

# **Kimberley Process Certification Scheme, Fact Finding Mission**

**By Abbey Chikane, KP Monitor for Marange, Zimbabwe**

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## **Introduction**

The author prepared this report to confirm the understanding of the mandate of the KP Monitor for Zimbabwe. The report is written with a view to ensuring that the KP Monitor's approach to the implementation of the Joint work plan is consistent with Kimberley Process, Working Group on Monitoring expectations. The terms of reference and joint work plan incorporate in this report provide further details of the KP Monitor's respective responsibilities and; the fact-finding visit to Zimbabwe facilitated an on-the-spot assessment of the situation. Further, the fact-finding-visit has enabled him to determine his approach to the assignment and confirmed his operational requirements.

The fact-finding-mission occurred from 1-3 March, 2010.

## **Background**

Appointment of the KP Monitor

Abbey Chikane, founder chairman of the Kimberley Process was nominated KP Monitor for Marange, Zimbabwe by the Kimberley Process Working Group on Monitoring, in consultation with the current chairman of the Kimberley Process. Following communication between Mr. Chardon, chairman of the Working Group on Monitoring, and the Honourable Obert Mpofu, Minister of Mines and Mining Development, Chikane was accepted by the government of Zimbabwe.

## **Understanding the Mandate**

The Seventh Annual Plenary of the Kimberley Process Certification Scheme met from 2 - 5 November, 2009 in Swakopmund, Namibia. At this meeting, the Plenary adopted an Administrative Decision on a joint work plan aimed at bringing Zimbabwe's diamond trade into full compliance with the minimum requirements of the Kimberley Process. This follows acknowledgement by Zimbabwean government representatives that there have been certain challenges in complying with the minimum standards of the Kimberley Process Certification Scheme. The government noted its commitment to urgently addressing issues identified in the reports of the Working Group on Monitoring (WGM), Working Group on Statistics and the report of the Kimberley Process Review Mission to Zimbabwe that took place from 30 June to 4 July 2009.

The joint work plan was developed by Zimbabwe and the Kimberley Process Certification Scheme to implement recommendations of the Review Mission (2009). The joint work plan is expected to be supported by technical assistance from Participants and Observers in the Kimberley Process. Plenary also urged Kimberley Process Participants and Observers to promote regional cooperation and outreach in support of this plan. The implementation and progress of the plan will be reviewed by the Intersessional and Plenary of the Kimberley Process in 2010.

To oversee and support the implementation of the joint work plan, Plenary resolved that a Kimberley Process Monitor for Zimbabwe (KP Monitor) be appointed. As stated in the Joint work plan, the role of a KP Monitor is to examine and supervise shipments of rough diamonds from the Marange area. The Joint work plan provides for a supervision of export mechanism under which exports of Marange diamonds are subject to Kimberley Process verification and confirmation that those rough diamonds were handled in full compliance with the minimum standards of the Kimberley Process. The Administrative Decision also provides for a review mission to assess progress in the implementation the joint work plan.

Although the terms of reference and joint work plan eloquently explained the task, the KP Monitor would like to restate his understanding of the assignment. The main objective of the KP Monitor is to support the implementation of the Swakopmund Plenary Administrative Decision and Joint work plan and work with the Zimbabwean authorities towards full compliance with the minimum requirements of the Kimberley Process Certification Scheme.

The main activities of the KP Monitor involve monitoring the implementation of the Joint work plan and reporting on a regular basis, with the frequency of such reporting still to be mutually agreed, to the chairman of the Working Group on Monitoring with copies to the Kimberley Process chair and the

Minister of Mines and Mining Development of Zimbabwe. The Kimberley Process and the government of Zimbabwe have agreed that the KP Monitor will have full and unhindered access to all relevant diamond production and processing sites as well as to all stakeholders from the point of mining to the point of export, including representatives of government, industry and civil society.

On request, the KP Monitor will prepare an Interim Progress report for the Kimberley Process Intersessional meeting, to be held in June 2010 and/or for the preparation of the Kimberley Process Review Mission which will be conducted in terms of the Joint work plan, as well as a Final report for the Plenary which is scheduled to convene in November 2010. The calendar for submitting regular progress reports will be provided to the KP Monitor for consideration by the Chair of the working group on monitoring.

In addition, prior to each export, the KP Monitor will examine, at the request of the Zimbabwean Ministry of Mines and Mining Development, diamonds shipment from any producing areas in the Marange diamond fields to confirm whether diamonds selected for shipment meet Kimberley Process minimum requirements and confirm their certification for export.

The KP Monitor will conduct a thorough examination of individual shipments and their chain of custody to confirm their compliance with Kimberley Process requirements, according to the following procedure:

- When the KP Monitor assesses that an export shipment has been produced and prepared in accordance with Kimberley Process Certification Scheme minimum requirements, the KP Monitor is required to confirm this on the relevant Kimberley Process Certificate with his signature and stamp, and will digitally photograph the certificate and shipment. A specimen of the KP Monitor signature and stamp will be provided to the Kimberley Process Chair for prior distribution to Kimberley Process Participants.

- When the KP Monitor assesses that an export shipment has not been produced and prepared in accordance with Kimberley Process Certification Scheme minimum requirements, the KP Monitor will provide to the Ministry of Mines and Mining Development specific written indications as to the reason(s), including any possible means of remediation. Any such proposed export will be held until the necessary remedial action is completed, after which the KP Monitor will reexamine the export and, if fully Kimberley Process Certification Scheme compliant, certify the shipment and sign the Kimberley Process Certificate.

After each examination, the KP Monitor is required to prepare a specific KP '*export examination report*', providing summary conclusions on exports that have been reviewed against specific Kimberley Process Certification Scheme requirements. Such KP '*export examination reports*' are to be submitted within one week of the certification examination to the chair of the Working Group on Monitoring, with a copy to the Ministry of Mines and Mining Development of Zimbabwe. Pictures of certificates and shipments must be attached to the 'KP export examination reports'. Finally, the KP Monitor will perform his tasks under the aegis and supervision of the Kimberley Process Working Group on Monitoring, and will refer any related issues to this working group. The KP Monitor may be invited to take part in the meetings or teleconferences of the working group, at the discretion of the chair of the working group.

## **KP Monitor Meetings in Zimbabwe**

### **Courtesy visit to the Ministry of Mines and Mining Development**

On 1 March 2010, the KP Monitor arrived in Harare on a three-day visit to begin the fact-finding mission. He met Mr. Thankful Musukutwa, Permanent Secretary, Ministry of Mines and Mining Development. At this meeting the Permanent Secretary proposed a three day programme, including logistics and resources allocated for the success of the visit. The meeting was followed by a courtesy visit to the office of the Honourable Obert Mpofu, Minister of Mines and Mining Development. The Minister assured the KP Monitor that he would have full access to all relevant government representatives, relevant diamond production and processing sites as well as to all relevant stakeholders from mine to the point of export. He reiterated his government's desire and commitment to comply fully with the minimum requirements of the Kimberley Process Certification Scheme.

