

An overview of the current state of affairs in the ethical diamond debate.

PROJECT ENGAGE

Making Diamonds Work for **DEVELOPMENT**

An Overview of Initiatives By Kirsten Hund ■ SRK Consulting ■ July 2008

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Introduction: From ‘Conflict Free’ to ‘Development Diamonds’¹

We have come a long way since ‘blood’ or ‘conflict diamonds’ made the news for the first time in the ‘90s. Since then the Kimberley Process Certification Scheme, which seeks to prevent conflict diamonds from entering legal markets, has been put in place. With the relative success of the fight against conflict diamonds came a new dilemma: If we are able to make progress in stopping diamonds from fuelling bloody wars, why do we allow them to sustain poverty and misery among diamond mining, cutting and polishing communities all over the world?

On the back of publicity about conflict diamonds, there has been a proliferation of initiatives by the diamond industry, governments, donors, and/or civil society in the past decade or so to create truly ‘clean’, ‘fair’ or ‘ethical’ diamonds, i.e. diamonds that aim to contribute to sustainable development.

Standards and principles have been and are being developed by civil society, industry and governments, research is being done, and projects are being undertaken for and with artisanal² miners in diamond producing areas.

This paper attempts to give the members of the Madison Dialogue Diamond Working Group³ and others an objective overview of various initiatives to produce and/ or market ‘ethical’ diamonds⁴, in order to advance the agenda of the group. Inclusion in this paper is not an indication of endorsement of an initiative by the authors, the financiers, the MDDWG, or any of its members. It primarily provides an overview of past and present ‘on the ground’ initiatives and ways in which various stakeholders have tried to improve the lives of artisanal diamond miners as well as, in some cases, the workers in the cutting and polishing industry. From there it goes to other assurance systems and ‘charity’ initiatives that use diamond revenues to support (African) development projects.

By providing an overview of the ‘state of the art of existing theory and practice’, this document hopes to recognise lessons learned from previous success and failures, and possibly also inspire plans and ideas for next steps to be taken in order to make diamonds work for development.

The paper concludes with a matrix, comparing and contrasting the different proposals for standards and initiatives. This will allow the reader an at-a-glance overview of current efforts, and how they can be compared.

This desktop study has been written based on a review of websites, basic literature and phone interviews. Opinions and ideas stated have not always been cross checked. Not all initiatives have been scrutinised using the same level of analysis and thoroughness. Again, this is due to constraints in time and available information. For a thorough, balanced analysis of the success and failures of each of the initiatives mentioned, further research would be required.

The Very Beginning

The Kimberley Process is a different initiative, with a different purpose, compared to all the other plans, activities and projects mentioned below. Yet, without the Kimberley Process bringing together members of government, industry and civil society to combat 'blood diamonds', it can be doubted whether so much energy would have been channelled towards the improvement of the lives of artisanal diamond miners. The Kimberley Process Certification Scheme (KPCS) is in many ways the mother of all ethical diamond initiatives.

The Kimberley Process

The Kimberley Process is a joint government, industry and civil society initiative to stop the trade in conflict diamonds, defined under the KPCS as: Rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments. It started in May 2000 when diamond-producing, trading and manufacturing states met in Kimberley, South Africa, to discuss ways to ensure that diamond transactions were not funding violence and civil wars within countries such as Angola, Cote d'Ivoire, the Democratic Republic of the Congo and Sierra Leone.

The Kimberley Process Certification Scheme (KPCS) came into full force in 2003. It imposes extensive requirements on its member states to enable them to certify shipments of rough diamonds as 'conflict free', thus preventing conflict diamonds from entering the legitimate trade. This scheme has evolved into a rather effective mechanism for promoting transparency in the diamond trade and stemming the trade in conflict diamonds. Today it is estimated that conflict diamonds represent less than one percent of the international trade in diamonds (the coming to an end of violent conflicts in Angola, Sierra Leone and Liberia has helped a lot as well).

Consisting of 48 members representing 74 countries as of September 2007, the Kimberley Process has become globally acknowledged as a unique instrument to promote peace and security. To enhance its effectiveness further, civil society has long pleaded for the strengthening of areas such as monitoring and internal controls and greater transparency.

The KPCS Working Group on Artisanal and Alluvial Production

In order to address the problems in the alluvial diamond sector, the KPCS has started a working group on Alluvial Diamonds. This is meant to bring governments, industry and civil society together to promote concrete steps towards more effective internal control over alluvial diamond production and trade in alluvial diamonds, in order to guarantee that only diamonds produced and traded in accordance with national legislation and the standards of the KPCS can be exported and/or locally polished. Angola is currently chairing the working group. Other members are: Brazil, Central African Republic, DRC, Ghana, Guinea, Guyana, Liberia, Namibia, Republic of Congo, Sierra Leone, South Africa, Tanzania, Togo, Venezuela and Zimbabwe (and Cote D'Ivoire after sanctions lift). Observers are the European Community, the Russian Federation, the World Diamond Council and several International NGOs. Although numerous discussions have taken place, few concrete plans and ideas seem to have come out of the working group up to now. The lack of a budget for proposed activities hasn't helped either.

The Kimberley Process is very clear about its purpose, and although an excellent opportunity to get all stakeholders around the table, most recognize that it is probably not the vehicle to address development challenges related to diamonds.

From the Ground Up: Working with ASM Communities

The following chapter describes the various current initiatives, all working with ASM diamond mining communities in different parts of Africa. Most of them have only started recently, so it is difficult to draw lasting conclusions just yet.

The Mwadui Community Diamond Partnership

In Tanzania, De Beers, the Tanzanian government and local communities work together around the Williamson Mine in Mwadui. The cooperation takes place in the Mwadui Community Diamond Partnership (MCDP), to address challenges facing the small-scale informal diamond mining sector. The primary objective of the project is to alleviate poverty and accelerate sustainable socio-economic development in the communities around the diamond mines by formalising, transforming and supporting artisanal mining communities in the Shinyanga region through a multi-stakeholder partnership.

The MCDP is a pilot project that was initiated in August 2006. Being the only country where informal small-scale diamond mining and significant De Beers' operations co-exist, Tanzania's stable situation and relatively well-developed infrastructure make it a good pilot country. The members of the partnership are: the Government of Tanzania, represented at national, regional and district levels; De Beers; Williamson Diamonds Limited, the Tanzanian diamond mining joint venture between the Tanzanian government and De Beers; and the local communities resident in Kishapu district, Shinyanga region.

The idea behind the project is that, if proven successful, solutions developed in Tanzania will be transformed to other small-scale informal diamond mining economies, at the invitation of their governments. The MCDP is not a part of the Diamond Development Initiative (DDI) at the moment, but the idea is that its findings will feed future DDI activities (see DDI below). The MCDP is still in a developmental phase; no mining is currently taking place.

THE REGIONAL DIAMOND ECONOMY

Before starting the project, extensive research was done regarding the structure of the local diamond economy. Local researchers have spent much time within the communities to understand the dynamics and the different actors. They

established that about 20 000 people are involved in the ASM business in the Shinyanga region of Tanzania. Almost all of the diggers work under a financier who spends on average around 35 US\$ per digger per month to support their basic needs. If a diamond is found, the digger is obliged to sell it to the dealer and receives about 8-16% of the stone's true value in return. The region is dominated by a small number of dealers, some of them licensed by the government, some operating illegally. Most of the artisanal mining around Mwadui is unregulated, and the local government lacks the capacity to monitor the process.

