefits accrued from diamond mining as well as to reduce the effects of sanctions on diamond mining and revenues?
03 February 2013

To whom it may concern

Dear Sir/Madam

RE: QUESTIONNAIRE COMPLETION ON MACRO CONFLICTS EMANATING FROM THE DISCOVERY OF DIAMONDS IN ZIMBABWE

My name is Charlotte Musarurwa and I kindly seek your assistance in the completion of my questionnaire. I am a Bindura University of Science Education student and as part of the requirements of the institution for the completion of the Master of International Relations program, I am carrying out a research entitled; A descriptive analysis of macro conflicts emanating from the discovery of diamonds in Zimbabwe. It is against this background that I kindly seek your opinions by completing the attached questionnaire.

Please feel free to say out your honest opinion and I assure you that all the information you provide will be treated in strict confidence. For any clarifications, please contact me on the details provided above.

Yours sincerely

Charlotte Musarurwa

BINDURA UNIVERSITY STUDENT
Appendix 2: Questionnaire completion on conflicts emanating from diamonds in Zimbabwe

QUESTIONNAIRE FOR INDUSTRY CAPTAINS, POLITICAL AND ECONOMIC ANALYSTS

Instructions

a) Please respond to all questions

b) Respond by ticking the applicable in questions where responses are provided and briefly explain where spaces are provided

c) Please note that all your responses will be treated with strict confidence and the study will be used for academic purposes only

Section A: Impact of macro diamond conflicts on the diamond mining sector of Zimbabwe

1. What role do you think the international community play in the development of African states and Zimbabwe in particular? Briefly explain.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. How far do you agree with the statement that “internationally imposed sanctions have done more harm than good to Zimbabwe”?

a) Strongly agree [   ]
b) Somewhat Agree [   ]
c) Disagree [    ]
d) Strongly disagree [  ]

3. To what extent can you say that macro conflicts emanating from the discovery of diamonds in Zimbabwe have negatively impacted on the nation in general, the diamond mining sector and the general populace? Briefly explain.

   a) Negative impact on the nation

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

   b) Negative impact on the diamond mining sector

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

   c) Negative impact on the general populace

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

4. To what extent can you say that macro conflicts emanating from the discovery of diamonds in Zimbabwe have positively impacted on the nation in general, the diamond mining sector and the general populace? Briefly explain.

   a) Positive impact on the nation

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
b) *Positive impact on the diamond mining sector*

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c) *Positive impact on the general populace*

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________________________________________________________________________

5. How do you evaluate the development of the diamond mining sector in Zimbabwe between the year 2001 and 2011?
   a) Significantly developed [  ]
   b) No significant development [  ]
   c) No development at all [  ]

6. What do you think the level of development you highlighted in the above question can be attributed to (significant or insignificant development)? *Briefly explain.*

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
    
7. How do you think the macro conflicts of Zimbabwean diamonds affected the marketing and trade of Zimbabwean diamonds? *Briefly explain.*

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________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

8. What other impact, in your view, did the macro conflicts of Zimbabwean diamonds cause on the Zimbabwe Diamond Mining Sector? *Briefly explain.*
9. What do you think are the core building blocks for the development of diamond mining in any diamond mining country? *Briefly explain.*

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________________________________________________________________________

________________________________________________________________________

10. In your view, where does Zimbabwe stand in the above mentioned building blocks? *Briefly explain.*

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________________________________________________________________________

________________________________________________________________________

Section B: Strategies implemented by the Zimbabwe’s Diamond Mining Sector in reducing the impact of Macro Diamond Conflicts

11. What can you say were the major reasons behind the macro conflicts emanating from the discovery of diamonds in Zimbabwe? *Briefly explain.*

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

12. Who can you say is in control of diamonds and diamond mining in Zimbabwe? *Briefly explain.*

________________________________________________________________________
13. Do you think the export/import relationship between Zimbabwe’s Diamond Mining Sector (in terms of diamonds and related products/materials) and the International Market is beneficial to Zimbabwe?
   a) Yes [ ]
   b) No [ ]

14. Please briefly explain your answer to the above question.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

15. In your view, to what extent is Zimbabwe self reliant regarding the major and critical processes involved in diamond mining such as exploration, mining, processing and marketing among others? *Briefly explain.*
   a) Highly self reliant [ ]
   b) Moderately self reliant [ ]
   c) Dependent on the developed world [ ]
   d) Highly dependent on the developed world [ ]

16. Please explain your response to the question above.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

17. How would you describe the orientation of the growth of the Zimbabwean economy?
   a) Export-oriented and externally generated growth [ ]
   b) Import-oriented and internally generated growth [ ]
   c) All of the above [ ]

18. Are there any policies that are hindering maximized development of diamond mining in Zimbabwe? *Briefly explain.*
________________________________________________________________________
________________________________________________________________________
19. Do you think there is accountability of diamond revenues in Zimbabwe? Briefly explain.

________________________________________________________________________

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________________________________________________________________________

20. What strategy has the Zimbabwe Diamond Sector put in place to maximize revenues and benefits accrued from diamond mining.? Briefly explain.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

21. What strategy has the Zimbabwe Diamond Sector put in place to reduce the effects of the macro conflicts of Zimbabwean diamonds on diamond mining and revenues.? Briefly explain.

________________________________________________________________________

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________________________________________________________________________

Section C: Recommendations

22. What recommendations do you have to the government or the diamond mining sector of Zimbabwe on how to manage the macro conflict emanating from the discovery of Diamonds? Briefly explain.

________________________________________________________________________

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________________________________________________________________________

________________________________________________________________________
23. Any further comments.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

END OF QUESTIONNAIRE

Thank you for your valuable time