### **Meeting with KP Joint work plan stakeholders**

The KP Monitor then met with officials of numerous state-owned entities and departments. These included representatives of the Ministry of Mines and Mining Development (MMMD), Minerals Marketing Corporation of Zimbabwe (MMCZ), Zimbabwe Mining Development Corporation (ZMDC), the Ministry of Finance represented by the Zimbabwe Revenue Authority (ZIMRA), Minerals Unit, and Zimbabwe Republic Police. In addition, industry representatives of several private companies were present, including Marange Resources, Mbada Diamonds, Canadile Miners and Global Diamond Valuers, Namibia.

At this meeting, the Permanent Secretary of Mines and Mining Development introduced the KP Monitor and requested all present to introduce themselves. He then requested the KP Monitor to present himself to elaborate on the purpose of his visit. The KP Monitor explained that this was a fact-finding-mission to Zimbabwe to make preliminary assessments on operations at the Marange diamond field and to determine his requirements for technical support in fulfilling his mandate.

### **Visit to Mbada Diamonds sorting facility**

The KP Monitor visited the Mbada Diamonds sorting and valuation facility housed in a hangar at Harare Airport (referred to as the hangar). The KP Monitor was received by Dr. Mhlanga, chairman of Mbada Diamonds, chief executive officer, Mr. Ruhwaya, and Mr. Dave Kassel, chairman of Reclam, a company associated with Mbada Diamonds. The Monitor was also received by a contingent of government department representatives most of whom are responsible for the monitoring and implementation of the Kimberley Process Joint work plan.

At Mbada Diamonds, the line management team demonstrated the process of the movement of diamonds from Marange diamond fields to the Harare sorting and valuation facility. The team also explained security and control systems at the facility, chain of custody, as well as policies and procedures for handling diamonds in and around the 'hangar'. Mbada Diamonds operational policies and procedures were designed and implemented by Global Diamond Valuers of Namibia, a consulting firm retained by Mbada Diamonds and Canadile Miners. Most importantly, management explained and demonstrated company production pipeline procedures, audit processes, administrative and document handling procedures.

### **Findings:**

(i) Policies, processes and procedures applied at Mbada Diamonds are world class on paper and the company needs to build the necessary capacity to implement them. The company also needs to inculcate a culture of full compliance with Kimberley Process minimum requirements.

(ii) At the 'hangar' there is an area of the sorting and valuation facility without cameras. This creates 'blind-spots' and risks breaking the chain of warranties. It also creates an opportunity for rough diamonds to be removed from the security and monitoring control system. The KP Monitor believes this situation compromises the audit process;

(iii) There is inadequate security around the helicopter landing pad. While the heli pad is in a secured area, it is also close to a standard fence that could be ripped apart;

(iv) Representatives of state security agencies present at the 'hangar' do not seem to be adequately trained or experienced enough to ensure that the manner in which rough diamonds are handled is fully compliant with Kimberley Process Certification Scheme minimum requirements;

(v) There is no visible paper trail to track the movement of rough diamonds from the safe to cubicles. Management of Mbada Diamonds would like to believe that the current paper trail is adequate; however the KP Monitor believes the system can and should be improved.

(vi) The sorting and valuation site requires a senior well-trained and experienced Diamond Auditor. At present the company has entrusted this responsibility to a person who does not qualify for the job. However, management promised they will employ a qualified person to take full responsibility for implementation of audit policies, processes and procedures.

## **Meeting with Global Diamond Valuators**

At the end of the Mbada Diamonds visit the KP Monitor requested a presentation by Global Diamond Valuators Namibia to explain its role and the nature of contractual relationships between the firm and its clients. Representatives explained they are retained by Mbada Diamonds and Canadile Miners as technical advisors to establish policies, processes and procedure to meet Kimberley Process minimum requirements, particularly the industry chain of warrantees. In addition, the KP Monitor requested soft and hard copies of manuals, policies and procedures recommended to Mbada Diamonds and Canadile Miners. These were provided and are in the custody of the KP Monitor.

Findings;

(i) Methodologies and tools used by Global Diamond Valuators are consistent with international best practice, however, there is a possibility that Mbada Diamonds and Canadile Miners management may receive all the required knowledge and information but fail to implement systems due to lack of capacity.

(ii) The duration of the contractual involvement of Global Diamond Valuator is not certain. This poses a concern on the implementation and sustainability of the systems.

## **Meeting with the diplomatic community**

The KP Monitor was invited by the Head of Delegation of the European Union to Zimbabwe, His Excellency, Ambassador Xavier Marchal who hosted a dinner at his residence for the Heads of the Missions accredited to Zimbabwe from countries or entities that are Participants in the Kimberley Process Certification Scheme. Ambassador Marchal advised the Ministry of Foreign Affairs of the Republic of Zimbabwe through a *note verbale* that he had invited Heads of the Missions accredited to Zimbabwe to the dinner. About 20 representatives of participating states and regional economic integration organisations attended.

In his speech, the KP Monitor explained that he was on a fact-finding-mission to assess operations at Marange diamond fields and to determine his staff requirements. In response, members of the diplomatic community raised a number of issues, including press statements by both Honourable President Robert Mugabe and Minister Mpfu that the government of Zimbabwe still had an option to trade diamonds outside the Kimberley Process Certification Scheme. However, members emphatically shared their commitment and support for the implementation of the Joint work plan and that revenue generated from the sale of rough diamonds should be used to rebuild the Zimbabwean economy and improve the livelihood of its people, particularly children.

## Findings;

Most member countries represented at the dinner fully supported the implementation of the Joint work plan with some expressing concerns on the political uncertainty in Zimbabwe.

### Visit to Chiadzwa, Marange

On 2 March 2010, the KP Monitor visited the Chiadzwa, Marange diamond fields for first hand information on mining operations in that area before touring Forbes, a border post between Zimbabwe and Mozambique. The visit to Forbes followed claims that diamonds from Chiadzwa were being smuggled through the borders between the two countries. Chiadzwa, Marange is a group of diamondiferous, largely alluvial gravel properties in the province of Manicaland, Zimbabwe. Mining takes place on surficial alluvial and alluvial blocks, with open pits hardly reaching three metres depth.

The ground is broken with excavators, loaded into dump trucks using a backhoe excavator and hauled to the ore bin or stockpile at the plant.

