



**global witness**

## The Truth About Diamonds

### Diamonds and Conflict

#### What are conflict diamonds?

Conflict diamonds, also known as blood diamonds, are diamonds that are used by rebel groups to fuel conflict and civil wars. They have funded brutal conflicts in Africa that have resulted in the death and displacement of millions of people. Diamonds have also been used by terrorist groups such as Al-Qaeda to finance their activities, and for money-laundering purposes.

#### Are conflict diamonds still a problem?

Diamonds are still fuelling conflict. In West Africa, diamonds from the rebel-held area of Côte d'Ivoire are being mined and are smuggled through neighbouring countries to international markets. The United Nations has recently reported that poor controls are allowing up to \$23 million of conflict diamonds from Côte d'Ivoire to enter the legitimate trade through Ghana, where they are being certified as conflict-free, and through Mali. The Kimberley Process was set up to stop the trade in conflict diamonds but it still isn't strong enough to achieve its aim.

Angola, the Democratic Republic of the Congo (DRC), Liberia and Sierra Leone are still recovering from widespread devastation resulting from wars funded by diamonds. Diamonds continue to be used for money laundering, tax evasion and organised crime.

The number of conflict diamonds has significantly reduced because peace agreements have been signed in countries in Western and Southern Africa. But more diamond-fuelled wars could happen in the future unless the Kimberley Process strengthens government controls and the diamond industry cleans up its act.

### The Devastating Impacts of Conflict Diamonds

#### Angola

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- Civil War: 1961–2002
- Cost at least 500,000 lives. Thousands suffered maiming by landmines
- Rebel Group UNITA controlled 60–70% of Angola's diamond production.
- UN Security Council diamond sanctions imposed in 1998, lifted in 2002.

#### DRC

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- Civil war: 1998–2003 with continuing insecurity in east
- Estimated cost of over 3 million lives
- Rebel groups supported by neighbouring countries competed for resource-rich diamond areas in north-east.
- UN sanctions on diamonds were never imposed.

#### Sierra Leone

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- Civil war: 1991–2002
- Cost at least 50,000 lives. Civilians suffered killings, mutilation, rape, torture and abduction.
- Rebel group Revolutionary United Front was mining up to \$125 million of diamonds annually.
- UN Security Council diamond sanctions imposed in 2000, lifted in 2003.

#### Liberia

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- Civil war: 1989–1997, 2000–2003
- Cost at least 200,000 lives. Widespread human rights violations committed by all sides and 1 million displaced.
- Conduit for RUF diamonds and arms imports.
- UN Security Council diamond sanctions imposed in 2001, reapplied annually and most recently in October 2006.

## What percentage of diamonds are conflict diamonds?

Statistics fail to illustrate the human cost of wars in which millions of lives have been lost, there has been widespread human suffering and devastation, and economies have been destroyed. As the brutal conflict in Sierra Leone showed, even a small amount of trade in conflict diamonds can wreak enormous havoc.

It is extremely difficult to estimate the current percentage of conflict diamonds as smuggling can easily take place outside government controls, creating a trade in illicit diamonds. Illicit trade, thought to represent up to 20% of global trade, shows that there are serious loopholes in the Kimberley Process. Any type of diamond smuggling highlights weak spots in a system through which conflict diamonds can potentially infiltrate. Poor government controls also allow some conflict diamonds to be certified as 'conflict-free'. Some members of the diamond industry are knowingly flouting international and national law, yet the lack of industry oversight and willingness to find and expel unscrupulous members of the trade allows these traders to operate with impunity.

## How much of a problem were conflict diamonds in the past?

The diamond industry claims that at the peak of the problem in the 1990s, approximately 4% of the global trade in diamonds was conflict diamonds. This is incorrect. United Nations reports on Angola estimate that in 1996-1997 the Angolan rebel group UNITA exported an average of US\$700

million annually which alone accounted for 10% of the global trade.<sup>1</sup> Therefore it can be estimated that conflict diamonds represented as much as 15% of world total in the mid to late 1990s at the height of the diamond-fuelled wars in Angola and Sierra Leone.

