OTHER FACETS

NEWS AND VIEWS ON THE INTERNATIONAL EFFORT TO END CONFLICT DIAMONDS

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CÔTE D'IVOIRE'S CONFLICT DIAMONDS UN Security Council Imposes Worldwide Embargo

In December, the UN Security Council placed an embargo on all diamond exports from Côte d'Ivoire. Diamonds from areas of Côte d'Ivoire under rebel control are being mined and are leaking out into the legitimate diamond trade, possibly through Guinea and Mali. That was the finding of a Panel of Experts that reported to the United Nations Security Council in September 2005. Côte d'Ivoire is a relatively small producer of diamonds, and although it is a member of the Kimberley Process, it has banned the export of diamonds and has never issued a Kimberley Certificate. Diamonds, however, are being actively mined in the north west, around the villages of Séguéla, Bobi and Diarabala. The UN report, which contains photographs of digging operations, says that "judging from the number of active pits and workers, it appears that production is at a level of 300,000 carats per year, which is equal to production prior to the conflict. The revenue accrued by the groups controlling this production is many millions of United States dollars per year."

The report says that Guinea and Mali are possible outlets for the diamonds, which represent a "lucrative" and "important income" for Forces Nouvelles rebels. A subsequent report, published by Global Witness in November corroborated the UN findings. "Global Witness interviewed two diamond traders in Mali," the report says, "who state that they take commission on diamonds from Angola, the DRC and other countries." Diamonds were being sold to buyers from Russia, South Africa, Britain and the United States, according to the report. Mali, which is not a diamond producing country, has made overtures to the Kimberley Process about the possibility of becoming a member. Before that can happen, Global Witness says that a KP review team will have to assure the KPCS that Mali can be a legitimate participant, and not simply a laundry for diamonds from other countries in Africa. The Global Witness report, *Making It Work: Why the Kimberley Process Must Do More to Stop Conflict Diamonds*, is available at www.globalwitness.org/reports/show.php/en.00082.html.

A new Prime Minister in Côte d'Ivoire, Charles Konan Banny, took over the deadlocked peace process in December, but renewed fighting broke out in January. Current UN Peacekeeping costs in Côte d'Ivoire are budgeted at \$367 million (July 2005 – June 30, 2006).

DIAMOND DEVELOPMENT INITIATIVE Successful Accra Meeting

The Diamond Development Initiative (DDI) held an international convening meeting in Accra at the end of October. More than 75 representatives of government, industry and civil society attended, traveling from nine African countries, Europe, North America, India and Australia, representing governments, industry, aid agencies and NGOs. The DDI grew out of a 2004 PAC/GW report on the plight of Africa's one million-plus artisanal alluvial diamond miners, most of whom live on less than a dollar a day, working in unsafe and unhealthy conditions. The DDI argues that in working to make conditions better for them, the ultimate basis for conflict diamonds will disappear, and the initiative could ultimately prove to be one of the most important development undertakings in recent years.

The Accra conference, opened by Ghana's Minister of Mines, discussed priorities for taking the DDI forward, for linking it to the Kimberley Process and to a wider audience of governments, development practitioners and industry. As a result of the meeting, new DDI projects are currently under development. A full report of the meeting can be found at <u>www.pacweb.org</u>.

The DDI Steering Committee has been expanded, and now includes Partnership Africa Canada, Global Witness, De Beers, the Rapaport Group, the Independent Diamond Manufacturers Association, the Foundation for Environmental Security and Sustainability and the World Bank's Communities and Small Scale Mining Initiative.

KIMBERLEY PROCESS WINDS UP THIRD YEAR

At the end of 2005, the Russian Federation handed over the Chairmanship of the Kimberley Process to Botswana, following a November plenary meeting in Moscow. The meeting, attended by 36 countries, the European Commission, NGOs and industry officials, was one of the least contentious since the process began, with its first meeting in May of 2000. Peer reviews, once thought to be an impossibility, have become an accepted feature of the Kimberley Process Certification Scheme (KPCS). Twenty five had been conducted by the end of 2005, and a further eleven are on the cards. Most have made useful recommendations, and follow-up reports indicate that they have been taken seriously. The 2005 review of the United States is thought to have been a prime motivating factor in a U.S. decision to change its statistical reports, which were out of synch with those of most other countries.

The meeting heard a report from an ad hoc sub group of participants on issues arising from weak controls in alluvial diamond producing countries. Offers of technical assistance to work in problem areas were made by the U.S. and Canada. The Meeting also heard a report from the Development Diamond Initiative (DDI), which is approaching the issue of alluvial diamonds from a development perspective, focussing primarily on artisanal miners.