Geologists explain that the ore consists of sands, gravels and pebbles with minor portions of boulders of conglomerates. All material from the mining block is processed as discrete batch and thus results can be compared with the sampling forecast for the block to check the efficiency of the recovery process. It is estimated that an area of 66 648 hectares (ha) held under 4 special grants that belong to ZMDC. The special grants are identified as follows:

#### **SPECIAL GRANT NO. AREA COVERED (ha) % OF AREA**

SG 4718	600	0.90
SG 4719	400	0.60
SG 4720	2100	3.15
SG 4765	63 548	95.35
<b>TOTAL</b>	<b>66 648</b>	<b>100.00</b>

Based on the geological exploration carried out by ZMDC, 11 889 hectares or 18% of the total concession is prospective for diamonds. The remaining 54 759 hectares show low prospects, and further exploration is underway in this area. The prospective concession area has been demarcated and issued to two investors with some demarcated but not issued yet.

## **SPECIAL GRANT NO. AREA COVERED (ha) STATUS**

SG 4718	600	Demarcated,	not issued
SG 4719	400	Demarcated,	not issued
SG 4720	1 100	Issued to Mbada Diamonds	
SG 4720	1 000	Issued to Canadile Miners	
SG 4765	8 789	Demarcated,	not issued

### **TOTAL 11 889**

Aside from the visit to Forbes border post, the KP Monitor's objective was to (a) identify the total area under the control of ZMDC in Chiadzwa, Marange, (b) subdivision of resources into manageable areas and (c) assess mining operation at both Mbada and Canadile mining sites.

### **Visit to Canadile Miners sorting site**

The KP Monitor visited the Canadile Miners sorting and valuation site in Mutare, Manicaland province.

At the site, the delegation was received by line management and shareholders of the company. Overall, the sorting and valuation site appeared non compliant with the Kimberley Process minimum requirements, largely because their security and monitoring control systems were in-adequate, and diamond audit systems were equally not up to standard. Understandably, the offices were only recently occupied and some if not most of their staff had been recently employed. When the KP Monitor randomly selected an employee, who happens to be an employee of the MMCZ, for questioning, it became apparent that he had no idea of activities at the sorting and valuation site, despite his role as the representative of a state owned entity.

### **Findings;**

(i) Canadile Miners sorting and evaluation site does not meet a voluntary system of industry self-regulation aimed at facilitating the full traceability of rough diamond transactions by government authorities;

(ii) Policies, processes and procedures applied at Canadile Miners are world class in theory and therefore need the company to build the necessary capacity to implement them. The company also needs to inculcate a culture of full compliance with Kimberley Process minimum requirements;

(iii) At the sorting and valuation site there is an area without cameras. This creates 'blind-spots' and risks breaking the chain of warranties. It also creates an opportunity for rough diamonds to be removed from the security and monitoring control system. The KP Monitor believes this compromises the audit process;

(iv) There is inadequate security around the premises;

(v) Representatives of state security agencies on site are not adequately trained or experienced enough to ensure that the manner in which rough diamonds are handled is fully compliant with Kimberley Process Certification Scheme minimum requirements;

(vi) There is no visible paper trail to track the movement of rough diamonds from the safe to cubicles. Management of Canadile Miners believes the current paper trail is adequate; the KP Monitor believes the system can be improved;

(vii) The sorting and valuation site requires a senior well trained and experienced Diamond Auditor;

(viii) Back-up of footage from the electronic security system is inadequate;

(ix) Roles and responsibilities of shareholders, management and staff are blurred and confusing. The KP Monitor was unable to identify the public office or accounting officer, even though the Managing Director was present at the meeting;

(x) The KP Monitor deduced, without conclusive evidence, that Canadile Miners may be encountering financial difficulties. This conclusion, if correct, contradicts the assertion that the company had committed US\$100 million to develop its operation in Marange.

### **Visit to Mbada Diamonds mining site**

The KP Monitor visited the Mbada Diamonds mining site where a relatively new, but highly mechanised, mining operation was established. The KP Monitor was received by the same team that met him at the sorting facility; Dr. Mhlanga, Mr. Rhuhwaya, and Mr. Dave Kassel. The KP Monitor was also received by representatives of government. At the mine Mbada Diamonds demonstrated the process of the

movement of diamonds from the mine site to screening, weighbridge, surge bins, sort boxes, all the way to the lock boxes. The company also demonstrated health and safety procedures, operational procedure and process flows. An elaborate security and monitoring control system was demonstrated. All machines and equipment found at Mbada Diamonds mine site are relatively new; this includes all mining machinery and equipment. The KP Monitor concluded that Mbada Diamonds, especially when compared to Canadile Miners, appears to be funded heavily by a large and established financial institution.

## **Findings:**

- (i) Mbada Diamonds mine is highly geared;
- (ii) The company has been mining in the Marange area since late 2009 and has, stock-piled diamonds;
- (iii) Comparing like with like, Mbada Diamonds mine is equipped on par with medium to large mining operations in Botswana and Namibia. Management believes the company has built a 'hands-free' mining operation;
- (iv) During the visit, security arrangements in and around the mine were elaborate and highly visible (see section on security situation below);
- (v) Operational and geological staff demonstrated knowledge of their mining operation;
- (xi) Representatives of state security agencies present at the mine are not adequately trained or experienced enough to ensure that the manner in which rough diamonds are handled meets a voluntary system of industry self-regulation aimed at facilitating the full traceability of rough diamond transactions by government authorities;
- (vi) The Mbada team (shareholders and management) is intimately involved in running the business.

## **Visit to Canadile Miners mine site**

The KP Monitor visited the Canadile Miners mining site where a mechanised mining operation was established. The KP Monitor was received by management team under a tree where he was briefed about the programme and activities of the day. Apart from government and parastatal officials, present at the mine were directors and management of the company. These included, Mr. Rob van der Merwe, Marco Chioppi, Adrian Taylor, chief executive office, Z Ncube, Deputy chief executive officer and Gwiba, office Manager. This is the same team that the KP Monitor had met at the sorting offices.

At the mine Canadile demonstrated the value chain and the process of the movement of diamonds from mine site to the sorting and valuation office in Mutare. Canadile machines and equipment at the mine site are 'work in progress. The splitting of diamonds and non-diamonds is done in a container. Whilst the KP Monitor was at the mine site, there was construction underway. The Canadile staff appeared to be working hard to meet Kimberley Process Certification Scheme minimum standards before the next visit by the KP Monitor. The Canadile Miners management team has also undertaken to engage the services of Global Diamond

Valuators to expedite implementation of minimum requirements before the next visit of the KP Monitors and that of Kimberley Process Review Mission.

### **Findings:**

(vii) Canadile Miners may be experiencing financial challenges;

(viii) The company has been mining in the Marange area since late 2009 and has stock-piled diamonds;

(ix) Comparing like with like, Canadile Miners mine is currently the size of a small-scale miner with machinery and equipment that can be moved from one site to another without much difficulty. ;

(x) During the KP Monitor's visit security arrangements in and around the mine were sufficient to prevent intrusion;

(xi) The operational and geological staff demonstrated knowledge of their mining operation;

(xii) Representatives of state security agencies present at the mine are not adequately trained or experienced enough to ensure that the manner in which rough diamonds are handled meets a voluntary system of industry self-regulation aimed at facilitating the full traceability of rough diamond transactions by government authorities;

(xii) The Canadile miners managing director did not demonstrate active involvement in running the business. Although he was present, he never participated in company briefings.

