Revamping Artisanal Gold Mining in Zimbabwe to Catalyse Poverty Reduction

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EXECUTIVE SUMMARY

This briefing discusses the challenges and opportunities presented by the artisanal gold mining sector in Zimbabwe. It reflects on the measures needed to promote artisanal miners’ contribution to sustainable development, economic growth and poverty alleviation. Current policy approaches, including the criminalisation of artisanal gold mining by the Zimbabwean authorities, have failed to address effectively persisting challenges such as land rights conflict, violence, environmental degradation and smuggling. If the costs of imperfect regulations are to be mitigated, new approaches are required, including improved regulations and interventions to formalise the sector. It is important that the conflict-ridden relationship between artisanal and small-scale miners and large-scale commercial miners be transformed into an inclusive stakeholder arrangement framed by mutual interests and co-operation.

INTRODUCTION

Artisanal mining has been growing on an international scale, with estimates indicating that 10 to 15 million workers are engaged in the sector globally and over 100 million people are indirectly dependent on it. There is a marked correlation between this growth and the general economic situation in a country: when economic conditions deteriorate, artisanal mining increases. Figures also suggest that the sector contributes 10% of all mineral production in over 50 developing countries worldwide. The sector forms a significant part of the livelihoods of rural Zimbabweans, who depend on it to weather economic hardship. Due to its growing prominence, rights campaigners and policymakers are beginning to focus more on the difficulties facing artisanal miners. Major challenges include the conflict, human rights abuses, smuggling and environmental degradation associated with the sector. How can artisanal miners be incorporated effectively into a more prosperous and

RECOMMENDATIONS

- Zimbabwe should forge a partnership with the Africa Mining Development Centre to formulate a Country Mining Vision and improve local expertise in artisanal gold mining.
- Government should set internationally competitive market prices for artisanal gold to discourage smuggling, strengthen due diligence and incentivise better practices.
- Better education of artisanal miners on environmental practices, land rights and entrepreneurial skills should be promoted.
- Priority attention should be given to improving the interaction between artisanal and commercial miners, in order to promote knowledge sharing and capacity building, as well as to improve large-scale miners’ appreciation of the conditions faced by artisanal miners.
- Government needs to articulate clearer policies on artisanal mining, define land rights and lower licensing fees to streamline registration and regulatory oversight.
inclusive mining industry, where the extant conflict-driven relationship between artisanal miners and commercial miners is transformed? Zimbabwe needs more proactive policies with consistent implementation to leverage the sector to catalyse sustainable development in local communities.

**ARTISANAL GOLD MINING IN ZIMBABWE: AN OVERVIEW**

It is forecast that Zimbabwe’s current gold output will double to 23.95 tonnes by 2018, which is an indication of the importance of gold to its economy. In the wake of the economic difficulties experienced since 2002, the influx of Zimbabweans into artisanal and small-scale mining saw this sector contribute over 1 tonne of gold to Zimbabwe’s monthly output. Estimates from the Ministry of Mines and Development suggest that small-scale miners were responsible for 30% of the 11.79 tonnes of gold produced in 2012. It is therefore important that policymakers and stakeholders promote policies that better regulate the sector. Improved regulations can have a positive impact on the overall productivity of Zimbabwe’s gold mining industry.

Zimbabwe’s experience presents an interesting lens through which to examine the complexities of effective regulation and capacity building in the artisanal sector. Artisanal gold mining is a centuries-old practice in Zimbabwe. In the 2000s the number of artisanal and small-scale miners rose sharply, and some estimates put the number of those directly involved as high as 2 million people. Further economic strains occasioned by the 2008 global economic crisis accelerated the entry of many ordinary Zimbabweans into the sector. In addition, the nationalisation policies pursued by the government dampened formal investment in much of the economy, triggering high unemployment rates, hyperinflation and a general lowering of living standards. In this context, artisanal gold mining has emerged as one of the few means of poverty alleviation for poverty-stricken people in mineral-rich rural communities.

