

PERIOD: 9TH APRIL - 11TH OF MAY 2020

SITREP KEY HIGHLIGHTS COVID-19

MINING SECTOR AND COMMUNITIES' SITUATIONAL REPORT (SIT-REP)

STATE OF PLAY: ARTISANAL, SMALL-SCALE AND LARGE-SCALE MINING OPERATIONS IN MINING AFFECTED COMMUNITIES WITH A SPECIAL FEATURE ON CHINESE COMPANIES AND POST COVID-19 EXIT STRATEGIES



Zimbabwe Environmental
Law Association (ZELA)



GOVERNMENT POLICY AND LEGISLATIVE DEVELOPMENTS

FINANCIAL SUPPORT TO MINING FROM ECONOMIC RESCUE AND STIMULUS PACKAGE

- Mining recognised as largest foreign currency earner
- Government to incentivise investment in mining through Credit support facility of ZW\$1 billion (equivalent of US\$40 million) to support large- and small-scale miners and implementation of computerised cadastral system
- **Implications:** Lack of clarity on funds availability, source of funds, selection criteria for beneficiaries and publication of names of beneficiaries and scheme excludes efforts to formalise artisanal miners

LEGAL DEVELOPMENTS

PUBLIC HEALTH (COVID-19 PREVENTION, CONTAINMENT AND TREATMENT) (NATIONAL LOCKDOWN) (AMENDMENT) ORDER, SI 99 OF 2020 AND PUBLIC HEALTH (COVID-19 PREVENTION, CONTAINMENT AND TREATMENT) (NATIONAL LOCKDOWN) (AMENDMENT) ORDER, SI 102 OF 2020.

- **Relaxation of Lockdown:** Provides for extension of Lockdown to 17 May 2020 and its relaxation requires wearing of masks by every individual in any public space
- Allows wearing any form of mask despite quality: People to wear any mask whether improvised, manufactured, or not of a standard specified in the Public Health Regulations.
- Implications: Relaxation of Mask quality prescription compromises public health and rights of workers as mining companies may provide poor quality masks and other PPE to workers.
- Compulsory Screening, Testing and Social Distancing prescribed in SI 99 of 2020 for businesses in the formal commercial and industrial sector with licences, lessees of commercial premises, those with Value Added Tax registration and those registered as employers who pay employees' tax.
- Businesses to provide workers with masks, hand sanitising liquid, temperature checks and sanitisation on entry to the workplace, including observing social distancing
- Employers given 14 days to screen and test employees for COVID-19 beginning on the 7th of May 2020 (SI 102 of 2020).
- Law enforcement officers empowered to access premises to demand proof of screening, testing or sanitisation or order closure if there is no compliance.
- Position of Mining Equipment Suppliers and Other services: SI 99 of 2020 and SI 102 of 2020 applies to Mining Equipment Suppliers and Other services
- **Mine workers Accommodation:** Minister of Information announced Government directive for mining companies to ensure mine workers remain within the precincts of their accommodation at workplaces for the duration of the lockdown. This might lead to exploitation and abuse of workers by mining companies through long working hours and provision of unhygienic accommodation and failure to ensure social distancing.



- **NSSA Guidelines:** National Social Security Authority (NSSA) developed COVID-19 Guidelines for use by companies to provide PPE and develop plans that allows the business to run with a limited number of employees and to decongest the workplace to promote social distancing.



IMPACTS AND ACTIONS OF LARGE-SCALE MINING COMPANIES ON COVID-19

FORCE MAJEURE CLAIMS BY MINING COMPANIES

- COVID-19 may have rendered some mining companies to fail to perform contractual obligations
- Only ZIMPLATS publicly announced it had issued force majeure letters to contractors and financial institutions to legally suspend obligations under existing contracts until the end of the lockdown
- **Implications:** Legal disputes may arise with either mining companies or Government claiming force majeure, or inability to fulfil certain obligations such as payment of mining taxes or other contractual obligations due to COVID-19
- **Implications:** Courts should be prepared to make judgements that balance public health issues and economic interests.