### **Security at the plant**

#### **MBADA**

Screened concentrate weighed with truck on a weigh bridge

Weight of concentrate from head feed is captured Weight-o-meters used to weigh concentrate

Process at DMS double-locked by security and mine management

Process in recovery up to vault is also double locked

Glove boxes have cameras inside to monitor the sorting operation

Sorting operations are hands free

Exporting boxes use self-locking mechanism

Exporting boxes locked with two locks

Access to all diamond areas are controlled by centralised access control system

Exit from mining area is via an X-ray machine

## **CANADILE**

Count number of scoops from tipper into head feed

Weight concentrate from surge bin recorded again Security personnel on horses doing rounds

DMS plant is hands free

Conveyor belts screened off with wire mesh

Recovery up to vault is double locked

Glove boxes have cameras inside to monitor the sorting operation

Sorting operations are hands free

Exporting boxes use self-locking mechanism

Export boxes locked with three locks

Access to all diamond areas controlled by centralised access control system

Exit from mining area is via a thorough physical search

## **Security at the mine**

### **MBADA**

Entrances and security exits manned 24 hours

Static security space at 100m intervals

Motorbike units conduct rounds every hour

Dog unit right around the fence area

Control towers Watch towers at corners of the perimeter

## **CANADILE**

Entrances and security exits manned 24 hours

Static security at 100m intervals

Security personnel doing rounds on horses

Night vision cameras along the fence and mining are- linked to central control tower

### **Visit to Forbes border post**

En route to Harare, the KP Monitor toured the Forbes Border Post. At the border the delegation was able to briefly meet the head of Zimbabwe Revenue Agency who explained that she was not authorised to speak on behalf of her organisation.

### **Findings:**

(i) The government of Zimbabwe has designated Harare International Airport as the country's official point of export for diamonds and that no border gate or other exit point was equipped and/or authorised to facilitate the export of rough diamonds;

(ii) Rough diamonds exported from a border gate or any other domestic airport is deemed illegal;

(3) On the other hand, the KP Monitor was unable to obtain regulations or legislation that supports this desired situation. It appears that if a diamond trader met Kimberley Process minimum requirements and obtained the Kimberley Process Certificate, he/she could apply for permission to use a border of his/her choice.

### **Workshops with Stakeholders in Harare**

On 3 March 2010 the KP Monitor arranged one-hour long workshops with individual key stakeholders at the offices of the Ministry of Mines and Mining Development. The purpose was to outline individual implementation plans to prepare templates. The workshop also provided further clarification for the implementation of the Joint work plan.

## **Meeting with the Reserve Bank**

In a separate meeting with officials of the Reserve Bank of Zimbabwe (Reserve Bank), two representatives of the bank, Messrs. Manase and Chiremba explained that as part of the court order, the Reserve Bank was requested to provide custody for the diamonds in question during the dispute period. The bank received all the diamonds referred to in paragraphs 3 and 4 of the High court order in judgment no. HC 6411/07 for safekeeping pending determination of the appeal noted against the judgment. In fulfilling this request, the Reserve Bank established a monitoring committee comprising representatives of the following institutions:

1. Reserve Bank of Zimbabwe
2. Minerals and Marketing Corporation of Zimbabwe
3. Ministry of Mines and Mining Development
4. Office of the President
5. Zimbabwe Republic Police
6. Deputy Sheriff
7. African Consolidated Resources (legal representative)

The Reserve Bank further appointed Mr. Jamal Joseph Ahmed, a diamond valuator from Premier Diamonds, a company registered in Belgium with offices in Antwerp. Premier Diamonds was assigned to confirm the weight and value of the diamonds. members of the monitoring committee were invited to witness the valuation and sealing of the diamonds. The diamonds were placed in a trunk and one key was kept by the deputy sheriff and another by African Consolidated Resources legal representatives. The deputy sheriff also issued a receipt presented to African Consolidated Resources. The Ministry of Mines and Mining Development has informed the KP Monitor that its team is currently seeking legal interpretation of the court order and the implications.

## **Meeting with cabinet task force on Marange production**

The KP Monitor met with the Zimbabwean cabinet task force on Marange production. The Task Force was established by government, to monitor developments in Marange, among other issues. The committee comprises Honourable Mpfu, Chairman of the Committee and Minister of Mines and Mining Development, Honourable Biti, Minister of Finance, Honourable Ncube, Minister of Industry and Commerce, Honourable Mnangangwa, Minister of Defence, and Honourable Mangoma, Minister of Economic Development and Investment Promotions.

At this meeting, the KP Monitor briefed the Task force on his activities in Zimbabwe as part of his factfinding mission. He assured them that Zimbabwe has the capability and potential to meet Kimberley Process minimum requirements.

### **Second meeting with the Minister of Mines and Mining Development**

The KP Monitor met the minister at the end of his fact-finding mission. At this meeting, the KP Monitor informed the Minister that his fact-finding mission was successful and that he was able to visit every site possible and met all relevant stakeholders in the time frame provided. The KP Monitor also informed the minister that he would be preparing a report on his findings and that a copy would be sent to the minister.

### **Media Briefing**

At the end of the visit, the KP Monitor met members of the media at the Ministry of Mines and Mining Development. He informed the media that his mission was accomplished and that he would be reporting to Mr. Stephane Chardon, chairman of the Working Group on Monitoring who, in turn, would report to the chairman of the Kimberley Process and the Minister of Mines and Mining Development, Honourable Obert Mpofu. The KP Monitor ended his fact-finding mission and returned to South Africa.

### **Agencies and companies actively involved in mining Marange diamonds**

Mining in Zimbabwe is administered and managed by the Ministry of Mines and Mining Development. Among other issues, the ministry is responsible for granting mining rights by issuing certificates of registering mining claims, special grants, mining leases exclusive prospecting orders etc. The ministry discharges some of its functions through state owned entities such as the Zimbabwe Mining Development Corporation (ZMDC), a company created by act of parliament.

Another wholly-owned state entity is the Minerals Marketing Corporation of Zimbabwe (MMCZ). Its mandate is to sell and coordinate the export of minerals, for which it receives a commission of (0.875%). It also purchases rough diamonds from the local market and sell them to diamond manufacturers and dealers. MMCZ is Zimbabwe's Kimberley Process Certification Scheme exporting authority. The MMCZ authority is required to keep diamond production statistics and other related production and export information.

The ZMDC is mandated to invest in the mining industry of Zimbabwe on behalf of the state. ZMDC operates 26 separate mining companies in Zimbabwe. Some of its operations include four special grants in the mining area of Chiadzwa, which are held directly by ZMDC. Together, the company owns approximately 125 000 hectares of diamondiferous area.