All operating diamond mines suffer to the same extent from an influx of artisanal miners onto their concessions, although up to now the situation has not resulted in any serious violence. The Williamson mine is so far the only one taking the initiative to address the artisanal issue. In order to share experiences with other mining companies operating in the area, a sub-commission on artisanal mining has recently been set up as part of the local Chamber of Mines. This helps to prevent everybody in the region re-inventing the wheel over and over again.

Based on the outcomes of the research and the following workshops with communities involved, it was decided that four lines of action were needed:

- The provision of organisational and technical support to help formalise small-scale diamond mining;
- The formation of socio-economic development partnerships, with a specific focus on gender and children's issues. This should include programmes for HIV/AIDS and malaria prevention and management, in line with the Millennium Development Goals;
- The identification and development of sustainable alternative livelihoods;
- Collaboration with (local) government to facilitate financial inclusion and transparency at the local level.

ORGANISING THE COMMUNITIES

Based on the research, eight villages were selected where mining is the primary source of livelihood. Every village was asked to elect two representatives for the Community Liaison Committee (CLC): one representing the miners, one representing the broader community interests. This has resulted in a Committee of 16 members, amongst whom four are women. Capacity building of the CLC is an integral part of the project. The MCDP co-ordinators have been meeting monthly with the CLC to discuss development priorities and needs of the community and the way forward. The

engagement and enthusiasm of the communities so far can be considered as one of the major successes of the project. However, as the project co-ordinator indicated, managing expectations, especially for such a relatively long-term project, remains difficult.

Once the CLC was in place, each village was asked to select 2 groups of 7 miners. A deliberate, and sensible choice has been made to work with small, manageable groups (compare the PDA in Sierra Leone, where 50 to 70 miners were required for one cooperative). They will be the first group of about 100 to start mining on the plot set aside for them on the Williamson concession. If no women are elected, the project will add 2 'women only' mining groups (experiences in Tanzania have demonstrated that women-only digger groups are more effective and productive than mixed groups).

These miners will receive capacity building training in diamond valuation, the functioning of a co-operative etc. The setting up of co-operatives is being done in collaboration with a Tanzanian development NGO. The co-ordinators are aware that the development of co-operatives cannot be done overnight, and is a very time consuming process. The project has deliberately chosen to take time to assess the situation, build relationships, and create trust between the different stakeholders.

Once the co-operatives are well established, probably by the end of 2008, and a buying scheme has been established, the first group will start mining.

A few challenges remain, some will be resolved on the short term, others are of the kind that every project of this kind will encounter, and for which some joint thinking and strategizing would probably be useful.

CHALLENGES FOR THE MCDP

- **Legal issues.** Who owns the mining concession and who has the right to mine? Under Tanzanian law, a mining company cannot simply give part of its land to artisanal miners. Diggers working the land must have a legal identity. Yet in order to avoid an influx of outsiders or land speculation, and in order to keep a certain level of control, the mine cannot simply sell the land to the co-operatives. So a structure has been developed where the land continues to belong to the Williamson mine, but will be given in trust to the artisanal miners that are part of the project.
- **The buying scheme.** Who is going to buy the artisanally mined diamonds from the co-operatives against a guaranteed 'fair' price? It will be difficult for the co-operatives to

get a higher price for their diamonds with local buyers. For the company it is potentially a serious risk to buy artisanal diamonds, as this potentially creates an influx of illegally mined diamonds in the region, thereby 'polluting' the De Beers diamond stream. The Tanzanian government is also reluctant to become a diamond buyer. Negotiations are ongoing with 3rd parties who could possibly buy the diamonds from the diggers against a 'fair' price, but have not been finalised yet. No decisions have been made yet about the marketing of the diamonds once production starts.

- **The region counts 20,000 artisanal miners.** The pilot project only caters to about 100. What can be done to also improve the lives of the others? How to ensure that the improvement of the lives of the small group of miners trickle down to the larger communities? In order to assist diggers to get a higher price for their diamonds, the Tanzanian government has agreed to start a valuation office in the area, where all miners can go to find out how much their stones are worth, strengthening their negotiating power with buying offices and middlemen (this can create conflict with local buyers). It would be useful for the project to study lessons learned from the Sierra Leonean experience in this regard. The Government of Sierra Leone posted an experienced valuator in the local office of the ministry of mines. As she was too far from the mining sites, as well as part of a governmental body, people either did not want the inconvenience or feared to bring their diamonds there for valuation.
- **The project has difficulties involving other development donors.** How to involve them, especially in the other developmental streams of the project? How to overcome mistrust from bi-lateral donors as well as international NGOs against the company's motivations?

Diamonds for Development (D4D) Liberia

The Diamonds for Development campaign is a joint UNDP-Government of Liberia initiative, in partnership with International Alert. It was initiated in 2006. It focuses on the sustainable and peaceful use of revenues from mineral resources. At the local level, the aim is to cause more diamond revenues to flow back into and/or to be retained in the community.

The D4D project was inaugurated at a conference in Monrovia in June 2006. No 'on the ground activities' have taken off since then, but research is taking place.

REGIONAL HARMONISATION OF MINING POLICIES

At a macro/policy level, the aim of the D4D project is to encourage a transparent legal framework governing the mining sector. As the Mano River basin countries, including Cote d'Ivoire, all face similar problems, the project takes a regional approach; promoting a partnership on technical and political aspects. This will include the development of a new legal framework for revenue management, revision of the mining laws etc. Harmonisation of policy and the legislative and regulatory framework have been identified among the most critical preconditions in ensuring that the mineral sector plays a developmental role in the West African region. By means of research, the project aims to set out a road map to harmonisation as guidance for regional policy makers who wish to begin the process of harmonisation of policy in the Mano River Union and Cote d'Ivoire.

PROMOTING LOCAL DEVELOPMENT

Next to policy development, the project also aims to create a more equitable distribution of diamond revenues on a local level. This will be achieved through an improved organisational structure of production; i.e. the establishment of small production/trading co-operatives or similar organisations, while at the same time establishing local development funds managed by local governance structures. The fund, with the full participation of civil society, will determine the development needs of the community and use the funds accordingly.

Once the relevant studies are done, the project is planning to pilot 2 projects in the same areas: the establishment of miners' co-operatives and the institution of a local development fund. The development fund will be established at local government level. It will be their responsibility to collect and manage the distribution of revenues collected from mining land rent and collection of local taxes from the rough diamonds extracted from the land within their jurisdiction.

CURRENT DEVELOPMENTS

Little seems to have happened on the ground since the inaugural conference in 2006, possibly due to the lack of funding. Things seem to be starting up again; International Alert indicated that they have just finished a PSIA (Poverty and Social Impact Assessment) within mining communities in the region. They are currently busy commissioning the harmonisation report. These two reports will help them and the regional government with policy formulation. No exchange between the D4D project coordinators and any of the other stakeholders working on 'ethical diamond initiatives' seems

to be taking place. This is something that the Madison Dialogue Diamonds Working Group may wish to initiate.

Peace Diamond Alliance, Sierra Leone⁵

The USAID-funded and MSI-implemented 'Integrated Diamond Management Program' started in 2002, in order to 'reverse the history of diamonds bringing conflict, destruction and violence to Sierra Leone'. The Program brought together government, traditional leaders, civil society and the diamond industry to establish the Peace Diamond Alliance. The PDA aimed to improve management of Sierra Leonean diamonds on both the local and national levels, so as to make diamonds benefit the Sierra Leonean people and create an 'earth to export' model.