Since independence in 1980, the Zimbabwean government has emphasised the importance of promoting the indigenous population’s participation in the ownership and development of Zimbabwe’s natural resources. As a result, important policies such as the Indigenisation and Economic Empowerment Act of 2007 were introduced. The latter policy aimed to promote the economic empowerment of indigenous Zimbabweans, to increase, enhance and facilitate [their] involvement and participation in the national economy. However, the goal of indigenisation is facing serious headwinds as the government is apparently reconsidering some of its empowerment legislation, including that related to small-scale mining.

While Zimbabwe’s Mine and Minerals Act of 2006 does make provision for the registration of land holdings smaller than 2 ha, a major part of the problem is related to the absence of policies directed at the artisanal gold miners, who operate on a far smaller scale. This problem is exacerbated by the thin line separating registered artisanal and small-scale gold miners from the unregistered, illegal ones. The government has focused its policymaking initiatives on improving the governance of medium- and small-scale mining and has mostly neglected artisanal miners, reducing them to illegal labourers associated with criminality and a harmful impact on the environment.

If the significant benefits of artisanal mining are to be harnessed to foster sustainable development and economic growth in Zimbabwe, several challenges must be addressed. With the right frameworks, policymakers can implement measures to transform artisanal gold miners into formalised and more responsible operators who actively contribute to the local and national economy. A revamped regulatory regime will encourage artisanal gold miners to enter the formal market, thereby realising their productivity potential, strengthening environmental compliance and expanding legal marketing opportunities.

**GOVERNANCE CHALLENGES: COST-BENEFIT ANALYSIS**

Artisanal gold mining has the potential to deliver great benefits to the local economy and mining communities. Through artisanal mining, many previously unemployed labourers can contribute to the economy. It thus serves a poverty alleviation function, helping to keep thousands of poor citizens economically afloat. As a mechanism for the creation of rural employment, artisanal mining also reduces instances of urban migration. Being rooted in local communities, it draws on the local workforce, through which income and rents generated are fed back into the community. This can also fund other entrepreneurial undertakings in mining communities.
The contribution of artisanal miners to Zimbabwe's overall gold production is significant. It is estimated that in 2011, the monthly amount of gold produced by artisanal miners rose from 125 kg in January to 429 kg in December.\textsuperscript{12} This not only increased the supply of gold in Zimbabwe but also helped to promote the country's reputation as one of the most gold-rich states in Africa. This in turn is good for international investment.

Artisanal mining also allows for the mining of resources that would otherwise have been classified as unfeasible to extract. This is a result of the mobile and flexible nature of artisanal gold mining, which requires very little start-up capital.

Two main governance challenges that arise are artisanal gold mining's environmental impact and its effects on social and political stability. Serious implications for the environment include water siltation, landscape degradation and the loss of biodiversity. One of the most detrimental aspects of artisanal gold mining is the use of mercury and cyanide to extract gold. Excess mercury flows into rivers and, when oxidised, turns into methyl mercury, a highly toxic chemical that poisons fish stocks and compromises maize and rice crops. This often has serious health implications for local residents.

Zimbabwe's artisanal miners have also contributed to the poisoning of the Zambezi River. It is estimated that artisanal gold mining is the largest contributor to mercury emissions, accounting for over 37% of emissions in 2010.\textsuperscript{13} As a result of poor education and training among artisanal miners and the low levels of mechanisation used in artisanal gold mining, environmental degradation will not improve without fundamental changes to current practices.

Governance of the sector is complicated by the conflict and competition between various types of miners. A convoluted understanding of land tenure and rights exacerbates these challenges, and tensions arise when a gold rush attracts a rapid inflow of workers into local communities, leading to ethnic clashes.