## What are governments doing?

The Kimberley Process Certification Scheme (Kimberley Process) was set up by governments to stop the trade in blood diamonds. Launched in January 2003, the scheme requires governments to certify shipments of rough diamonds as conflict-free, and seventy countries are members. Although the Kimberley Process makes it more difficult for diamonds from rebel held areas to reach international markets, there are still significant weaknesses that undermine its effectiveness and allow the trade in blood diamonds to continue.

A Kimberley Process meeting held in Botswana in early November made welcome commitments to strengthen the scheme but governments must accompany this with action if they are serious about stopping blood diamonds. All participating governments must have strong diamond control systems in place that are fully implemented. This must include adequate checks to make sure that diamond companies are complying with the scheme.

### War Stories from Sierra Leone, where the rebel group mined diamonds to fund the conflict

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Unidentified Amputee: "First used the ax to chop the left hand off. After, they want to cut the other, then this little boy started crying and said, "Please soldier, don't cut off my papa's other hand." So they said, "Let this woman remove this child from her back, we'll chop off his arm." And I said "No!" So they decided to chop the other hand off."

De Sam Lazaro: "So they basically said you could have your right hand if you gave your son's hand."

Amputee: "Yes".

<http://www.pbs.org/wnet/religionandethics/week619/cover.html>

## What is the diamond industry doing?

The diamond industry is supporting civil society calls for the Kimberley Process to be strengthened, providing further evidence that more must be done to improve this government-run system. At the same time, the diamond industry has failed to follow through on the commitments it made to combat conflict diamonds. Despite the millions of people killed in civil wars fuelled by diamonds, only recently has the diamond industry begun to systematically promote adoption of the measures they committed to in support of the Kimberley Process, with an education pack for retailers. However, this provides no information about how these measures will be monitored and reviewed. Their support for strengthening the Kimberley Process must be matched by meaningful action to set up systems to effectively track diamonds from mine to sale that can assure consumers the diamonds they buy are conflict-free.

Given that diamonds have done so much damage in the past and have the potential to do so again in the future, the diamond industry must take concerted action against illicit diamond trading networks. Failure to face up to this problem will result in the continued use of diamonds by terrorists, rebel groups, and those involved in organised crime. The industry's failure to systematically adopt strong systems puts the legitimate industry at risk of facing a consumer backlash. Governments must require that the diamond industry put meaningful systems in place to stop conflict diamonds from entering the legitimate trade.

## Diamonds and Under-development: Who benefits from diamonds in Africa?

Diamonds have directly funded several wars in Africa that have destroyed lives, killing, maiming and displacing millions and wrecking economies. In many other diamond rich countries in Africa, diamonds have failed to contribute positively to development. Little benefit goes to those that need it most, including the million or more artisanal diamond miners and their communities often live in

conditions of dire poverty. Many diamond-rich countries are extremely poor and people are not benefiting from the wealth in their soil.

Botswana is frequently cited as an exception to this as the country relies heavily on diamonds for revenue. Yet, Botswana faces significant economic development challenges - unemployment is high, nearly a quarter of the population lives on less than US\$1 a day, and there has been little effort to diversify the economy. The mining sector only accounts for approximately 4% of total employment in Botswana. However, Botswana does benefit from diamonds more than many African diamond rich countries because its diamonds are concentrated in a single location and are relatively easy to secure. They are mined on an industrial scale. This is not the norm.

In many African countries, there is very little industrial mining. Instead, hundreds of thousands of men and children work in dirty, dangerous, and difficult conditions digging for diamonds, and they often earn less than a dollar a day. This is artisanal mining, carried out with simple picks, shovels and sieves.

Artisanal mining takes place in countries with alluvial diamonds (diamonds washed by rivers into a large area) including Sierra Leone, Liberia, Guinea, Cote d'Ivoire, and the DRC, as well as Brazil, Guyana and Venezuela. Recent studies of the artisanal diamond mining sector have shown that:

- There are up to a million artisanal diamond diggers in African countries living in poverty.
- Diggers in Sierra Leone sell their diamonds for as little as 1/5th of the worth of the diamond when it finally leaves the country.
- In Sierra Leone, most profit goes to middlemen, traders and exporters who regularly collude to cheat artisanal diggers in a market that is rigged so it is neither free nor fair.
- Artisanal diggers operate in often unsafe and hazardous conditions, with mine collapses, shootings or beatings, detentions and exploitation common in several countries.