The project had 4 components:

- Improved governmental management systems for the diamond industry and incentives to use them effectively;
- Active civil society supporting improved public and private diamond management;
- Private sector diamond businesses that are more transparent, competitive and responsive to community interests;
- Improved community diamond management systems: improving artisanal diamond mining procedures and policies.

For this paper, the most relevant are the activities that are part of the last strategy: the development of a number of diamond co-operatives in the Kono district of Sierra Leone. However, it needs to be emphasised that another, very large, element of the programme consisted of work around a Diamond Area Community Development Fund, resource transparency etc. That part has left a lasting positive legacy.

THE CO-OPERATIVES

The co-operative Diamond Mining Society in Kono was officially launched in October 2004, with about 30 officially registered co-operatives, each with around 50 members. Their purpose was to free the diggers from the 'debt bondage' to their 'supporter' (sponsor/financier), to allow them to benefit more substantially from their efforts in the mines. Initially, 2 seasons of mining were planned.

The co-operatives were officially formed, and members trained in management, rough stone identification and safer and more environmentally friendly artisanal diamond mining methods. Several training sessions on sustainable land reclamation were also given.

Unfortunately, after a very long decision making process, USAID decided, already halfway through the mining season, that it would not be prudent for them to provide loans to co-operatives. So MSI had to look for alternative funding. They managed to fund 5 co-operatives via 2 American firms: the Rapaport Group funded 4 groups; Kono's Hope funded 1. The result of this was that the diamond co-operatives were now indebted to an international sponsor instead of a local one.

Mining started, but, possibly due to the short timeframe, no prospecting had been done on the land allocated to the co-operatives by the local chiefs. Hardly any diamonds were found. At the end of the mining season, funding came to an end, and USAID withdrew.

CURRENT SITUATION

MSI organised an evaluation workshop in November 2007 to assess the state of affairs within the 5 co-ops that had been funded. It was concluded that at least 3⁶ of the co-operatives still existed and owned mining plots and tools. All of the co-ops have maintained their mining licences and meet on a monthly basis. Finances depend mainly on monthly membership contributions, fines, shares, registration fees and personal donations. All participants indicated that their membership in the co-operative had increased their living standards considerably. However, this might also, at least partly, have to do with the injection of US\$70,000 into the 5 cooperatives, much of which was 'eaten' before being put through the diamond production system. Younger members testified that the loan scheme had helped improve their status within the community, as they were now able to interact with rich and influential people, even 'white rich men from the States', though some youths complained of exploitation and bullying by older cooperative members⁷.

POSSIBLE EXPLANATIONS FOR PROJECT 'FAILURE'

- Donor shortsightedness and procedural constraints. The hesitance of USAID resulted in an unforeseen delay in the project and necessitated the involvement of commercial actors.
- Too little local ownership: the project was initiated from outside. And although the local management of MSI was very skilled and knowledgeable, lack of local skills and capacity at the level of the cooperatives ensured that local ownership was never fully accomplished.
- Lack of cohesion within some co-operatives: A co-operative is not necessarily democratic: the structure of most co-ops was based on the existing village hierarchy, with a few 'big

men' at the top. This meant that for some members of the co-ops, especially those who joined at a later stage, the situation wasn't significantly different than before.

- The information flow from the PDA did not always trickle down to all members, as some cooperative executive members did not share vital information.
- Lack of experience and capacity among the executive committees of the co-operatives. Each of the co-ops did receive basic management training, but proper record keeping and financial management remained a challenge.
- Corruption and mismanagement by some executive members of the PDA.
- The allocation of land by chiefs and traditional authorities combined with the absence of prospecting before the start of the extraction. Some of the land allocated to the co-operatives was not virgin land, which narrowed the opportunity to find diamonds.
- Relationships with sponsors: As the link with a local 'sponsor' had been removed, there no longer existed a personal relationship between the diamond diggers and the buyers of the diamonds. Due to the long history of exploitative relations between sponsors and diggers in Sierra Leone, and the unfamiliarity with co-operatives, diggers retained a level of mistrust for their investors and the IDMP, especially related to their share of winnings. With the donor living in the US, the diggers no longer had somebody to go to when they needed cash, for example for a sick child. So the incentive for selling the diamonds to the sponsor was removed. This might also partly explain the very small amount of diamonds produced at the end of the season.
- Due to the fact that diamonds are becoming scarce in Sierra Leone, deep mining was required and some of the co-operatives had to rent equipment during the mining process, which they had not budgeted for. This was very expensive.
- Different expectations of different stakeholders: It is understood by MSI that Kono's Hope considered the project too much as a short-term money making scheme, instead of the development project it primarily was. The diamond diggers themselves saw the project as part of the massive amount of foreign development aid the country receives, and didn't really understand that the money they received was a loan, not a gift. This led in some cases to lethargy on part of the members to generate local income for the sustainability of the scheme. USAID in its turn felt uncomfortable being part of a commercial scheme, when making money was one of the targets.

Martin Rapaport's 'Fair Trade' Diamonds

Some of the PDA work will find continuity through ongoing involvement of Martin Rapaport in Sierra Leone, and with the co-operatives. Rapaport has been involved in Sierra Leone since 2000, demanding attention for the role diamonds played in the brutal war, and trying to improve the situation of artisanal diamond diggers through the PDA.

Rapaport is busy developing his own 'fair trade' brand (using his own definition of 'fair trade')⁸, as he believes that 'fair trade jewellery has the potential to become the ultimate luxury product of our century'. He sees an enormous potential for business to contribute to development as, unlike development NGOs and governments, in his view, it can and should create jobs. The Rapaport Group is taking several steps to contribute to the development of 'ethical' jewellery (although it needs to be emphasised here that Rapaport himself strongly opposed the use of the term 'ethical jewellery' as this implies that other jewellery would be unethical, which risks alienating the rest of the jewellery industry).

Rapaport has developed his own set of standards, the Rapaport 'Fair Trade' Principles, for which he has been advocating since 2004. They are:

1. Monitoring and reporting
2. Fair compensation
3. Community benefit
4. Do no harm

Rapaport has recently started working in Sierra Leone again, nominating a local co-ordinator who was previously involved in the PDA. The project is working with the NGOs involved in the PDA, and with the remains of the co-operatives it supported. The idea is to build upon the lessons learned. The project intends to involve the Sierra Leonean government more intensively than was the case for the PDA cooperatives, and will build upon the existing structures of production, involving local supporters, traditional leaders etc., as they usually know where the diamonds are, and where best to put their money. Monitoring standards will be developed along the way but started from the Global Witness monitoring standards that were developed for the PDA.

Considering that the relationship with the authorities, and the way they were to control/monitor the diamond cooperatives was one of the major problems causing failure of the PDA, it would probably be worth it to analyse this further, and learn more about the way Rapaport plans to organise its collaboration with local authorities and national government structures.

Special attention will be paid to women's groups: a scheme is being developed where women will be trained in environmentally-friendly gold panning out of the finished diamond tailings.

Furthermore, the project will look into alternative livelihood development through land reclamation schemes. For example, discussions with the Israeli government are exploring the possibility of involving agricultural developers who will look at opportunities to make former diamond areas into agriculturally viable lands; thus turning diggers into productive agriculturists.⁹

Rapaport is also involved in the next phase of the supply chain: the manufacturing of 'fair trade' diamonds and gold dust.