Initially, ZMDC attempted to produce and sell rough diamonds without partnering with commercial entities. This attempt, which produced 1 366 872 carats over less than three years, was later reconsidered and it was concluded that joint ventures were the preferred way to grow its technical and financial capabilities. As at October 2008, the company was allowed to sell rough diamonds in the open market. An estimated 876 000 carats valued at US\$8,3 million were sold to the open market and a balance of 490 000 carats were kept in stock. Of the US\$8,3 million, US\$837 000 was paid to the national fiscus.

## **Formation of Joint Ventures**

Following the Kimberley Process Review Mission, 2009, a report outlining levels of non-compliance, including the security situation around the Chiadzwa and Marange diamond fields, the Ministry of Mines and Mining Development and ZMDC resolved to revise their mining business model. A decision was taken to consider partnering with commercial mining companies. According to representatives of the Zimbabwean government, unsolicited expressions of interest from the mining fraternity were received from various local and international operators and a file was opened for applications.

When the government revised its business model, the need arose to select potential partners. The simplified version of the selection process can be summarised as follows; prospective investors were selected by the Ministry of Mines and Mining Development, which was preceded by establishing “a special purpose vehicle” that represented ZMDC commercial interests. This company was later named Marange Resources Private Limited (Marange Resources), a wholly owned subsidiary of ZMDC.

Marange Resources although wholly owned by ZMDC is a private company registered under Zimbabwe’s Companies Act Chapter 24:03. The company was originally registered as Block Wood Mining and later the name was changed to Marange Resources.

In July 2009, two companies, namely Core Mining, registered in South Africa and Grandwell Holdings, registered in Mauritius were considered for joint ventures with Marange Resources. ZMDC would hold its interests in the joint venture through Marange Resources. According to a report based on ZMDC oral evidence to the parliamentary committee on mines and energy, on 8 February 2010, Core Mining Resources is a diamond mining company operating in Kimberley, South Africa and Grandwell Holdings is a company involved in the reclamation business with strong financial and administrative capacity to put in place a fully fledged mining operation.

Due diligence was conducted on both companies and subsequently the ZMDC signed a suspensive Memorandum of Understanding with Core Mining and Grandwell respectively. The report states that the Memorandum of Understanding with both companies was superseded by the shareholders agreements signed on 13 and 14 August 2009. The joint venture for Grandwell was signed on 13 and Core Mining on 14 August 2009.

### **Issuing special grants**

ZMDC then released special grants named 4720 measuring 2100 hectares to Core Mining and Grandwell Holdings. The special grants were divided in two almost equal parts. The companies pledged US\$100 million investment in the form of equipment and machinery that would be used for building physical, processing, water, road and security infrastructure. The agreement also undertakes to relocate communities within and around the mining fields. An inter ministerial committee was established to oversee the relocation programme. This committee included the ministries of local government, public works, mines and environment.

These joint ventures have resulted in the formation and incorporation of two distinct companies in which ZMDC (through Marange Resources) has 50% shares. Grandwell and Marange Resources hold their 50/50 shares in a joint venture company called Condurango, trading as Mbada Diamonds. Condurango has entered into a management agreement with joint venture partners, with the understanding that Condurango will be responsible for the day-to-day running of the mining operation.

For Core Mining Resources, a new company called Canadile Miners Private Limited was formed. Unlike Condurango, Canadile Miners partners have agreed to jointly manage their operations. Both joint ventures have board of directors. Condurango has ten seats, while ZMDC is allocated five directors and Grandwell five directors. The chairmanship of the board rotates after two years. The same arrangement applies to Canadile Miners.

### **Relocation of affected villagers**

A total of 4,207 households have been identified for resettlement to pave the way for diamond mining operations. Total costs of resettlement have been calculated by the Ministry of Public Works and Housing at \$11,791,644 (Table 1). The investors currently have committed to share the cost equally. New investors in the area will share the cost on pro-rata. The government has already identified ARDA Transau farm for resettlement of affected households. The first phase of the resettlement exercise will see 1,800 households being moved to ARDA Transau farm where each household will get one hectare for a homestead and half a hectare for crop farming.

The investors have so far built two sample houses at ARDA Transau and sunk 10 boreholes. The existing school and clinic have been renovated. The investors will install irrigation infrastructure for the settlers.

### **Small scale miners**

The Ministry of Mines and Mining Development is drafting policy and procedures on handling small scale mining. Among other issues, the ministry is investigating the roles of each government department and other relevant key institutions. It is also looking at the definition of small scale miner, particularly size. To date, no small miner has been licensed to mine. The ministry indicated that a framework document will be completed by June 2010. However, mining operations by small miners will begin at a much later stage.

### **Country internal controls**

Mining titles are issued by the Ministry of Mines and Mining Development (MMMD) after evaluation of the application and due diligence on the investor. The MMMD carries out periodic mine audits and inspections. The Zimbabwe Republic Police (ZRP) Minerals Unit also monitors the movement of diamonds from the mining stage up to the export stage. MMMD and the Minerals Marketing Corporation of Zimbabwe (MMCZ) are responsible for authorising exports of diamonds after satisfying themselves that the diamonds comply with Kimberley Process Certification Scheme requirements. No diamonds can be exported without the KP certificate.

At the port of exit ZIMRA insists on Kimberley Process certificates being produced before diamonds can be exported. The diamonds must be sealed and accompanied by a commercial invoice with the seal number and number of carats being exported. There is a statutory instrument in place which makes it mandatory for all diamond producers to comply with minimum Kimberley Process requirements.

### **Marange production and sales statistics**

For the period October 2006 to 28 February 2010, a production and sales account of the Marange diamond field is obtainable from the activities of a number of players as summarised in the table below.

**Marange Diamond Field Production Summary, October 2006 to 28 February 2010**

<b>Source Product</b>	<b>volume (Cts)</b>	<b>Sales volume (Cts)</b>	<b>Stock (Cts)</b>
<b>Marange Resources</b>	1,363,566.55	1,083,840.36	279,726.19
<b>Mbada</b>	2,005,298.44	0	2,005,298.44
<b>Canadile</b>	346,551.92	0	346,551.92
<b>MMCZ mop-up</b>	531,222.01	525,167.76	6,054.25
<b>Police/MMMD</b>	25,932.88	25,932.88	472.87
<b>ACR</b>	129,031.87	0	129,031.87
<b>TOTAL</b>	<b>4,401,603.67</b>	<b>1,634,941.00</b>	<b>2,767,135.54</b>

Source:MMMD (2010)

**Marange Resources annual production volume, 2007 - 2009**

**Production Period Diamond recovery (carats)**

2007 494,181.95

2008 460,017.20

2009 409,367.40

**Total Production 1,363,566.55**

Source: MMMD (2010)