## Case studies of diamond-rich African countries

Many countries rich in diamonds in Africa languish at the bottom of human development indices and are recognized by the international community as failed states. The





Diamond diggers work in dangerous and dirty conditions with no certainty of finding any stones, but with the hope of uncovering a large diamond that will provide wealth for life.

'resource curse' is a well known problem: countries rich in mineral resources are extremely poor and the population does not benefit from its nation's mineral wealth.

**Angola** – Although it is extremely rich in diamonds and oil, Angola remains one of the world's poorest countries, ranked at 160 out of 177 on the United Nation's Human Development Index. Poor governance limits the provision of basic services and most Angolan citizens live on less than \$2 per day while at least 45 percent of children are severely malnourished. The government's record on corruption and transparency is abysmal. According to IMF reports, between 1997 and 2001, \$8.45 billion of public money was unaccounted for (an average of 23% of GDP), and the Angolan government still has no transparent system for managing oil and diamond revenues. The Angolan government has cracked down on the informal mining sector by forcibly expelling diamond miners. This has led to widespread human rights abuses by formal and informal security forces. Local communities have been marginalized, excluded from mining in their own areas and benefit little from diamonds mined in the country.

**Democratic Republic of the Congo** – Diamonds are the DRC's largest export by value and are one of several resources which have contributed to funding armed conflict in the DRC since 1996. The trade has done little to benefit the country which remains extremely poor, with inadequate infrastructure. Billions of dollars of diamonds have been mined in the DRC, but decades of corruption and impunity in the mining sector have meant that the Congolese population has not benefited from the vast natural wealth of their country. The town of Mbuji Mayi is the diamond mining centre of the DRC, but it has few paved roads and lacks basic services such as the supply of clean water and electricity. Up to a million men and children are working as artisanal diamond miners across the DRC, many earning less than US\$ 1 dollar a day. Elections in 2006 represent a unique opportunity for fundamental reform of the management of the diamond sector.

**Sierra Leone** – Sierra Leone lies second from bottom of the UN Human Development Index. War formally ended in 2002 and there have been attempts since then to improve management of diamonds and address widespread corruption,

## Link between diamonds and development in Africa

Diamond producing country	Human Development Index <sup>1</sup>	Corruption Perceptions Index <sup>2</sup>	Failed States Index <sup>3</sup>	Long-term debt <sup>4</sup>	Human Rights Situation <sup>5</sup>
Angola	160	142	37	8.6 bn	"unlawful killings, disappearances, torture, beatings, and abuse of persons "
Botswana	131	37	96	488.3 mio	police use of excessive force during interrogation of suspects
Central African Republic	171	130	13	926.2 mio	"extrajudicial killings by security forces, kidnappings by armed groups, torture, beatings, rape, and other abuses of suspects and prisoners by security forces"
Congo Brazzaville	142	142	n/a	5.1 bn	"mob violence, including killing of suspected criminals; security force beatings, physical abuse of detainees, rapes, looting, solicitation of bribes, and theft; uncontrolled and unidentified armed elements harassed, and extorted civilians and international NGO workers"
DRC	167	156	2	10.5 bn	"unlawful killings by security forces; the torture and abuse, including rape, of persons by security forces; armed groups operating outside of government control in four eastern provinces"
Ghana	138	70	106	n/a	"police use of excessive force, which resulted in deaths; vigilante justice; politically/ ethnically motivated violence"
Guinea	156	160	11	3.2 bn	"unlawful killings by security forces; beatings and abuse of civilians, particularly detainees, by security forces"

1. The Human Development Index measures the average achievements in a country in three basic dimensions of human development: 1.) A long and healthy life, measured by life expectancy at birth. 2.) Knowledge, measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrollment ratio (with one-third weight). 3) A decent standard of living, as measured by gross domestic product (GDP) per capita at purchasing power parity (PPP) in USD. at purchasing power parity (PPP) in USD. The larger the number, the less developed is the country. <http://hdr.undp.org/statistics/data/> (29/08/2006)
2. Transparency International's Corruption Perceptions Index. The CPI ranks more than 150 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The higher the number, the worse the perception of corruption. [http://www.transparency.org/news\\_room/in\\_focus/cpi\\_2006/cpi\\_table](http://www.transparency.org/news_room/in_focus/cpi_2006/cpi_table)
3. Failed States Index. The index is compiled using the Fund for Peace's Conflict Assessment System Tool. It assesses violent internal conflicts and measures the impact of mitigating strategies. 146 countries appear on the list. 1=most failed state <http://www.fundforpeace.org/programs/fsi/fsindex2006.php>
4. Long-term Debt, Data from the WorldBank, in US-\$, 2004
5. Country Reports on Human Rights Practices, Africa 2005 <http://www.state.gov/g/drl/rls/hrrpt/2005/c17092.htm>