'FAIR MADE' JEWELLERY

Discussions are going on between the South African government, the South African industrial associations involved in jewellery manufacturing and Fair Trade South Africa. In South Africa, there is a substantiated interest in adding value to rough diamonds and gold within the country itself, by setting up a local manufacturing and designing industry. The idea is to create an enabling environment for historically disadvantaged South Africans, training them in jewellery manufacturing, providing them with a fair wage, a safe working environment, secure job and income and thereby creating 'Fair Made' jewellery. At the moment the manufacturing industry is mainly focussing on industrially produced gold, platinum and diamonds. At the longer term, 'fairly produced' gold dust and rough diamonds from Sierra Leone could be manufactured in the South African 'Fair Made' industry, thereby creating a 'clean' value chain.

THE MARKET AND THE MARKETING

One thing Rapaport is not concerned about is the market. The demand for FT jewellery is there, he believes, people are prepared to pay a higher price for clean jewellery. But with the little supply there is at the moment, marketing has to be done carefully, otherwise the risk is that supply may not meet the demand.

Rapaport claims to have been approached by co-operatives around the world. If they live up to the standards, Rapaport is willing to buy their goods. The company has purchased gold from Madagascar, and is involved in the ARM project with CRED jewellery, and is working to purchase gems from a IFAT certified company. A project is on the way to create a

“Fair Trade” jewellery catalogue, which should be out around Christmas 2008.

Rapaport is also actively setting up a “Fair Trade Diamonds and Jewellery Association”. This will be an NGO, separate from Rapaport, which will ‘aggressively’ market FT jewellery around the globe. Among its future projects will be to bridge the gap between jewellers in the North and diggers in the South. Diggers are as much part of the industry as everybody else, and therefore they should be included.

CHALLENGES

Martin Rapaport is one of the few industry actors who are actually prepared to take real action to improve the situation amongst artisanal diamond diggers in Africa. He proved this by going to Sierra Leone in the midst of the war and by being actively involved in the Kimberley Process from the beginning.

Yet, his approach to the branding and marketing of Fair Trade jewellery raises certain concerns. Firstly, his sidelining of development NGOs¹⁰ as ineffective and incapable raises serious concerns about the sustainability of his projects as well as who precisely will be aided by his interventions: the ‘deserving’ poor or local elites? Obviously, business is best at ‘doing business’. However, the collaboration with local NGOs, the development of co-operatives, and the setting up of sustainable developmental projects demands a certain experience and knowledge that the diamond company does not necessarily have. This is why Rapaport is incorporating many people along the way. And it is a very long-term process. It therefore risks ‘throwing the baby out with the bath water’ and may do more harm than good.

Secondly, developing monitoring system is a concern, as well as the use of the term ‘fair trade’ while using limited standards that do not yet provide any benchmarks for measuring their implementation.

The ‘lessons learned’ of the PDA project will be very helpful for a successful continuation of the Sierra Leonean project and collaboration with Fair Trade organisations may prove helpful in ensuring that the Fair Trade model being developed by Rapaport takes advantage of lessons learned in the development of other Fair Trade commodities in terms of community beneficiation and sustainable development.

Fair Trade in Gems and Jewelry (Germany)

A group of German jewellers, goldsmiths, geologists and engineers developed their ‘5C’ certificate; adding the 5th C to the traditional “Cut, Colour, Clarity, Carat” for: ‘Conflict free, Child labour free and Corruption free’ diamonds. The group has developed a set of fair trade criteria for small-scale mining operations of gold, precious and semi-precious stones¹¹. The initiative buys its gold, silver, gemstones and diamonds from small-scale producers. Their policy is to work with, and support, existing producing structures, rather than becoming involved in the establishment of new ventures. The idea is for the product to be certified during every step in the supply chain, so that the consumer can actually get detailed information about the people involved in the production process from their jeweller.

No structural monitoring of the standards is taking place at the moment. The group has tried several times to gain interest from the German Fair Trade Organisation for Jewellery, but so far without success.

At the moment the company has no new source for ‘fair diamonds’. The diamonds they have in stock came from the Lesotho Highlands and the PDA experience in Sierra Leone, and have been cut and polished by a diamond workers’ co-operative in Surat, India. Unfortunately, the flow of diamonds has now dried up, and the group is looking for new sources.

THE MINES

The ‘Faire Edelsteine’ initially came from the Lihobong Diamond co-operative in Lesotho, a small diamond mine in the Maluti Mountains. Around 60 people were actively mining the diamonds. The group, mainly women already approaching retirement age when the project started, had been working at the mine for about 20 years. They were dismissed from the South African Diamond Mining industry during the crisis in the 1980s, and went back to their homes to mine as a cooperative. The mine, which had been given up by De Beers in the 1950s as uneconomical, produced fancy coloured diamonds, although mostly small.

The people at Lihobong lived in a small, poor, mining village without basic facilities. Mining was accomplished with the co-operation of the government. Once a year an earth-moving machine was sent up the mountain to the mine to remove a year’s supply of kimberlite, after which the women could start looking for diamonds.

A 'fair trade' agreement was negotiated with the miners which included, among others, a second, value added payment for the stones, to be paid upon sale of the gems.

Unfortunately, 2 years ago the co-operative members decided to retire. They sold the mine to a South African junior diamond mining company. Since then no more Lesotho 'fair trade' diamonds have been sold.

The German initiative is also engaged in a partnership with Martin Rapaport to market the Sierra Leonean Peace Diamond Alliance diamonds. When that project ended, the diamond flow stopped.

They are currently looking for new sources of FT diamonds.

CUTTING & POLISHING

As the organisation wanted a complete 'fair' supply chain, they also identified, in close collaboration with the International Mineworkers Union and the Diamond Workers of the World, a cutting and polishing factory in India that had the potential to live up to their standards; the Surat Diamond Workers Industrial Co-operative Society Ltd. It is a small co-operative of 15 men. Due to a lack of FT diamonds, at the moment they also polish other stones. Once the flow of FT diamonds starts again, the ties with the cooperative will be re-established.

HURDLES

For a small player on the market, diamonds are a complicated product. Unlike gold and silver, you need a large variety of stones, of different cut, colour and quality to satisfy a customer. To have that on offer, a lot of capital is needed, and to get that from a very limited Fair Trade source is difficult. This counts to a lesser extent for other precious gemstones, as less capital is needed to procure them, and the amount on offer is a bit bigger.

Also, the existence of an elaborate set of standards without a mechanism, nor the means to monitor their implementation is complicated. Faire Edelsteine really counted on the German Fair Trade Organisation to get on board. Without them the implementation of the project got stalled.

So far, 'Fair Trade in gems and Jewelry' is most successful with its brand of gold and silver, most of which comes from EcoAndina in Argentina.

The Diamond Development Initiative

The DDI was started by NGOs and industry in order to fill a 'gap' in the Kimberley Process, addressing the problems of artisanal diamond miners and improve living and working conditions under which the very poorest in the diamond industry operate. Its mission statement is: "The DDI aims to gather all interested parties, governments, industry and civil society, into a process that will address, in a comprehensive way, the political, social and economic challenges facing the artisanal diamond mining sector, in order to optimise the beneficial development impact of artisanal diamond mining to miners and their communities". DDI is an international non-profit, charitable organization registered in the United States, with its executive offices in Ottawa.