## Marange Resources Sales Summary, 2008 -2010

### Sales Carats

Tender 1	01-Oct-08	101,550.00		
Tender 2	01-Mar-09	87,307.09	3,706.63	328,305.01
Tender 3	16-Jun-09	64,305.44	2,445.32	104,260.86
		2,005.31	61,028.61	
Tender 4	20-Aug-09	17,930.11	30,263.06	73,221.52
Tender 5	27-Jan-10	2,753.73	3,678.18	10,387.95
		17,445.83	81,056.81	63,297.66
		28,891.24		
<b>Total sales</b>			<b>1,083,840.36</b>	

**Closing stock at 28 February 2010**                      **279,726.19**

Source: (2010)

Marange Resources only started sales in October 2008. The slow issuance of CD1 (currency declaration) forms by the Reserve Bank of Zimbabwe slowed the export process causing the accumulation of product/stock pile. A paper trail is available for all transactions entered by Marange Resources. The Ministry of Mines and Mining Development, through the comptroller and auditor general is engaging a forensic auditor to reconcile production and sales figures for Marange diamonds as stipulated in the Joint work plan, Strategic Issue 8. The exercise will include reconciliation of all diamonds bought by MMCZ and those from police seizures.

### National Production Statistics, 2009

Marange Res	Mbada	Canadile	Murrowa	River Ranch	TOTAL
<b>409,367.40</b>	302,115.08	57,537.00	121,863.19	72,617.23	<b>963,499.90</b>

In 2009, Mbada and Canadile only started production in December 2009.

## **Cooperation and Transparency**

In 2009, cabinet set up an inter ministerial task force to oversee Kimberley Process compliance issues on Marange diamonds, to include investment in the Marange diamond field and relocation of affected households. The three political parties to the Global Political Agreement (GPA) are represented in the inter-ministerial task force whose members include:

Hon O.M. Mpofu (MP) – Minister of Mines and Mining Development, (chair) Hon T. Biti (MP) – Ministry of Finance

Hon E.D. Mnangagwa (MP) – Ministry of Defence

Hon Professor W. Ncube (MP) – Ministry of Industry and Commerce

Hon E. Mangoma (MP) – Ministry of Economic Development and Investment Promotion.

In addition, there is the parliamentary portfolio committee on mines and energy which monitors compliance with best practices. It also monitors the implementation of relevant legislation and corporate governance by all players in the diamond industry. A steering committee chaired by the Ministry of Mines and Mining Development, monitors implementation of the Joint work plan agreed to with the Kimberley Process Certification Scheme. Other members of the committee include MMCZ, ZMDC, ZIMRA and ZRP – Minerals Unit. There is also a committee on border control made up of the ZRP – Border Control and Minerals Unit, ZIMRA and immigration officials who work with their counterparts in Mozambique.

A provincial committee chaired by the Ministry of Local Government has been set up to deal with the relocation process for affected households.

The Committee is made up of officials from:

- Ministry of Local Government
- Ministry of Lands
- Ministry of Public Construction
- Department of Irrigation
- Department of Physical Planning
- District Development Fund
- Environmental Management Agency

- Mutare Rural District Council
- Ministry of Agriculture
- Ministry of Mines and Mining Development
- Zimbabwe Mining Development Corporation

The committee reports to the provincial governor for Manicaland.

### **Security situation in Marange**

Demilitarisation of Marange diamond field appears to be ongoing, in accordance with the Kimberley Process Administrative Decision and Joint work plan. As resource areas are demarcated and allocated to joint venture companies, investors take full responsibility of their areas and are compelled to secure their areas and operate on hands free auditable systems. The KP Monitor was informed that there is now complete demilitarisation of areas under Mbada and Canadile's operations. Both Mbada and Canadile have secured their areas of operation through physical security barriers (fences etc) and electronic means.

### **Industry voluntary self-regulation**

The global diamond industry has undertaken to implement a voluntary system of self-regulation by ensuring an effective internal control system of diamonds based on the international certification scheme for rough diamonds. This system includes a chain of warranties underpinned through verification by independent auditors of individual companies and supported by penalties set by industry, which helps facilitate the full traceability of rough diamond transactions by government authorities. The KP Monitor attempted to establish levels of compliance by mining companies at Marange diamonds fields. The results were as follows:

### **Security situation at Sorting and Valuation facilities**

#### **MBADA CANADILE**

- Screened concentrate weighed with truck on a weigh bridge
- Count number of scoops from the tipper into head feed
- Weight of concentrate from head feed is captured
- Weight-o-meters used to weigh concentrate
- Weight concentrate from surge bin recorded again

- Security personnel on horses doing rounds
- Process at DMS double-locked by security and mine management
- DMS plant is hand free
- Process in recovery up to vault is also double locked
- Conveyor belts screened off with wire mesh
- Recovery up to vault is double locked
- Glove boxes have cameras inside to monitor the sorting operation
- Glove boxes have cameras inside to monitor the sorting operation
- Sorting operations are hands free
- Sorting operations are hands free
- Exporting boxes use self-locking mechanism
- Exporting boxes use self-locking mechanism
- Export boxes secured with 3 locks
- Exporting boxes are secured with 2 locks
- Access to all diamond areas controlled by centralised access control system
- Access to all diamond areas controlled by centralised access control system
- Exit from the mining area is via X-ray machine
- Exit from the mining area is via thorough physical search

## **Security at the mine**

### **MBADA CANADILE**

- Entrances and security exits manned 24 hours
- Entrances and security exits manned 24 hours
- Static security at 100m intervals · Static security at 100m intervals
- Motorbike units conducts rounds every hour
- Security personnel doing rounds on horses
- Dog unit right around the fence area
- Control towers
- Watch towers at corners of the perimeter
- Night-vision cameras along fence and mining area- linked to central control tower

### **Landing air strip and security control tower**

The KP Monitor visited the well-publicised air strip that is being built in the area. The mine management team informed the KP Monitor that the airstrip will be used to transport rough diamonds from the mine to the sorting and valuation facility in Harare. The KP Monitor was also taken to the security control tower. The tower is being built on the highest point in the Marange area.

### **Matter between Ministry of Mines and Mining Development and African Consolidated Resources**

The KP Monitor was informed by the Ministry of Mines and Mining Development that African Consolidated Resources Plc, a public company listed on the London Stock Exchange, has over the past several years, declared a dispute on mining claims in the Marange diamond fields with the ministry and its associated institutions. The dispute between the parties culminated into a High Court ruling in September 2009 with a court order stating the following (as paraphrased):

- *The African Consolidated Resources claims issued to Dashaloo Investments, Possession Investments, Heavy Staff Investments and Olebile Investments, which are within the area previously covered by Exclusive Prospecting order 1523 held by Kimberlit Searches are valid and have remained valid since the date they were originally pegged, and the right granted to a company that is associated with African Consolidated Resources, shall not apply in respect of the African Consolidated*

*Resources claims as indicated on Annexure 'B' (of the application). In that regard it is hereby ordered that Zimbabwe Mining Development Corporation cease its prospecting and diamond mining activities in the said area.*

*· The Court Order further instructs that 129 400 carats of diamonds seized from African Consolidated Resources offices in Harare January 2007 be returned to African Consolidated Resources, and the Police be directed to cease interfering with the African Consolidated Resources prospecting and mining activities. And that the Ministry of Mines and Mining Development and/or its associate institutions pay African Consolidated Resources lost on a legal practitioner and client scale, the one paying the other to be absolved.*

The Ministry of Mines and Mining Development advised that this matter is sub judice and therefore cannot be discussed in detail until a legal opinion is obtained from its advisors.