MINING PRODUCTION LEVELS

- Mining companies in the gold, diamonds, platinum and chrome mining sectors resumed operations at various capacity utilisation levels.
- Some companies are operating at half their capacity, while others are on care and maintenance. UNKI Mine is operating at half capacity as the concentrator and smelting plant is under maintenance.
- Gold production for March 2020 based on Fidelity Printers statistics for Large scale mines was only 709.0384kg
- Production also affected by closure of mining equipment suppliers and services
- Some mine workers are now staying at mine owned compounds or accommodation facilities e.g. ZCDC

COMPANY LEVEL SAFETY AND HEALTH MEASURES: PROVISION OF PPE

- Many companies including ZIMPLATS, ZCDC, Unki Mine, MIMOSA, Murowa and Blanket Mines are providing workers with PPE including masks, respirators, gloves, safety shoes, googles and worksuits
- However, others like ZCDC are said to be providing workers with poor quality PPE.
- Social distancing is observed in company buses and company accommodation
- Temperature checks and sanitisation rules on entry is being observed by most companies
- Some companies like Blanket Mine and ZIMPLATS continue monitoring the disease, provide regular updates to employees on guidelines, restrictions and hygiene recommendations.

- ZIMPLATS provides access to health care and medical facilities for workers and has invested in expanding existing medical facilities to deal with any COVID-19 related cases through screening, testing, isolation and treatment.

CORPORATE SOCIAL RESPONSIBILITY, RESPONSIBLE SOURCING AND SUPPORT TO COMMUNITIES

- Some companies have donated foodstuffs, testing equipment, PPE and other monetary donations to Government hospitals and communities and embarked on public awareness campaigns on COVID-19.
- Murowa Diamonds, a member of the Diamond Producers Association (DPA) comprising the world's seven big diamond industry players, De Beers, Alrosa, Dominion, Lucara, Murowa Diamonds, Petra and Rio Tinto partnered with ZELA on a joint COVID-19 safety, health and environment information and knowledge sharing radio campaign targeting artisanal, small-scale miners, large-scale mining companies and communities in Zvishavane.
- DPA seeks to improve image of diamonds to maintain and enhance consumer demand, confidence, sustainability and to share best practices between members on employee health and safety, community relations and environment management.
- Murowa should work together with other diamond exploration or mining companies in Zimbabwe to adopt an industry-wide voluntary system or protocol on responsible sourcing practices, human rights, labour standards, environmental issues and community issues



IMPACTS AND ACTIONS IN ARTISANAL AND SMALL-SCALE MINING (ASM) SECTOR

EXEMPTIONS OF ASM MINING SECTOR

- Many small-scale miners applied for exemptions, although others are still facing difficulties or merely ignored applying for exemption letters.

LOW PRODUCTION LEVELS, MANPOWER AND SUPPLY CHAIN PROBLEMS

- ASM gold miners are at various levels of production due to the lockdown.
- For example, Vectis 20 a women led small- scale gold mine in Gwanda reduced output from seven tonnes of ore in two days to two tonnes in two days.
- In Gwanda most miners are operating with half their staff complement while in Shurugwi, the Shurugwi Development Trust has reduced staff at its Lulu site to roughly 20% of its complement.
- Miners in Zvishavane and Gwanda reduced operational hours to between 8am-3pm
- In Mberengwa, production is subdued as most mining equipment and consumable suppliers like machine spares and explosives are closed or do not have stock as they cannot import to restock from South Africa or China.



- Prices of mining equipment and supplies have also gone up and this has affected production
- Fidelity Printers and Refiners (FPR) reported suppressed gold receipts from Small-scale miners of 1061.6kg for March 2020. The figures will be much lower for April 2020.
- Reduced production is affecting payment of staff salaries, servicing loans, fuel and other overhead costs for artisanal and small-scale miners.

GOLD MARKET PRICE FLUCTUATIONS AND VOLATILITY

- The price of gold has not been stable since the lockdown and this has further fuelled arbitrage and illicit financial flows in the gold sector.
- As on the 6th of May, black market gold dealers were buying gold on the cheap at US\$42 per gram, while FPR was buying at US\$47 per gram but subjecting the price to the 55% in US\$ and 45% in RTGS policy.
- Cash shortages in US\$ at the banks is contributing to the low prices being offered for gold.

PROVISION OF PPE TO MINERS

- Some ASM miners are not using PPE or social distancing due to the nature of work such as drilling while others are providing workers with PPE and encouraging social distancing
- ASM workers complain about the high prices of PPE and temperature testing equipment all being charged in US dollars. Disposable masks are sold at US\$3 or US\$4.
- Some ASM miners are using improvised masks made from mutton cloth to protect themselves
- A few small-scale miners established COVID-19 prevention protocols including information sharing, hand washing and sanitisation.