Statistics, a key part of KPCS verification, remain a work in progress. The quality, frequency and consistency of reporting were so bad in 2003 that the data base was virtually useless, although major anomalies between some trading partners were identified. An analysis of the much-improved 2004 data was carried out prior to the Moscow plenary, but not in time for any meaningful discussion of findings. Data analysis and streamlining will be a priority for the Statistics Working Group during 2006. In addition, a long-delayed system for dealing with late submissions is finally set to be implemented.

The meeting addressed the issue of diamonds being mined in areas under rebel control in Côte d'Ivoire. Reports from the United Nations and Global Witness (see article on page 1) indicate that as much as \$25 million worth of illegal diamonds may be leaking into the legitimate trade from Côte d'Ivoire. The meeting urged members to "take action" against any of their nationals or companies caught trading Ivorian diamonds, and there were promises to watch the issue more closely. NGO observers at the meeting noted that the KPCS exists *only* to deal with issues like this, and it is incumbent upon the KP and its members to do more than simply keep a watching brief.

CONGOLESE DIAMONDS, PEACE AND DEVELOPMENT

New PAC Report

A new report released in December by Partnership Africa Canada and CENADEP in Kinshasa shows that diamonds are one of the most critical economic and political elements on the bumpy road to peace and stability in the Democratic Republic of the Congo (DRC). The 2005 Diamond Industry Annual Review says, however, that despite the importance of the country's diamond industry, few benefits trickle down to those who live and work in diamond mining areas.

The DRC has suffered from bad government for two generations and from conflicts that have taken the lives of more than three million people over the past decade. Diamonds, copper, coltan and other natural resources have been at the heart of the Congo's problems. Despite a series of violent military flare-ups over the past year, the Congo's fragile coalition government, in place since 2001, has held together, making its way cautiously towards national elections planned for 2006. The peace process is supported by more than 16,000 UN peacekeepers. This is the world's largest current UN peacekeeping mission, but, says the *Review*, it is tiny in relation to the task.

Diamonds, the *Annual Review* says, represented 73% of the country's entire export earnings in 2004, but they remain the focus of a number of serious problems. "An

estimated \$200-300 million worth of diamonds are still being smuggled out of the country," says PAC's Dorothée Gizenga Ngolo. During 2005, the last of an estimated 200,000 Congolese artisanal diamond diggers were expelled from Angola, many of them returning to the DRC's diamond fields and lives of poverty. MIBA, the large diamond parastatal, continues to operate in the red. Artisanal diggers, who number 700,000 or more, produce almost 85% of the DRC's diamonds by value, but their personal remuneration averages a dollar a day or less. Despite their huge contribution to the national economy, most continue to live in abject poverty. "Mbuji Mayi," says Ms. Ngolo, "which is the centre of the country's diamond wealth, is a slum."

As it moves towards elections in 2006, the DRC and its diamond industry face challenges that would daunt countries with much less troubled histories and much greater capacities. The *Annual Review* says that it will therefore be important for donor governments and friends of the DRC to assist as much as they can. It will also be incumbent upon the government to acknowledge and address those problems that are within its capacity to solve. The *Annual Review* says that the alternative to forward movement on all of these issues is too unpleasant to consider, for the Congo, and for all of its neighbours.

MEDIAWATCH

Lord of War, released to European and North American cinemas in September, stars Nicholas Cage as Yuri Orlov, an arms dealer whose business ranges from Burma and Afghanistan to Colombia, and more particularly to Liberia and Sierra Leone. Orlov is no doubt modelled, at least in part, on Russian arms trader Victor Bout. And the Liberian president, complete with Mad Max son, is modelled directly on Charles Taylor with spine-chilling effect by Eamonn Walker. That the RUF rebels in Sierra Leone and the Liberian president pay for their weapons in diamonds seems almost incidental, and to the casual viewer may seem like fictional excess. Writer-director Andrew Niccol makes his point about the evils of the weapons trade from start to finish: in the opening-title sequence, the camera takes the perspective of a bullet as it journeys from factory to rifle chamber, to Africa, and thence to a small boy's forehead. And the closing sequence notes that most of the world's weapons are manufactured and sold by the five countries that serve as permanent members of the UN Security Council.