The matter between the ministry of Mines and Mining Development and African Consolidated Resources is of serious concern. Indications are that the African Consolidated Resources may file an urgent application to stop shipment of rough diamonds that were mined from Marange diamond fields. This action may require Kimberley Process participants and observers to apply their minds on the matter.

The KP Monitor is of the opinion that the Kimberley Process is mandated by its participants and observers to ensure that Zimbabwe complies fully with minimum requirements of the Kimberley Process Certification Scheme. And that the matter between the ministry of Mines and Mining Development and African Consolidated Resources is a subject of Zimbabwe's national laws and court decisions. An attempt to handle the matter outside the courts could easily draw Kimberley Process participants and observers into a political and diplomatic disagreement.

The KP Monitor recommends that Kimberley Process should focus on the implementation of the joint work plan, as envisaged, to ensure that Zimbabwe is in full compliance with Kimberley Process minimum requirements. In the event of an urgent application by African Consolidated Resources, Kimberley Process actions should be guided by a court decision on the matter.

## **The Way Forward**

The following challenges and recommendations are not listed in any particular order, but focus on issues that may have a negative impact on the implementation of the joint work plan, directly or indirectly. In listing these challenges and recommendations, an attempt is made to list only those that address issues covered in the joint work plan, and relevant to Kimberley Process minimum requirements.

## **Challenges Recommendations**

- Government agencies have recently deployed civil servants to monitor and report on the diamond production exports and imports, however, most of these individuals are not adequately trained or inducted into this new responsibility
- Ongoing onsite training and coaching be provided to civil servants. Among other issues, the focus should be on system leakage and audit processes and procedures. Others may be trained as diamond sorters and valuers.
- Too many government agencies are involved in monitoring and handling rough diamonds. This poses the danger of diamonds being swapped or stolen in the process.
- Only the MMCZ, ZIMRA and ZRP should handle rough diamonds. Even with these three agencies, movement of rough diamonds should be subjected to a monitoring and security mechanism that can detect the loss or of diamonds.
- ZMDC has issued some special grants and is issuing more such grants.
- ZMDC should accelerate the process of issuing special grants in the Chiadzwa area since illegal miners may seek to occupy unfenced areas.
- ZRP is permitted by legislation to hold confiscated rough diamonds as exhibit. The legislation allows ZRP to transport rough diamonds to court as required.
- Legislation be amended to reduce the risk of diamond swap or loss. In the event that legislation need not be amended, government may consider the safe-keeping of rough diamonds at MMCZ (on confiscation and during court proceedings) and only release them when necessary.
- Zimbabwe Reserve Bank currently holds rough diamonds for safekeeping pending the court order and Appeal of the court order by the government of Zimbabwe.
- Zimbabwean Reserve Bank be encouraged to keep rough diamonds only under extraordinary circumstances, otherwise be discouraged from handling rough diamonds.
- Mbada Diamonds and Canadile need to increase the chances of providing accurate rough diamond statistics from production to sorting and valuation.
- These companies be encouraged to install Torex and counting machines at the mines.
- Mbada Diamonds and Canadile Miners do not have adequate diamond audit systems.

- These companies need to employ, a full time qualified diamond audit to increase their chances of complying fully with industry self-regulating mechanism as agreed by the global diamond industry and Kimberley Process participants.
- Mbada Diamonds and Canadile Miners have not been able to demonstrate that their sorting and valuation centres have no blind-spots.
- These companies need to put cameras all around their sorting and valuation facilities.
- Mbada Diamonds and Canadile Miners claim their sorting and valuation facilities are fully secured and insured.
- Both companies are requested to submit insurance report from a current insurer of the sorting and valuation facility stating that the facilities are fully insured at a value equivalent to the value of its production
- Mbada Diamonds and Canadile Miners claim their electronic surveillance systems are fully fraud-proof and they guarantee an off-site back-up.
- Both companies are requested to submit an assurance letter certifying that the electronic security system installed at their sorting and valuation facilities cover all areas in the facilities and that on request from the Kimberley Process, they can provide footage of at least three years of coverage, assuming that their operations continue for such a period.

### **Other Challenges and Recommendations**

In addition, the following additional related challenges and recommendations should be taken into consideration.

### **Challenges Recommendations**

- Marange diamonds field is a resource-rich region on the one hand but a politically and economically charged piece of land on the other. The political and economic leadership in and outside government faces the challenge of ensuring that revenue generated from the sale of rough diamonds is used to reconstruct and develop the economy. The challenge is for all parties

involved to communicate clearly the strategic direction the country would like to take in exploiting diamond resources in the interest of all people of Zimbabwe.

The KP Monitor recommends that the Cabinet Task Force on Marange production must lead an economic strategy aimed at developing and growing the diamond mining industry in Zimbabwe to create a significant source of revenue for the state.

The strategy will have to be communicated clearly at all levels of government and industry to solicit the buy in of all key players in the industry.

The communication of clear messages to communities and other relevant stakeholders in and around Marange needs to be led by the Cabinet Task Force and/or its representative bodies.

- Communities in Chiadzwa, Marange are not connected to the mining activities in the area. They have seen a fence being erected around the diamond fields, an air strip being constructed, and trucks and bulldozers working. And they have been informed that they will be relocated. The national, provincial and local government representatives and their implementing authorities need to develop an inclusive and well-coordinated relocation strategy aimed at building consensus on the way in which relocation should be implemented.

Such relocation of the community may require a well thought out and well orchestrated plan with involves the participation of all stakeholders, particularly the local communities and their representatives. It might also help to remember that the decision to relocate was taken at the height of the diamond rush and that the circumstances have since changed following the end of diamond rush.

A national and regional communication strategy and plan is required to educate and inform the community and all relevant stakeholders on the rationale, goals and objectives of the relocation.

There must be room for new ideas on the nature of the relocation since this decision was taken during or around the diamond rush period. New ideas may include; classification of communities that need to be relocated and categories of communities such as (a) those members of the community who would like to secure jobs at the mine (b) those who may want to be paid cash and start a new life elsewhere; and (c) those who are ready to relocate to a designated area.

- The government and its associate institutions face a financial crisis, as a result certain fundamentals are not in place to develop and grow diamond production in Marange. It might be relevant to consider development institutions in Africa and the world at large that are mandated to provide developmental assistance of all types.

