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High-Value Minerals and Resource Bargaining in a Time of Crisis

A Case Study on the Diamond Fields of Marange, Zimbabwe

Richard Saunders

prepared for the UNRISD project on
Politics of Domestic Resource Mobilization for Social Development

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This paper is part of a series of outputs from the research project on the Politics of Domestic Resource Mobilization for Social Development.

The project seeks to contribute to global debates on the political and institutional contexts that enable poor countries to mobilize domestic resources for social development. It examines the processes and mechanisms that connect the politics of resource mobilization and demands for social provision; changes in state-citizen and donor-recipient relations associated with resource mobilization and allocation; and governance reforms that can lead to improved and sustainable revenue yields and services. For further information on the project visit www.unrisd.org/pdrm.

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Acronyms

ACR	African Consolidated Resources plc
DRM	Domestic Resource Mobilization
EITI	Extractive Industries Transparency Initiative
GNU	Government of National Unity
MDC	Movement for Demoratic Change
MMCZ	Minerals Marketing Corporation of Zimbabwe
JV	Joint venture
KPCS	Kimberley Process Certification Scheme
PAC	Partnership Africa Canada (since 2017, IMPACT)
PAYE	Pay-as-you-earn
VAT	Value added tax
ZAADS	Zimbabwe Accelerated Arrears Clearance Debt and Development Strategy
ZANU-PF	Zimbabwe African National Union (Patriotic Front)
ZCDC	Zimbabwe Consolidated Diamond Mining Company
ZELA	Zimbabwe Environmental Law Association
ZMDC	Zimbabwe Mining Development Corporation
ZIMRA	Zimbabwe Revenue Authority

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Summary

In 2006, the discovery of world-class deposits of alluvial diamonds in Marange District in eastern Zimbabwe offered important opportunities for the mobilization of significant revenues in a period of severe and worsening economic and social crisis. The new resources quickly became the subject of intense contestation involving the state and a variety of actors including mining communities, civil society, the diamond industry and donors. The paper traces the evolution of these contestations over the course of three successive phases of alluvial exploitation. For each period, the study explores the key dynamics shaping the management of diamond production and trading, and assesses their impact on state-society relations and development outcomes. Particular focus falls on the implications of state capture for the state's institutional capacity and coherence, and the constraints on civil society's and donors' influence with state and business actors.

The paper's findings underscore the limits of civil society and donor influence with government in strengthening resource governance through contestation over the management of high-value minerals. In a period of heightened political conflict, economic crisis and elite predation, social claims on resource mobilization were confronted by elite resistance. This resulted in attempts by the state to undermine the achievement and implementation of a workable social consensus around the management of diamond wealth. At the same time, various international legal and regulatory mechanisms established to strengthen resource governance proved to be severely limited in their ability to elicit greater transparency and accountability by both government and diamond miners.

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