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"The one who controls the diamond wears the crown! The politicization of the Kimberley Process in Zimbabwe"

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ABSTRACT

Why has Zimbabwe, a state that has been notorious for an utter disregard of international agreements, spent resources to implement policies that are in compliance with the Kimberley Process diamond certification scheme? In this research I explain variation in Zimbabwean regulatory policy in response to the Kimberley Process since 2003. This article contends that this variation can be best understood by tracing the political economy of factional rivalries within the ruling Zimbabwe African National Union – Patriotic Front (ZANU-PF) party. This research demonstrates that although the behavior of international regimes and private economic actors matter, in Zimbabwe it is government factions within ZANU-PF that are the main decision makers in relation to Kimberley Process regulations. This explains both why compliance with the Kimberley Process has been lower than other states in Southern Africa and why Zimbabwe has raised its level of compliance with the regulatory regime overtime.

1. Introduction

The Zimbabwe African National Union – Patriotic Front (ZANU-PF), headed by President Robert Mugabe, has been the ruling party since Zimbabwe gained independence in 1980. This ruling party and Mugabe in particular have become notorious for often ignoring international agreements (Alao, 2012; Bratton, 2014; Southhall, 2013). However, factional rivalries within the ZANU-PF party have created the conditions in which Zimbabwe has raised its level of compliance with the Kimberley Process diamond certification scheme since this international agreement was implemented in 2003. This agreement, which has the stated goal of riding the global market of diamonds that are tied to conflict, has become crucial to understanding the political economy of Zimbabwe since the Marange region in eastern Zimbabwe was the sight of the largest diamond find in recent times (Bond and Sharife, 2012; Martin and Taylor, 2010, 2012).

After independence in 1980 two major factions have developed within ZANU-PF (Thornycroft and Laing, 2014). One of the major factions is led by former vice president from 2004–2014, Joice Mujuru and until his death in 2011 former general Solomon Mujuru. This faction, has demonstrated an indifference to the Kimberley Process and has been funded from mining that has taken place outside of legal channels (Ferrett, 2009). The other major faction, led by the current vice-president and longtime military general Emmerson Mnangagwa, has gained significant control over the official diamond trade and has used Kimberley Process regulations as a way to reinforce increases in market share (Martin and Taylor, 2010, 2012). While much international press has focused on the rivalry between ZANU-PF and the MDC (Movement for Democratic Change) for political control of Zimbabwe, in terms of mining policy the MDC has had negligible influence. Both the Mujuru and the Mnangagwa groups have gained control over a large amount of the Zimbabwean economy, allegedly with their eyes on succeeding Mugabe (Bratton, 2014).

Since the implementation of the Kimberley Process in 2003 there are four periods of policy changes around the diamond sector in Zimbabwe that are the focus of this study. (1) Initially until 2006, Zimbabwe's small diamond sector was dominated by De Beers and African Consolidated Resources with strong ties to the Mujuru faction (Martin and Taylor, 2010, 2012). At this point there were few questions surrounding compliance with the Kimberley Process. (2) The large diamond find in the Marange region in 2006 would lead the government to set up a monopsony over the diamond trade and encourage small scale miners to immigrate to the Marange region. Since the government monopsony offered well under market value for diamonds, there was wide scale smuggling and the diamond sector started to be criticized by members of the Kimberley Process (Martin and Taylor, 2010, 2012). (3) The military took over the diamond trade in 2008 and drove small scale miners away from mining diamonds placing the "legal" diamond trade directly in the hands of the joint officer's command dominated by the Mnangagwa faction. Ironically this may have led to a higher level of "compliance" with the Kimberley Process because with only one legal producer certification became

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easier, but alleged human rights abuses lead to an outcry from NGOs and civil society that demanded that the Kimberley Process ban diamonds originating from the Marange region (Global Witness, 2008, 2010, 2011a, 2011b; Smillie, 2010a, 2010b). (4) The Kimberley Process (2011) agreed to lift all sanctions as part of a "joint work plan" with the Zimbabwean government. As part of the agreement, private diamond companies have signed a series of contracts with the government to mine diamonds. Both cooperation and compliance with the Kimberley Process has improved in Zimbabwe, although this remains far lower than other countries in Southern Africa (Munier, 2014, 2015).

2. Regulation and Political Competition

Past research on resource certification schemes has shown that their supposed "intent" is often not achieved and that they have a minimal ability to change behavior on the global market (Childs, 2008, 2014a, 2014b; Spiegel, 2015). Research on the Kimberley Process have shown that the Kimberley Process does not appear have much of an influence on diamond trading at the retail level (Santiago, 2014), and Western countries also have difficulty certifying diamonds (Gooch, 2008). Thus it is not necessarily the case that a state's response to the Kimberley Process is based purely on access to the global market. Furthermore, the Kimberley Process is unable, outside of a few cases, to render much coercive power over countries in order to get them to follow regulations (Grant, 2012, 2013; Haufler, 2009).