Its board members include Ian Smillie, Dr. Muzong Kodi, Ray Simmons, Simon Gilbert, Stephane Fischler, Dr. Gavin Hilson, Matthew Runci and John Hobbs. Dorothee Gizenga has recently been appointed as the organization's first executive director. The DDI also has a 50-member Advisory Group which has drawn members from governments, civil society, business, academia and the media, with participants located in more than a dozen countries of Africa, Europe, North America and Australia.

DDI wants to draw developmental organisations and more developmentally sound investment into artisanal diamond mining areas, to find ways to make development programming more effective, and to help bring the informal diamond mining sector into the formal economy. Its focus is not so much on small scale solutions for individual groups of miners and the niche market of 'fair trade' diamonds, but on broad-based ways to improve the lives of large numbers of artisanal miners. The position of children in mines will receive special attention.

Up to now, DDI has not developed many on-the-ground activities. But with its first director taking office in April 2008, they intend to be up to full speed soon. The idea is to start up projects with and for artisanal miners in countries like the DRC, Angola and Sierra Leone in order to investigate what works and what does not. They will deploy a so-called 'challenge fund' for this, using their money to leverage other investors to participate in projects.

Some other planned DDI activities for the coming years are:

- Create 'best practice' guidelines with respect to working with artisanal miners in different countries. A Sierra Leone guide will be published in April.

- Research into revenue flows from mine to export: who earns what?
- Develop basic educational material for artisanal diggers
- A campaign and a series of pilot projects that deal with the problem of child miners in the diamond fields

Transfair USA Fair Trade Diamonds research

TransFair USA promotes sustainable development by certifying and promoting Fair Trade products. Up until this point, they have only worked with agricultural supply chains. However, they are busy investigating possibilities to extend their certification to non-agricultural products, diamonds and gold among them.

Fair Trade certification according to the FLO standards for any product requires a clear feasibility study, a multi-stakeholder standards setting process, and a rigorous certification system that involves:

- Identifying viable sources and supply chains;
- Delivering impact to worker or farmer communities;
- Solving the social and environmental problems that have traditionally plagued the industry and its stakeholders;
- Creating long-term development opportunities and solutions to poverty in the sector;
- A pricing mechanism to promote development and a more equitable model of trade;
- Viable global markets for the products.

Transfair USA has been asked to explore if the rigor of Fair Trade Certification can be applied to the jewellery industry as well. Their first step in this process is a feasibility study, funded by the Tiffany & Co. Foundation, to determine whether it is achievable to develop and pilot a standard and certification system for the entire diamond industry. This research is currently underway. Its results could be of great value to bring the 'ethical diamonds' debate another step forward.

EGMONT Group – Artisanal Diamond Mining Project Steering Committee

The artisanal diamond mining steering committee of the EGMONT group is a new think tank consisting of academics, civil society and industry, led by the Belgian Royal Institute for International Affairs. The objective of this project is to examine different strategies and possibilities to strengthen the controls on artisanal diamond mining, and to address issues that the Kimberley Process neglects, such as the fate of artisanal miners and trans-border dynamics.

The project aims to shed light on the complexity of the artisanal diamond sector by building on existing research as well as new investigations conducted for this project, to identify challenges and opportunities in the artisanal diamond mining sector. In addition, by critically reviewing past and present projects and initiatives regarding ASM, they aim to develop policy recommendations.

In order to do this Egmont has taken four perspectives into account in the analyses of artisanal diamond mining:

1. political
2. economic
3. social
4. environmental

So far, a series of consultants have been identified to work on specific questions raised by the project. In Latin America two studies will be undertaken: one on the ASM value chain in Brazil, and one about the impact of miners' cooperatives, and the influence policy has on them. Another study will concentrate on state capacity in Africa: what roles do African states play in the ASM sector, are they doing this effectively, and what can be done to improve this? A fourth study will be a geological study on trans-border mining. A case study on mining activities in the Angola-DRC border area will also be produced.

The Group is also thinking about organising a workshop, to bring together program managers and/or independent reviewers of these programs, for a critical review of past and present development initiatives in the sector; in order to establish a dialogue on 'what works' and what does not. There is also a validation meeting scheduled back-to-back with the CASM annual meeting in November 2008.

Outcomes of the different studies as well as the workshop could be of interest for the Madison Dialogue. Members of the group undoubtedly have something to contribute, assisting EGMONT to 'shed light on the enormous complexity of this sector, without reinventing the wheel'.

Communities and Small Scale Mining (CASM) Initiative

CASM's mission is to reduce poverty by supporting integrated sustainable development of communities affected by or involved in artisanal and small-scale mining in developing countries.

CASM facilitates research, networking and various initiatives in the small-scale diamond sector, partnering with and bringing together the different stakeholders at conferences and learning events. CASM is active on many levels including raising donor and international stakeholder awareness, and engaging with governments in diamond producing countries in order to legalize and formalize artisanal mining.

CASM has been actively engaged in artisanal diamond mining since 2004, when they participated in the Ottawa Kimberley Process Annual Meeting. Since then they have been involved in setting up the DDI, and supporting various activities in Sierra Leone. Together with other donors (DFID, Germany and Belgium), they are currently preparing the artisanal mining component of a large World Bank project in the DRC which will include activities in the diamond-producing Kasai Province. They also work in Tanzania, with the Mwadui project in order to facilitate the improvement of diamond mining communities depending on alluvial diamonds around the Williamson mine.

CASM's Fair Trade Working Group develops knowledge products on fair trade. CASM helped organise and hosted the Madison Dialogue Ethical Jewelry Summit in October 2007, which brought together the jewelry sector, large scale mining companies and ASM representatives to build a strategy for enabling responsible practices that focus on developmental responsibility and have a positive impact for impacted communities.

'Ethical Diamond Initiatives in the DRC'

Congolese civil society organisations that work on the social and environmental impacts of the mining and forestry industry have united themselves in the 'Reseau Ressources Naturelles' (natural resource network). Several amongst them work particularly on diamonds, trying to build capacity with artisanal diggers and assisting them to start cooperatives. Although much more is happening on the ground that deserves monitoring and support, two initiatives in particular are worth mentioning here. These initiatives could be aided by financial support, for example from groups seeking to do 'cause marketing'.

CENADEP: DDI initiative, Kisangani

From 2006 on, the Congolese NGO CENADEP, based in Kinshasa but with antennas in various provinces, among others in the Orientale Province (Kisangani), has been working on their own 'DDI' project; supporting artisanal diamond diggers, and assisting them to organise themselves in cooperatives. In doing this, they are supported by Partnership Africa Canada whose purpose is to integrate their activities within the DDI programme in a later stage.

CENADEP has done several detailed field studies, in both the Kasai and Orientale Province, mapping the situation of artisanal diamond miners, looking specifically at the position of women and children. The advantage of the studies is that they have been done by local experts, who know the area and the population, and who have the opportunities to spend more time to engage more intensively with local mining communities than international experts. A disadvantage can be the lack of methodological and analytical research skills.

The studies conclude that, as in most other places where artisanal diamond digging is not regulated, the rights of the diggers are violated on a large scale by traders, middlemen and local government. The Congolese mining code is not being implemented, and awareness of rights is extremely low. The security situation, as well as hygiene and sanitation in the mining sites, is bad. Because of a lack of understanding by artisanal diggers of the true value of the diamonds they find, they are further exploited.