Historically, Zimbabwe has emphasised a law enforcement approach that criminalises and discourages artisanal gold mining. The country is a signatory to the UN's Global Mercury Project, whose objective is to better regulate the trade of mercury used in gold extraction. However, there is still a complementary need for better training and improvement of awareness of harmful practices among artisanal miners. One reason why artisanal miners are unwilling to adopt better practices is that their profits are significantly diminished when they cannot use mercury and ore amalgamation to extract gold. Policymakers need to ensure that fair prices are set for the gold produced by artisanal and small-scale miners, as this will incentivise better mining practices.

Better pricing is also crucial to address the problem of gold being smuggling to better-paying markets.\textsuperscript{14} It is estimated that more than 15 tonnes of gold, amounting to over $400 million, were smuggled out of Zimbabwe between 2002 and 2007.\textsuperscript{15}

In addition, it is important to recognise and address the significant social challenges facing artisanal gold miners, especially their perennially adversarial relationship with law enforcement authorities, and their conflict-ridden relationship with commercial miners. With regard to the criminalisation of artisanal miners, an approach based solely on law enforcement has little chance of succeeding due to the speed with which artisanal miners move and disperse around gold mines. A more hands-on engagement involving both operators and regulators will be far more effective, combining elements of traditional law enforcement with improved stakeholder dialogue on capacity building, compliance and fostering operational synergies between small- and large-scale gold miners.

**REVAMPING ARTISANAL GOLD MINING IN ZIMBABWE TO CATALYSE POVERTY REDUCTION**

Two types of miners fall under the artisanal category: registered miners with small operations and informal, unregistered and illegal miners (colloquially known as the makorokoza). The conflict and violence that is associated with artisanal mining stems largely from the latter group. They often position themselves along Zimbabwe's major rivers and operate from forest bases. At night these illegal miners invade large commercial gold mines, in violation of legal mining concessions. The highly controversial Operation Chikorokosa Chapera ('finished with illegal mining') in 2006 underlined the failure of state's law enforcement-based response to the makorokoza challenge. This police-led initiative destroyed communities and adversely affected the livelihoods of many registered artisanal miners.

There have been calls from non-governmental organisations and donors for large-scale miners to engage with artisanal miners in order to help formalise
the sector and boost productivity all round. Commercial miners can help to train miners and invest some capital in the formalisation process. However, they see little incentive in getting involved, as potential benefits are perceived to be low and high risk. These risks include legal issues around due diligence; reputational risks from public scrutiny; operational risks, including the health and safety of company staff and miners; and potential risks to the company's operating licence. There is now an emerging consensus that an integrated strategy involving artisanal miners and commercial miners is needed to create solutions to the problems encountered. It is also becoming clearer that there are advantages to improved relationships between artisanal and commercial miners. Besides helping to formalise artisanal mining and increasing their knowledge, closer interaction between small-scale and large-scale miners can also help protect the environment, provide a more accurate picture of artisanal miners’ economic contributions, and harness these contributions to sustainable development. Commercial miners can also improve their knowledge of the operational terrain through interactions with local artisanal miners. Encouragingly, some initiatives are beginning to emerge that can help alleviate conflicts as well as mitigate other challenges in their relationship.

**CONCLUSION**

Artisanal gold mining is becoming an increasingly prominent issue for policymakers and stakeholders involved in Zimbabwe's gold mining industry. While there are significant challenges, great potential also exists to leverage artisanal mining for poverty alleviation, economic growth and sustainable development. In light of the sector's challenges and promises, especially in Zimbabwe where gold is such a valued resource, it is becoming increasingly important that policymakers, government and stakeholders embrace partnerships that will maximise mutual benefits for all stakeholders while lowering the known drawbacks of artisanal gold mining.

**ENDNOTES**

1 Oladiran Bello is Programme Head of SAIIA’s Governance of Africa’s Resources Programme and Megan Bybee is studying towards her MA at the University of Cape Town under the SAIIA/Konrad Adenauer Stiftung internship programme.
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