ILLEGAL MINING AND CRIMINALITY –MACHETE GANGS ARE BACK

- Reports of illegal mining and criminality in the gold sector are increasing
- In Bubi, Maphisa and Gwanda in Matebeleland reports of gold gangs and criminals wielding machete, knives, and axes invading gold claims at night to steal money, gold and mining equipment were filed.

INCREASED NUMBER OF PEOPLE GOING INTO ASM AND CLAIM OWNERSHIP ISSUES

- Due to the ban of informal businesses during the lockdown many people ventured into artisanal mining after announcement of mining sector exemption
- In Mazowe artisanal gold miners and community members were reported to have flooded the artisanal mining sector as a means of livelihood.



CHINESE MINING COMPANIES' COMPLIANCE WITH SAFETY AND HEALTH STANDARDS

- Many people expect Chinese businesses to respect safety and health standards to fight against COVID-19 since the virus started in China and the Chinese were said to have rolled out the most ambitious, agile and aggressive disease containment effort in history to contain the virus in Wuhan by the World Health Organisation.
- The Chinese have a history of bad safety, health, environmental, labour and human rights standards in the mining sector.
- During the first 21 Day lockdown many Chinese mining companies did not take any adequate COVID-19 prevention measures such as provision of high quality masks, gloves, worksuits, social distancing in transportation trucks and accommodation facilities as well as provision of adequate water and ablution facilities at the mine site.
- Examples of Chinese companies with such poor records included Anjin Diamond Mine in Marange, Kimberly Investment in Hwange, Hwange Coal Gasification Company, South Mining, Sunrise Chilota Cooperation PVT LTD and Dingmao and Longrui in Mutoko.



RECOMMENDED POST-COVID EXIT STRATEGIES FOR ASM AND LARGE MINING COMPANIES

- Develop Covid-19 Workplace Policies or amend existing Safety, Health and Environment policies to include COVID-19 aspects, including measures to identify and manage risks.
- Develop Community COVID-19 intervention strategies or community engagement policies on COVID-19
- Screen and test workers for Covid-19 including testing those with pre-existing conditions such as tuberculosis, pneumoconiosis, occupational lung diseases such as asthma, silicosis cardiorespiratory disease, diabetes, hypertension, but respecting their rights and dignity.
- Workers should be provided with soap, sanitisers, water, ablution and sanitation facilities.
- The mine should provide high quality PPEs including masks, gloves, safety shoes and clothing.
- On entry workers should also be recorded into a book that can be used during contact tracing.
- Infected mineworkers can be isolated, self-quarantined at home or in mining quarantine facilities or accommodation.
- Physical and social distancing should be practiced or where it is not practical, mine workers should be provided with high quality and adequate personal protective equipment.
- Social distancing should be compulsory in transportation of mine workers and living quarters.



- Disinfecting of offices and mine equipment is also equally important.
- Mandatory staff training and information campaigns on COVID-19 for mine workers or communities is key on its symptoms, preventive measures and steps to take.
- Large scale miners may use own or hire health or medical professionals while artisanal and small-scale miners may ask for support from large miners, humanitarian groups, NGOs or Government health workers.



GENERAL RECOMMENDATIONS

- Compliance monitoring and implementations of COVID-19 prevention, containment and testing measures remains critical through joint monitoring by Ministry of Mines and Ministry of Health
- Compulsory public reporting by mining companies of safety, health and environment (SHE) commitments and actions should be instituted to enhance access to information and compliance monitoring.
- Mining companies should adopt, improve or systematise their and host community risk vulnerability assessments to COVID-19 and application of OECD Guidance on responsible mineral supply chains may help.
- Mobile health clinics and centres must be established in the rural areas where artisanal miners are operating to ensure that they are also regularly tested and that they have access to medical services closer to their operations.
- Continued compliance monitoring at the level of artisanal, small scale and large-scale companies with safety, health and environment standards remains critical.
- The Chinese companies must be closely monitored with respect to their compliance with national environmental, safety and health standards, including NSSA and WHO standards.
- Diamond mining or exploration companies such as Murowa Diamonds, ZCDC, Alrosa and Anjin should take advantage of COVID-19 safety and health measures being implemented as an opportunity to adopt a diamond industry-wide voluntary responsible sourcing system or protocol that promotes respect for human rights, labour standards and environmental issues.



**Stay Safe
Stop the Spread
Save Lives**



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