This study draws on two central concepts to examine why a state, such as Zimbabwe, would invest resources in complying with the Kimberley Process. (1) Government actors in resource wealthy states are often dependent on this revenue and potentially constrained in policy making (Frank, 1966, 1978; Wallerstein, 1974, 2004). (2) When making policy those in government are concerned with political survival above all other considerations (Mesquita et al., 2005). Government leaders will pursue regulatory policies that may be different than what leaders would be predisposed to prefer, if this can enhance their ability to stay in office. Pursuing a favorable regulatory framework is key to gaining market share (Stigler, 1971; Peltzman, 1976). This is particularly salient for leaders that are dependent on resource revenue to increase support or that operate in political contexts where control of strategic resources is crucial, as is often the case in sub-Saharan Africa (Reno, 1995, 1999; Snyder and Bhavnani, 2005; Snyder, 2006). Furthermore, actors are likely to vary in their calculations toward regulatory policy overtime, as they see a particular policy as more or less useful in gaining a competitive advantage.

3. De Beers and African Consolidated Resources till 2006

Mining has long been a central part of Zimbabwe's economy. While historically under the control of foreign interests, in the 1990s, and especially after 2001 a series of laws have required over half of most companies to be owned by Zimbabweans (Southhall, 2013). This has been part of the overall push for "indigenization" of the economy by ZANU-PF. Beyond mining this has been a prominent goal of ZANU-PF in other areas of the economy, especially large scale land redistribution (Bratton, 2014; Compagnon, 2011; Southhall, 2013).

During the Congolese civil war in the late 1990s he Zimbabwean military mined diamonds extensively in the country while supporting the Kabila government (Alao, 2012). Emmerson Mnangagwa, was directly involved in gaining mining concessions from the Democratic Republic of the Congo, using the wealth to gain politically during this period (Compagnon, 2011; Towriss, 2013). Since the Mnangagwa faction controlled no domestic diamond production at this time and lacked the capital to compete with De Beers, both within Zimbabwe and abroad, the conflict in the Democratic Republic of the Congo provided them with a prime opportunity to engage in the diamond trade (Southhall, 2013).

The River Ranch diamond mine, located near the border with South Africa, was the largest in the country before 2006. This mine was owned by the company African Consolidated Resources in which Solomon Mujuru, a late army general and husband of Joice Mujuru, controlled a large amount of revenue (Martin and Taylor, 2010). This was part of a large, but often inefficient business empire, build by Solomon Mujuru before he died in a house fire under suspicious circumstances in 2011 (Compagnon, 2011). After his death his wife Joice Mujuru, who had been sitting Vice President since 2004, took over his former businesses.

Besides the river ranch mine owned by African Consolidated Resources, the only other major diamond producer in the country before 2006 was De Beers. During colonialism De Beers controlled most of the mining that went on in Zimbabwe, but the company started to fall out of favor with the Mugabe government in the mid-1990s. The main reason for the decline of De Beers in Zimbabwe was that the company was pressured to sell off at least half of its shares to "indigenous" buyers for well under market value (Compagnon, 2011). In the early 2000s, De Beers owner Harry Oppenheimer lost most of his large land holdings during the land reform program, although he was able to sell some of them (Mamdani, 2009).

It is hard to envision De Beers being treated in a similar way by other countries in Southern Africa, especially Botswana, Namibia and South Africa, where the firm has maintained considerable political power (Munier, 2015). It is clear that De Beers had very little bargaining power in dealing with the Mugabe regime. Instead of aligning with foreign capitalists, as is often common in African countries, ZANU-PF would pursue a strategy of building a coalition around rural voters and the military, many of the latter also controlled much of the economy. It is the case that large landowners and foreign interests never supported the Mugabe regime in the first place. In fact, Mugabe would increase his level of popularity among some sections of Zimbabwean society, and in Africa more broadly, by rejecting "Western" interests and taking on large corporations, even as the economy performed poorly (Kavanagh, 2014). It was in this political context that the Kimberley Process went into effect in 2003. Since Zimbabwe at the time was a small diamond producer, and diamonds within the country were centrally located, (non)compliance with the Kimberley Process was unlikely to receive scrutiny. However, it is notable that Zimbabwe joined the Kimberley Process in the first place, since this came about when the Mugabe regime was rejecting outside interference in most other economic sectors.

4. Government-run monopsony 2006–2008

Exploration rights to the Marange diamond fields belonged to De Beers till March 2006, after which the company would cease operations in the country altogether (Katsaura, 2010a; Southhall, 2013). It seems odd that an advanced company, in terms of diamond exploration, would allow these diamonds to go unnoticed. Many people in the region claim that De Beers was mining in the area and smuggled the diamonds through its main base in South Africa, without reporting this to the state (Nyamunda and Mukwambo, 2012).

The Mujuru owned African Consolidated Resources gained rights to the Marange region from March–June 2006, but the company was forcefully expelled by the military after the large amount of potential diamond wealth became clear (Martin and