Meanwhile, Oscar-nominated Hollywood star Leonardo DiCaprio is set to start filming *The Blood Diamond* in February. The film is set in Sierra Leone during 1999, and will no doubt portray the worst aspects of the diamond wars. The film has worried diamond industry executives, who want the public to know about changes in the industry and the controls developed by the Kimberley Process since 2003. At a mining conference in Cape Town last autumn, Jonathan Oppenheimer, head of De Beers' South African operations, warned that the movie could undermine efforts to maintain the image of its diamonds as "untarnished and ethical".

AFRICA'S LARGEST PEACEKEEPING OPERATION ENDS UNAMSIL Closed as of January 1

UNAMSIL, which was Africa's largest peacekeeping operation for several years after 1999, completed its withdrawal from Sierra Leone at the end of 2005. It has been replaced by the UN Integrated Office in Sierra Leone (UNIOSIL) which will retain a residual UN presence with about 50 personnel. An important feature of the winddown will be protection for the Special Court in Sierra Leone, which continues with the trials of those indicted for war crimes during the 1990s. UNOILSL will be part of a coordinated effort among peacekeeping operations in West Africa. In this connection, the UN Mission in Liberia (UNMIL) has been mandated to provide security for the Special Court. UNMIL has an authorized military strength of more than 15,000 personnel.

LIBERIA: HOPE FOR A BETTER FUTURE Africa's First Woman President; Taylor's Shadow

Amidst tight security provided by UN peacekeepers, Ellen Johnson-Sirleaf was confirmed in November as Liberia's new President. A runoff election between her and former AC Milan and Chelsea footballer George Weah resulted in a 60% plurality for the 67-year old Harvard-educated grandmother. Known as the "Iron Lady", Sirleaf said "I know that expectations will be high and time will not be on our side. I know I have to hit the ground running." Sirleaf has supported the Government and Economic Management Program (GEMAP), a three-year donor-led anti-corruption program that will see foreign advisors installed in key revenue-generating institutions. Getting a grip on corruption will be key to a reconsideration by donors of the \$3.8 billion worth of debt still on the Liberian books.

Meanwhile, former Liberian president and exwarlord Charles Taylor continues to relax in the Calabar villa given to him by Nigerian President Olusegun Obasanjo, as part of a peace deal to end 15 years of civil war in Liberia. Taylor, indicted by the UN-backed Special Court in Sierra Leone for crimes against humanity, has - with Nigerian support - resisted repeated calls for his extradition from human rights organizations worldwide. In November, the European Union backed calls for Taylor to be handed over to the Special Court, and U.S. Congressman Ed Royce, who chaired the House of Representatives Subcommittee on Africa for eight years, asked Sirleaf to call on Nigeria to hand Taylor over. "I firmly believe," he said, "that as long as Mr. Taylor continues to enjoy safe harbour - while remaining active in Liberian politics from a distance - the livelihoods and democratic rights of millions of West Africans, and the post-war reconstruction of Liberia and Sierra Leone, will remain at risk." The Security Council has so far backed away

from pronouncing on the subject, but has mandated UNMIL to arrest Taylor and hand him over to the Special Court if he returns to Liberia.

Although they are still under a UN trade embargo, Liberian diamonds continue to be mined, and according to an October *Washington Times* report, are openly bought and sold in the capital, Monrovia.

POLISHING DIAMONDS IN AFRICA De Beers Faces Major Change

There appears to be a new kind of diamond battle in Africa, a scramble to "do the right thing" in building local stakeholders and helping governments add value to the diamonds they produce. De Beers has long argued that polishing factories in Africa cannot compete with India, and that government subsidies are all that has stood between local operations and financial collapse. Lev Leviev, the Uzbekistan-born diamond mogul, has begged to differ, setting up major new polishing operations in Angola and Namibia in recent years. Now, however, he is begging for diamonds. His 440-employee LLD plant in Namibia, which opened in 2004, was to get its supply of rough diamonds from Leviev's own Samicor offshore concessions. Now, it turns out, Samicor is producing only small, low-grade diamonds, and Leviev wants the government of Namibia to sell him goods from other mines. The problem is that the government's Namdeb has an agreement with De Beers, and De Beers is understandably reluctant to share with a competitor. At a November diamond conference in Namibia, Leviev played what some might have seen as a "race card", talking about "decades of discrimination" and efforts by the "masters of diamonds" in Southern Africa having created a situation where "countries in Southern Africa were prevented from developing their diamond polishing industry independently."