## Link between diamonds and development in Africa (continued)

Diamond producing country	Human Development Index <sup>1</sup>	Corruption Perceptions Index <sup>2</sup>	Failed States Index <sup>3</sup>	Long-term debt <sup>4</sup>	Human Rights Situation <sup>5</sup>
Ivory Coast	163	151	3	10.8 bn	"Arbitrary, unlawful killings, torture and other cruel, inhuman, or degrading treatment and punishment by security forces, progovernment militias, and student groups; disappearances;"
Liberia	n/a	n/a	12	1.2 bn	"ritualistic killings and deaths from mob violence; police abuse, harassment, and intimidation"
Namibia	125	55	91	n/a	"violence (incl. rape) against women, child abuse, discrimination of ethnic minorities / indigenous groups"
Sierra Leone	176	142	17	1.5 bn	"abuses by security forces, including rape, and use of excessive force with detainees, incl. juveniles"
South Africa	120	51	110	20.6 bn	"police use of excessive force against suspects and detainees, which resulted in deaths and injuries; vigilante violence and mob justice; abuse, including beatings and rape, of prisoners and severe overcrowding of prisons"
Togo	143	130	38	1.6bn	"politically motivated killings, disappearances, rape and other abuses by security forces; child labour; government impunity"
Tanzania	164	93	71	6.2 bn	"unlawful killings by security forces; societal killings of elderly persons accused of being witches; torture, beatings, and other abuses of persons, particularly detainees and prisoners, by security forces"
Zimbabwe	145	130	5	3.6 bn	"politically motivated killings and kidnappings; torture, rape, and abuse of persons perceived to be opposition supporters by security forces, government-sanctioned youth militia, and ruling party supporters"
notes	ranked out of 177	ranked out of 163	ranked out of 146		

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two interlinked causes of the conflict. Official diamond exports have increased to over US\$140 million in 2005 and attempts are being made to return a percentage of export tax to diamond mining communities. However, this money is not reaching the population and has not translated to any meaningful benefits on the ground. In Kono district, where diamonds have been mined for over 70 years, there is no electricity, roads are in disrepair and homes have been destroyed by fighting. Over 100,000 men and children work as diamond miners.

## What must be done?

In order to protect the legitimate trade in African diamonds and make sure diamonds can never again fund conflict, the Kimberley Process must require that participating governments have effective diamond control systems in place that include rigorous checks on the diamond industry. The diamond industry should be required to put meaningful systems in place to support the aims of the Kimberley Process. Strong control systems in all participating countries will ensure that consumers can get adequate assurances that diamonds are conflict-free no matter where they are from.

The diamond industry must follow through on its commitments to stop conflict diamonds and expose those individuals and companies that are breaking the law. It is well known within the trade who is engaging in the illicit trade, but



Artisanal diamond digger washing gravels to look for diamonds in the Democratic Republic of the Congo

many in the industry continue to turn a blind eye. The industry must work more proactively with law enforcement agencies to hold accountable any members of the trade operating outside the Kimberley Process.

Consumers also have a role to play and should ask questions to find out if their jeweller is doing its best to ensure that the diamonds they sell are conflict-free.

Governments, the diamond industry, and non-governmental organisations must also take an active role in addressing the political, social and economic challenges facing the artisanal diamond mining sector in order to ensure that it contributes to sustainable development.

## References

- 1 Partnership Africa Canada "The Kimberley Process: The Case for Proper Monitoring" September 2002, <http://www.pacweb.org/e/images/stories/documents/KP%20Monitoring.pdf>.
- 2 Global Witness interview with diamond trade experts.
- 3 See Global Witness fact sheets on the Kimberley Process and on the diamond industry for further information.



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