



Opening Remarks

by

Hon Edward Chindori -Chininga
Chairman of Parliamentary Committee on
Mines and Energy

on the

13th Annual Strategy Meeting of the
African Initiative on Mining, Environment
and Society (AIMES)

June 2011

Harare, Zimbabwe

**Representatives from various African Countries,
ZELA Officials,
Distinguished guests
Ladies and Gentlemen:**

I feel greatly honoured to be at this important workshop, which has brought together participants from various parts of the continent, to share ideas, information and experiences about the extractive sector. The extractive sector has been a topical issues for many centuries on the African continent and it was one of the reasons that led to the colonization of Africa. At quick glance also reveals that most conflicts on Africa are connected in one way or another to the extractive industry. It is my hope that as we share and exchange ideas and experiences, we may be able to make an input into strategies and programs at national, regional and continental level aimed at ensuring that African nations are able to benefit substantially from their natural resources. The Nordic countries have been able to benefit substantial from the extractive industry and I believe that Africa can and should benefit from its natural resources.

In Zimbabwe, the mining sector plays a critical role in the socio-economic development of the country and several towns are directly anchored on this sector. In 2010, the Mining sector was listed third amongst the sectors that contributed towards GDP. Since 2009, it has

become the fastest growing sector with growth up from 33.3 % in 2009 to an estimated 47% in 2010. The sector contributed 4.9% of the GDP in 2009 and 65% of the country's exports in 2010. At the same time in the 2011 Budget Statement, the Minister of Finance acknowledged that the mining sector has the potential of being both “ *a foundational and champion issue for the reconstruction of this country*” . This is premised on the fact that the country is endowed with over 40 minerals and on the recent discoveries of huge diamond deposits in Marange, which when exploited optimally will lead to substantial economic growth of the economy. Unfortunately the fiscal regime on mining has a number of challenges. While mining contributed 65% of export in 2010 its actual revenue contribution to national fiscas is not significant and has raised national debate on mining taxation or mining fiscal regime structure. system.

As a Committee of Parliament we have held a number of workshops with Ministry of Finance, Reserve Bank of Zimbabwe, Chamber of Mines and the mining companies with the object of identifying the taxation or fiscal regime and mining investment challenges. We have looked into such international initiatives such as PUBLISH WHAT YOU PAY (PWYP) and EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI) . It is our considered view that while these international initiative are positive they also raise number of questions. We need to focus on strengthening national institutions of governance instead of depending too much on

international institution to manage domestic resource and revenue matter. It is therefore a general view that the EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE should be incorporated in national structures and national institutions.

The Mines and Minerals Act is the principal legal instrument on mining issues in Zimbabwe. It is supported by other pieces of legislation such as the Gold Trade Act, Precious Stones Trade Act and various regulations. However, the Mines and Minerals Act is a very old piece of legislation and has its origins in the Mining Ordinance of 1893. It has over the years been amended 17 times with the last amendment having been done in 1994 to meet policy needs of the time. Currently, plans are underway to review this Act to meet new developments and government has put in place a Minerals Development policy which must complement the new Mines and Minerals Act once enacted. The Minerals Development policy seeks amongst other things to promote economic empowerment and indigenisation in the mining sector as well as to regularize and improve artisanal and small-scale mines so that they become part of the formal mining sector.

Despite the fact that the country is endowed with an array of minerals, the country has not been able to realise its full potential due to a number of factors such as lack of extensive mineral exploitation, power

outages and limited financial resources for recapitalization. At the same time, the Government has expressed concern that the contributions of the mining sector to the fiscus have been minimal and plans are in place to introduce major tax reforms aimed at enhancing overall tax efficiency and increasing the sectoral contribution to the fiscus. Another issue which has been of concern to the government is the fact that the bulk of the country's minerals, such as gold, platinum, chrome and diamonds are exported in raw form and yet it is well known that value addition plays an important role in more wealth and employment creation for a country.

I would now like to turn to the role of Parliament in the extractive sector. Parliament has three major functions that of legislative, oversight and representative. Parliament performs its constitutional obligations in the following ways:

- ➔ Legislative Role – the Parliamentarians need to ensure that there are clear policies and laws regulating access, ownership and usage rights of natural resources. Where there are any inconsistencies, the Legislature makes recommendations to the Executive.
- ➔ Oversight role – Parliaments have the power to call upon the Executive to account for execution of its policies and programs.

At the same time the Executive has to also account for its usage of government resources. This can be achieved the work of portfolio Committees in the form of site visits to mines, committee meetings, public hearings and workshops. The outcome is in the form of a report with recommendations for the Executive to consider.

➔ Representative role – Members of Parliament, who represent areas with natural resources also have a responsibility of raising awareness on issues linked with natural resource management in their constituency. This can be done in the form of motions or raising of questions to the Minister during Question and Answer sessions in Parliament.

In order to strengthen its oversight, legislative and representative role, it is important that Parliament works with other key stakeholders such as civil society so that there is proper management and accountability of mineral resources. Such organizations play an important role in the supply of information research studies and in capacity building of legislators.

The civil society has a major role to play in research on mining, fiscal regimes, relocation and resettlement of affected mining

communities, corporate social responsibility and community support. Unfortunately there is a serious conflict in Africa on the role of civil society in mining. Sometime civil society is looked upon as a law to themselves and viewed as representing the opposition or colonial interests. Unfortunately some civil societies play into the hands of these accusation by seeming not to stand for national interest and are accused of being driven by financing from donor. On the part of governments in Africa, the instability in Africa, results in some governments creating enemies with civil society.

I would like to end by wishing you a successful workshop and hope that you will be able to provide practical and efficient ways in which African countries can fully benefit from the extractive industry. I therefore end my address by declaring this workshop open and wish you well in your deliberations.

I thank you all.