At the moment CENADEP is busy with a pilot project in Kisangani, starting up one cooperative of artisanal diggers, and accompanying them in the process of setting up a structure. The project is still in a very early phase; some first ca-

capacity-building activities have taken place, but it remains to be seen how sustainable the cooperatives will be in the long term. The lack of resources for basic infrastructure is the biggest constraint for now. Monitoring of this project over a longer period, as well as applying lessons learned from the PDA in Sierra Leone, for example, would be very helpful.

GAERN: Developing Co-operatives of Small-Scale Miners in the Kasai

GAERN; the 'Groupe d' Appuie aux Exploitants des Ressources Naturelles', is a small NGO based in Mbuji-Mai, in the Kasai. For the past 3 years, GAERN has supported about 15 cooperatives of artisanal diamond diggers; associating them by setting up organisational structures, and organising training courses in diamond prospecting, valuation and organisational capacity. During their regular workshops, they also pay attention to relevant social issues such as HIV/AIDS awareness and environmental management. GAERN members mentor and support the cooperatives by means of regular field visits, during which progress is being monitored.

Difficulties mentioned by GAERN are the lack of tools available to the diggers, (thus the need for support to acquire those) which makes it hard to produce efficiently, the unregulated influx of schoolchildren on mining sites, and the insecurity caused by the so-called 'suicidaires' (armed illegal diamond diggers active in the area around Mbuji Mai). Furthermore, the constantly rising basic costs of living, compared with the very low income of the artisanal diggers, makes the lives of artisanal diggers extremely difficult. In addition, GAERN is a very small organisation with extremely limited capacity and means.

There are no production/output figures available from the GAERN-supported cooperatives, and there are no organised relationships further up in the value chain. It is probably too early to call the initiative a success. Yet it is one of the very few initiatives started up by a local African organisation, without intensive foreign involvement. Follow up and further monitoring would be worthwhile.

Company Initiatives

NB: this chapter has purely focused on diamond initiatives. There are far more “fair trade” initiatives focusing on gemstones and gold. There are no doubt more lessons to be learned there. But it did fall beyond the scope of this paper.

Finesse Diamonds

Finesse Diamonds is a US-based shareholder of De Beers that emphasises the importance of ethically mined, procured and sold diamonds.

Since October 2007, Finesse has run a cutting and polishing factory in Namibia, employing around 80 people that polish De Beers diamonds. The idea is to create as many Namibian jobs as possible, and build the skill base of Namibian polishers. The diamonds that are being polished come from two different sources. One portion of stones is Namibian, coming from the De Beers Marine mines. The other portion is comprised of mixed parcels coming from the DTC. Finesse is planning to start branding the stones on the consumer market, one part as ‘Purely Namibian’: Namibian-mined, Namibian-polished, the other as ‘All stones made by Namibians’.

A few years ago, Finesse also tried to set up a similar industry in Sierra Leone. Finesse Diamonds delivered a proposal to the government of Sierra Leone that promised to build a state of the art polishing factory in Freetown. Initially, the Sierra Leonean government was enthusiastic about the idea. It was also planned for a cadre of Sierra Leonean polishers to be trained. The purpose was primarily to help reorganise and formalise the diamond industry in Sierra Leone, but also to:

1. Help tackle unemployment, which is over 70% among youths.
2. Deliver economic development.
3. Create a transferable skill base.
4. Introduce value-added manufacturing to the Sierra Leonean diamond industry to stem the flow of all goods being exported.
5. Allow government to collect more revenues by taxing export of higher value polished gems instead of rough.
6. Invite competition so that other companies would join the bandwagon.

Before making a large investment, Finesse requested some concessions on the part of the Sierra Leone government. All legal diamond exports had to go through the Gold and Diamond Department (GDD) for evaluation before being exported. It was proposed that there should be a mechanism by which diamonds suitable for cutting locally (e.g. the larger stones) would stay in the country.

This proved to be the biggest problem. Because the export trade of Sierra Leonean diamonds is effectively in the hands of two people, it was known that no one would voluntarily keep the diamonds there to sell on the local market for polishing. The big exporters are all bankrolled by big diamond-taires who don’t care about national development goals. This removes any motive on their part to be co-operative.

It was proposed that the government, supported by international organisations and donors, would mandate a short window during which all diamonds suitable for polishing would be kept for a period of days to allow local polishers to make fair market value offers. This would ensure that the exporter gets a fair price and that rough diamonds that could be polished locally would have had a fair chance of remaining in the country.

With the right guarantees, this system could have been quite transparent because of the involvement of the GDD and international donors. Yet, due to the economic interests of members of the previous Sierra Leonean Government, logistical constraints, the lack of International Donor support and other unknown obstructions, this potentially beneficial policy was never taken seriously, or acted upon by the government, though the Sierra Leonean government did pass a Cutting and Polishing Act in 2007.

It is understandable that international donors might have been reluctant to support a diamond-polishing factory in West Africa; if not well regulated and controlled, it could undermine the Kimberley Process. This is because under the Kimberley Process only rough diamonds need to be certified and so a cutting and polishing factory in West Africa would provide a way to smuggle polished Liberian or Ivorian diamonds into the legal diamond trade.

Finesse also sells ‘clean’ diamonds from the Canadian Ekati mine. These ‘Canada Mark’ diamonds come with certificates of origin that allow for the stone to be traced back to the mine.

LESSONS TO BE LEARNED

So far the Namibian exercise has been a success, and could serve as one of the examples of how adding value to rough diamonds in Africa could work. Nevertheless the specific situation in Namibia, as well as in Botswana should be taken into account: for a successful cutting and polishing industry in Africa, you need good quality (large) stones. Both the Botswanan and the Namibian Governments have a deal with De Beers, which ensures that De Beers can provide its sightholders in the country with a regular supply of good quality stones for the polishing industry. If this kind of constant supply cannot be guaranteed, the situation is much more difficult.

The Sierra Leonean experience is also an interesting one, which merits further research. It would be worthwhile analysing the proposal Finesse made to the Sierra Leonean government in order to find out, on the one hand, the reasons for its failure, and on the other hand, its possible applicability to other diamond producing countries.

Target Resources (Pride Diamonds)

Junior London-based Target Resources PLC focuses on alluvial diamond and gold mining in Sierra Leone. Target purchased Pride Diamonds, a 'socially responsible diamond mining company, reinvesting profits in source local communities, bringing socially responsible rough diamonds to market', in 2007, thereby combining Pride's dredging equipment and relations and Target's larger concession area. Target's wholly-owned Sierra Leonean subsidiary, Milestone, is an alluvial diamond mining company with 4,200 acres of concessions in Kono district, Sierra Leone, though they only mine a small minority of this amount. They have agreements with three chiefdoms. Target's operations are the first substantial operation in Sierra Leone involving the dredging of rivers for diamonds.

Target is currently in the process of developing a Corporate Social and Environmental Responsibility Management System (CSER), guided by compliance with the IFC performance standards as part of its ongoing efforts to become a model junior mining company and to contribute to long-term development of Sierra Leone.