Not to be outdone in promoting local ownership, De Beers made a dramatic move in South Africa, where the government will require a 26% "Black Empowerment" stake in the country's mining industry by 2014. De Beers has jumped the gun by almost a decade, selling a 26% equity of De Beers Consolidated Mines to a new-generation black empowerment company named Ponahalo. Ponahalo has a complex ownership structure which includes De Beers South Africa-based employees and pensioners, a Key Employee Trust for "Historically Disadvantaged South Africans", three other trusts for women, disabled people and community beneficiaries, and a number of individual investors.

De Beers is not off the hook, however. Opposition politicians in South Africa criticized the deal for benefiting individuals with close links to the ANC, and a bill currently before South Africa's parliament would require mining firms to offer an undefined proportion of their diamonds to a new state diamond trader. It would also add a 15% export duty to those going abroad. Number 19

Books

Lansana Gberie, A Dirty War in West Africa: the RUF and the Destruction of Sierra Leone, Indiana University Press, Bloomington, 2005, 224 pages, US\$24.95

There are an increasing number of books that address in one way or another the decade-long armed conflict in Sierra Leone, but few can claim to have the detailed and passionate insight of *A Dirty War in West Africa*. Lansana Gberie covered the early stages of the war as a journalist, and later carried out research with Partnership Africa Canada on various aspects of the war, including conflict diamonds – the heart of the matter.

Gberie works meticulously through each stage of the conflict, providing a level of detail and analysis that only someone who has experienced such traumatic events at first hand is able to do. His narrative also provides important information on the role of sub-regional players such as presidents Taylor of Liberia and Compaore of Burkina Faso, and their responsibility for sowing the seeds of destabilization and terror in Sierra Leone and its neighbours.

A recurring theme in the book is the crucial question: why did the war happen? In trying to answer this, discusses Gberie a range of viewpoints from well-known observers, each of which he finds inadequate. The conflict in Sierra Leone was not a civil war - there were no ethnic or religious motives, no real political or social agendas. It was "more a case of organized mass delinquency", argues Gberie, orchestrated by RUF leader Foday Sankoh and Charles Taylor, and financed by Sierra Leone's diamonds.

Whilst Gberie has managed t o explain how and why the rebel war occurred, lingering questions remain. Could conflict break out again? Could a similar phenomenon occur in neighbouring countries? Abject poverty afflicts Sierra Leone and much of West Africa, where former child soldiers and today's emerging youth have few, if any opportunities. Artisanal diamond mining continues to lure the hopeful: diamonds continue to be smuggled to rich countries, and small arms circulate easily through West Africa's porous borders. Sierra Leone is rebuilding – and Liberia looks set to follow, with Charles Taylor watching from his Nigerian perch in exile. An international arrest warrant for Taylor has been issued by the Special Court for Sierra Leone. What happens to Taylor, who Gberie describes as "the true mastermind of the brutal wars in the region", will be key to the future of West Africa. This book should be read by anyone who wants to understand this dirty war.

Briefly Noted

Uzodinma Iweala, *Beasts of No Nation*, Harper Collins, New York, 2005, 142 pages, US\$16.95

This first novel by a young American of Nigerian descent tells the story of Agu, a boy soldier caught in an unnamed West African civil war. Agu is gradually transformed from victim to monster but the author's skill allows the boy to hold the reader's sympathy to the end.

Julie Baumgold, **The Diamond**, Simon & Schuster, New York, 2005, US\$24.00, 307 pages (Illustrated)

Baumgold, who comes from a family in the diamond trade, has written a fictionalized account of an original conflict diamond, the blood-soaked Régent Diamond. The premise is similar to Marian Fowler's 2002 *Hope: Adventures of a Diamond*, although in this case the author is free to embellish the adventures of a diamond that made its way from India in 1701 to the crown of Louis XVI and the sword of Napoleon, and then to its resting place for the last 120

CALL FOR PAPERS

years in the Louvre.

Partnership Africa Canada (PAC) has been involved in the global effort to end the trade in conflict diamonds since 1999. In the process, PAC has produced a series of high-quality annual reviews and occasional papers on the subject. A new Diamond Development Initiative (DDI) will address a wider range of issues dealing with problems and opportunities related to artisanal alluvial diamond mining.

PAC is interested in receiving original papers from scholars, journalists, development practitioners and individuals in the diamond industry relating to the issue of conflict diamonds and papers which may be helpful to the DDI. More detailed information on papers and payment is available on the PAC website: http://www.pacweb.org/e/.

OTHER FACETS

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Supporters include: the Canadian International Development Agency, the British Department for International Development, Development and Peace, the International Development Research Centre, Foreign Affairs Canada, Development Cooperation Ireland, the Canadian Autoworkers Social Justice Fund and others.

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