The government needs to appoint a team that will research development institutions such as the African Development Bank, Development Bank of Southern Africa, Industrial Development Corporation and the European Community, etc. This takes into account that there are sanctions imposed on government and government officials.

- The selection of joint venture partners to invest and mine diamonds in the Marange diamond fields has received much criticism from several quarters. Numerous documents suggest prospective investors normally apply for grants and these applications accumulate over time. At a later stage relevant government institutions process these applications and select some.

The Ministry of Mines and Mining Development may want to consider a more transparent, credible and predictable system that will enable the ministry to select applicants for consideration. Such a system will ensure credibility and accountability in a more transparent and predictable manner.

- The certification and shipment of Zimbabwe's rough diamonds is certainly going to create a revenue base for the government. The communities where diamonds are mined are most likely to expect return on the diamond resources.

The Ministry of Mines and Mining Development may want to consider releasing statistics on the royalties and company taxes paid to government as well as dividends declared by the MMCZ annually to demonstrate how the diamond industry is contributing to the national fiscus. The ministry may also want to demonstrate how mining in the area is contributing to the development of infrastructure, job creation, wealth, health and educational development.

- The development of small scale mining is a daunting task for government due to its complexity and magnitude. The programme that the Ministry of Mines and Mining Development and other stakeholders have embarked on is commendable.

The ministry of Mines and Mining Development may want to conduct a benchmark study on small-scale mining in countries that have similar economic and mining circumstances. These include Ghana, Sierra Leon and Angola.

- The implementation of the joint work plan Government needs to expedite the process of requires technical and financial support from participants. Apparently, that the government has written letters to countries such as South Africa to solicit technical support engaging these countries to support speedy implementation of the joint work plan. South Africa and European Community may be ready to assist government with immediate effect. The government should direct specific requests for assistance to those countries that have offered technical assistance, in order to ensure that areas of greatest need are addressed as a matter of priority.

- Experience has shown that illicit trade in Zimbabwe is most likely to spill over to its neighbouring countries. There is need for regional cooperation as recommended by the Working Group on Monitoring and as foreseen in the joint work plan. Such co-operation may include internal monitoring controls, security, technology, and coaching and or training. The DRC as the Vice Chair of the Kimberley Process may wish to consider championing efforts to promote strengthened regional co-operation, in consultation with the government of Zimbabwe, in order to ensure that

such regional co-operation is designed to address specific challenges being faced by Zimbabwe in meeting the minimum requirements of the Kimberley Process Certification Scheme.

### **Support for the KP Monitor**

- Following the fact-finding-mission, the KP Monitor was able to establish the magnitude of the tasks ahead and has concluded that to fulfill his mandate in a professional and diligent manner he needs secretarial and technical expertise. It would be unrealistic to expect him to fulfill this task without secretarial and technical support.

### **Recommendations on the Secretarial and Technical support**

- The secretarial support that is required includes the facilitation of constant communication with all key stakeholders; planning and coordination of KP Monitor visits to Zimbabwe; compilation of supporting documentation in preparation for writing periodic reports; monitoring media coverage of the Marange diamond fields and general administration of the activities of the KP Monitor. The envisaged secretarial support will ensure that the collection and, verification of data, as well as certification of information provided by the Zimbabwean government and industry is accurate. It will also ensure that periodic reports written by the KP Monitor are prepared professionally. Additional information may reach the KP Monitor through sources such as KP Participants, Observers and the Zimbabwean government.

- The following recommendations are made to expedite the task of the KP Monitor. The individuals who are recommended are highly competent and are known professionally to the KP Monitor and with whom the KP Monitor feels comfortable working. The fact that they are based in the region helps to keep costs down and makes the co-ordination of regular visits to Zimbabwe by the KP Monitor easy to co-ordinate, especially in the area of technical support on site in Marange.

### **Secretarial**

- The KP Monitor recommends Ms. Thuli Magubane, an experienced and professional project coordinator, be engaged to provide the envisaged. For the past seven years, she has served the corporate world as an administrator and coordinator. Her strengths are in establishing programme management offices (PMOs) designed to administer and coordinate large projects. She has implemented PMOs in the financial and property industries in South Africa. Thuli has attended various training courses in programme management office, project management methodologies and project coordination. For more information, please consult the resume, which accompanies this report.

## **Technical**

· The KP Monitor recommends Ms. Jennifer Posthumus, an experienced diamond expert, be engaged to provide the envisaged. With over 20 years of experience in the diamond industry, Jennifer has sorted and valued large quantities of rough diamonds into various assortments for optimum yield. In the past six years, she acquired experience in negotiations with buyers and sellers in the open market. Jennifer attended various training programmes in South Africa, Antwerp, London and Israel. She has worked for the De Beers, group of Companies, including Diamdel, South Africa. Currently, she works for Degas' Love a rough diamond trading company. Her professional integrity and ethical standards are beyond reproach. For more information, please consult the resume which accompanies this report.

## **Next visit to Zimbabwe**

· The KP Monitor is available to visit Zimbabwe from 6 -8 April 2010, subject to confirmation with chair of the working group on monitoring and the government of Zimbabwe. The purpose of the visit is to conduct a thorough examination of individual shipments from any producing area in Marange and their chain of custody to confirm whether rough diamonds selected for shipment were produced and prepared in accordance with Kimberley Process Certification Scheme minimum requirements.

· If compliant, the KP Monitor is required to confirm the certification on the relevant Kimberley Process Certificate with his signature and stamp, and will digitally photograph the certificate and shipment. If not compliant, the KP Monitor will provide to the Ministry of Mines and Mining Development of Zimbabwe written indications as to the reasons, including any possible means of remediation. During this period, the shipment will be held until remedial action is completed, after which the KP Monitor will reexamine the export and, if fully compliant, certify it and sign the certificate, as provided in the joint work plan.

· The KP Monitor would like to be accompanied by a diamond expert and a project coordinator when he visits Zimbabwe.

## **Conclusion**

· The Kimberley Process Certification Scheme remains the only international system that has successfully responded to conflict resource issues worldwide. The scheme has successfully and drastically reduced resource issues on the continent and has contributed to the political and economic stability of fragile states such as Zimbabwe. The scheme is known for imposing extensive requirements on its members to enable them to certify shipments of rough diamonds as 'conflict free' and prevent conflict diamonds from entering the legitimate global trade.

- Under the terms of Kimberley Process Certification Scheme, participating states must meet minimum requirements and must put in place national legislation and institutions; export, import and internal controls; and also commit to transparency and exchange of statistical data. Participants can only legally trade with other participants who have also met minimum requirements of the scheme, and international shipments of rough diamonds must be accompanied by a Kimberley Process Certificate guaranteeing they are conflict free.

- The implementation of the joint work plan is critical for meeting these minimum requirements. – ZimOnline