Most of Target's activities seem to be focussing on the initiation and support of local development projects in the area they operate in. Things already done by Target in this respect include:

- Building 4 schools, including furniture, plumbing etc. (all four will be finalised in July) and providing equipment, football uniforms and a stipend for the 2 best children to University level in the various chiefdoms the company is active in
- Building 2 covered markets
- Building a road linking Bagbema to Kayima, the chiefdom capital
- Building an orphanage in Freetown
- Setting up a twinning project between schools in Sierra Leone and the United States.
- At the request of the newly elected Sierra Leonean government, Target has provided a large contribution to the construction of a new market place in Freetown

More directly related to its mining operations, Target pays 11% of sales revenue to the chiefdoms. It is not immediately clear out of the information available to what extent that money is being used for local development. Target also actively rehabilitates the land once a mining pit is no longer used. A pit the size of a soccer stadium has recently been reclaimed and is now ready for agricultural use.

So far, Target resources has implemented all developmental projects themselves; if they identify a need they prefer to act upon it instead of having to go through a lengthy bureaucratic process that often goes with the involvement of international donors or governments. Local NGOs also haven't been involved so far.

LESSONS TO BE LEARNED

Based on what has been published, the initiative of Target Resources in Sierra Leone seems promising. Their transparent way of operating and direct communication with communities and other stakeholders seems to have won them a lot of goodwill in Sierra Leone. In order to be able to say more about this, it would be interesting to learn more about the relationship between the company and local communities, and how the fund allocated to the local chiefs is being managed; do they really contribute to local development or are they being misdirected to satisfy elites' personal interests? The direct way of taking action, instead of working with NGOs to implement developmental projects is understandable, but might hamper real sustainable development in the long run due to a lack of local ownership.

It would be worthwhile to do an evaluation on the ground, in order to investigate whether Target's diamonds are truly 'fair' or 'ethical', and if so, whether or not the model could be copied elsewhere.

In 2007, Target Resources signed a 5-year exclusive marketing agreement with Tiffany & Co., which has the first right of refusal on Target's output, and will then sell the diamonds it does not wish to keep for its own use.

Retailers Selling 'Ethical' Diamonds

A great number of jewellers these days are attempting to use 'Fair Trade', 'Peace', 'Development', 'Conflict Free', or other certified or assured 'Ethical' Diamonds in their collection¹². Most of them are based in the United States, although the trend is also developing in Europe and even in South Africa.

They differ enormously in the products they offer and the standards they comply with..Most seem to have chosen to focus on Canadian Diamonds, which seems to be the safest option as their 'clean' origin can be certified from mine to retailer (although their environmental friendliness is being disputed by some). A Google search for 'ethical diamonds' shows that others are marketing their diamonds as 'ethical' simply if they are 'conflict-free,' i.e. Kimberley Process certified. As the only country off-limits for producing 'conflict' diamonds today is Cote d'Ivoire, 99% of the world's diamond production is currently conflict-free and could therefore be considered 'ethical' by such branding. This is potentially misleading if we wish to use the term 'ethical' to describe diamonds that actively contribute to development. Others, although very few, look for industrial sources in Africa, or specifically focus on artisanal miners, marketing the (up to now very limited) products of the initiatives mentioned above. A last group markets artificial diamonds as the responsible alternative. This is worrisome, as the switch from real to artificial diamonds is certainly not going to help any African diamond community.

As long as there is no standard or assurance system developed that clearly defines what 'ethical' diamonds are, it is very difficult for consumers to decide what exactly they are buying, and if 'their' diamond is really contributing to development.

A list of these so-called 'socially responsible' jewellers can be found in Annex A.

Standards and Assurance

As the Madison Dialogue has a separate working group on principles¹³, and extensive work has already been done comparing the different standards for gold and jewellery, this paper merely mentions the work done specifically around diamond by some of the stakeholders mentioned above. They go from very generic to very detailed descriptions of the production process, and from guidance for the large scale industry to standards for a very small niche market of true 'Fair Trade' diamonds.

It is clear that the work on the ground inspires standards development. More could be done in the future including standards for cutting and polishing, as well as for smaller scale industrial mining (such as Target Resources in Sierra Leone). As the situations in different countries vary so widely, the DDI initiative to develop different guidelines for different countries seems particularly promising because it will provide concrete tools for the different stakeholders to act upon.

The DDI Standards & Guidelines Project

DDI aims to produce practical, relevant standards and guidelines for companies and development organisations interested in engaging in areas where artisanal alluvial diamond mining takes place. The idea is to develop different standards for different countries, as the situation varies so widely.

The first set of guidelines will be produced for Sierra Leone. A workshop was held successfully in January 2008 in Freetown to discuss, develop and refine the draft standards document and to examine the opportunities and challenges in integrating identified best practices into existing or potential interventions in the artisanal diamond mining sector. The Sierra Leone standards and guidelines were published in April 2008.

Council for Responsible Jewellery Practices

The Code of Practices of the Council for Responsible Jewellery Practices (CRJP), formally adopted on 14 September 2006, defines responsible ethical, social, human rights and environmental practices for businesses in the diamond and gold jewellery supply chain. The Code of Practices is intended as a base code that is applicable to all businesses that are members of the council throughout the entire supply chain, from mine to retail.

The Code of Practices builds on the CRJP's Principles, promulgated in May 2006. Together, the Principles and Code of Practices constitute the foundations for the CRJP's Responsible Practices Framework and monitoring system. In 2008 the CRJP plans to implement a system allowing for the independent third party monitoring of members' performance.

The CRJP's principles currently do not specifically reference artisanal mining. The code of practices is more detailed and gives more elaborate guidelines for issues such as the Kimberley Process, child labour and community impact. It is important to understand that the CRJP is trying to set minimum standards for industry ethical practices. This is very different from the certification of 'best practices' or 'model mines'.

Nevertheless, it would be interesting to analyse some of the 'ethical' diamond initiatives, with the CRJP Code of Practices in hand to see how they relate.

The Mwadui Principles

The MCDP has developed a draft of the Mwadui Principles, which aspire to set a new standard to be met by ASM producers at a global level.

The Mwadui Principles are primarily applicable to artisanal and small-scale diamond mining (ASM) enterprises. They are a simple and practical interpretation of international law and norms of responsible business practice. They call for diamond mining companies and buyers to meet decent and basic standards in their operations. They are aspirational now, however with time, encouragement, technical support and training, signatories are expected to open their activities to independent verification, to demonstrate that they are operating in accordance with the Mwadui Principles.

The principles are:

- Respect for basic human rights and labour standards, including freedom to organise, no forced labour, no child labour and no discrimination;
- Adherence to national laws;
- Respect for human rights by security forces employed to guard assets;
- Safe and healthy working conditions;
- Transparency and fairness on payments, prices and transactions;
- Communities are consulted and benefit collectively from mining activities;

- Operations are not located in areas of armed or militarised conflict;
- Projects are not introduced into protected areas or fragile ecosystems;
- There is appropriate environmental protection and rehabilitation.

The 'Faire Edelsteine' Principles

German jewellers have developed an extensive set of criteria for small-scale mining operations of gold, precious and semiprecious stones, as well as for the diamond cutting and polishing industry. (See attachment.) These standards have been developed following the fair trade model. So far they have not been tested and monitored in the field. It would be worthwhile comparing them with the Association for Responsible Mining (ARM) standards and further analyse their usability.

The Rapaport "Fair Trade Principles"

Rapaport is developing his own set of standards, based on the Rapaport Fair Trade Principles, for which he has been advocating since 2004. The principles consist of the following:

1. Monitoring and branding
2. Fair compensation
3. Community benefit
4. Do no harm

Rapaport has announced he will come up with a more detailed description of his principles, and how they serve as the basis for more specific standards, shortly.

De Beers Best Practice Principles

The De Beers Diamond Best Practice Principles (BPPs) are a mandatory ethical code of practice to which the De Beers Group, various stakeholders and applicable third parties subscribe. They are designed to be a corporate responsibility benchmark in the diamond industry and, in principle, apply to all levels of the diamond supply chain, from mining all the way to jewellery manufacturing. In order to raise the industry benchmark for corporate responsibility, the BPPs rely on a sound foundation covering business, social and environmental requirements. These are established through national and international legislation, established industry standards and sound business practice.

The BPPs lay down some core requirements to protect the integrity of the natural product, and that of the diamond industry as a whole. They are:

- Do not use child labour;
- Do not trade in conflict diamonds;
- Do fully disclose treatments, synthetics and simulants;
- Do not endanger the health or welfare of individuals;
- Respect the environment;
- Use ethical business practices.

The BPPs do not cover community relations or beneficence. The principles seem to require minimal levels of acceptable practice, not optimal ones.

Out of the information on the De Beers website, it is not completely clear how the standards were developed, and if and how stakeholders have been consulted in order for them to take shape.

The Madison Dialogue Diamonds Working Group Draft Ethical Diamonds Principles

Based on all the standards and guidelines above, as well as more general ones focusing on sustainable mining, such as the Initiative for Responsible Mining (IRMA) and the ICMM Sustainable Development Framework, the MDDWG is currently in the process of developing a set of Ethical Diamond Principles.

Charity Initiatives

As 'ethical' diamonds have moved more into the public eye, so numerous charity initiatives have been established to work in conjunction with various diamond mining companies and producers in an attempt to alleviate the problems left behind by years of war and hardship caused by the trade in 'blood diamonds'. The list below is by no means exhaustive, but does provide an overview of the variety of initiatives that have resulted from the public outrage around conflict diamonds.

Through their communication channels these initiatives do inform/influence people about problems and issues in the diamond industry. With the exception of the Green Diamond Initiative, the projects or activities mentioned are more designed around cause marketing and are not directly related to mining itself; they intend to use the money made by the diamond industry to set up development projects in Africa. As such they are very different from the other activities described in this paper. It is not clear how large the budget of these organisations is, but it could be interesting to investigate this, and close the gap between 'diamond charity' and 'development diamonds', by trying to involve them in some of the activities above.

Green Diamonds

Through the Blood Diamonds Are For Never campaign, One Sky and campaign participants worked hard to end the trade in conflict diamonds in Sierra Leone. In November 2003, One Sky and the Conservation Society of Sierra Leone (CSSL) travelled to Kono, where much of the fighting had taken place. The landscape is devastated by fifty years of indiscriminate alluvial diamond mining. Out of this situation, One Sky, with CSSL in partnership, launched the Green Diamonds campaign.

The goal of the Green Diamonds campaign is to work towards developing agreements with local officials and paramount chiefs to rehabilitate alluvial diamond sites in Sierra Leone. Furthermore, by working with, and educating local communities and farmers, the Green Diamonds campaign hopes to mitigate the future impact of mining on valuable agricultural lands and freshwater, and improve conservation in Kono. The campaign therefore trusts that by supporting diamond mining restoration, development and alternative livelihoods will be provided to those in need.

The Green Diamond campaign is supported by Brilliant Earth.

Diamonds for Africa (www.diamondsforafricafund.org)

Diamonds for Africa provides funding from the resale of donated diamonds, or cash donations to communities ravaged by the diamond trade. The public is asked to donate a diamond and/or donate funds, in order to help rebuild African communities harmed by the diamond trade. Projects they fund at the moment are:

- Support for the San-Bushmen in Botswana, helping them in their battle to return to their ancestral land;
- Support to Congolese villages affected by the diamond trade;
- Supporting street children and displaced families in Sierra Leone;

Once more, Brilliant Earth is one of the partners in the project. Their Conflict-Free Canadian diamonds are promoted as an alternative, clean source of diamonds on the fund's website.

Dreams of Africa (www.dreamsofafrica.org)

This is a charity website selling a range of designer jewellery created to support the victims of 'blood diamonds' who are mainly children. All profits go to the WCCCI (World Centers of Compassion for Children International), a non-profit organisation founded by Nobel Peace Laureate Betty Williams in March 1997. There is some information about the Kimberley Process and children affected by 'blood diamonds' on the site. The site includes a blog with fairly recent diamond information (latest December 2007), all posted by the same person.

Dreams of Africa was set up by online retailer Whiteflash.com. Whiteflash also just launched a charitable line of jewellery for 'conscious kids' called Awear. It is indicated that 25% of profits of Awear will go to child victims of conflict diamonds. (www.whiteflash.com/info/awear).

Again, on both sites no information is to be found on the origin of the jewellery that is sold.

The Conflict-Free Diamond Council (www.conflictfreediamonds.org)

Started in 2004, the Conflict-Free Diamond Council is dedicated to stopping the trade in conflict diamonds by creating consumer demand for Certified Conflict-Free Diamonds.

The council defines these as diamonds whose profits are not used to fund war, and are mined and produced under ethical conditions.

The organisation does not seem to have much faith in the Kimberley Process. It states that the only way to certify a diamond as conflict-free is to trace and monitor the diamond from the diamond mine to the consumer. Simply banning conflict diamonds from war torn countries and assuming all other diamonds are conflict-free is ineffective. Only diamonds that are part of a certified program, and can be traced from mine to consumer, can be conflict-free.

Specifically, the organisation was established to:

- Provide information and resources to consumers who want to purchase a conflict-free diamond.
- Create awareness of the adverse impact the diamond trade has on people through both war and unfair labour practices.
- Recommend best practice solutions to the diamond industry for certifying diamonds as conflict-free.

It isn't clear what exactly the Council is doing at the moment to put its ideas into practice.

Diamonds for Humanity (www.diamondsforhumanity.com)

According to its website, Diamonds for Humanity gives grants to non-governmental organisations who will administer programs addressing issues such as health and education for women and children in areas which have suffered from the conflict-diamond wars. While diamond revenues support stable and democratic diamond-producing countries, there is an on-going need for the improvement in human capital in African countries. To address this opportunity, Diamonds for Humanity is working with the International League for Human Rights and with the Africa-America Institute, to provide grants to humanitarian and educational programs.

The Diamonds for Humanity site is sponsored by 'Gemesis Laboratory-Grown Diamonds', which puts things in a different perspective. The site is currently under construction, and doesn't contain very recent information or the announced jewellery collection.

The Diamond Empowerment Fund (www.diamondempowerment.org)

The Diamond Empowerment Fund (D.E.F.) is a non-profit international organisation founded in 2007, with the mission to raise money to support education initiatives that develop and empower economically disadvantaged people in diamond-rich African countries.

The initiative was started by individuals and businesses in the diamond and jewellery industries. D.E.F. partners with African education organisations with a proven track record in education and empowerment of youth, including skill-building and vocational training initiatives. The first beneficiary of the D.E.F is the CIDA (Community and Individual Development Association) city Campus in Johannesburg, where students from a disadvantaged background can study with a scholarship.

The D.E.F calls upon the diamond jewelry industry to unite around the cause and support the mission and efforts of the Diamond Empowerment Fund through the sale of their products with donations to the Fund. Consumers can get involved by donating to the Fund and/or purchasing diamond jewellery products that support D.E.F's mission. The D.E.F. flagship is the "Green Bracelet"; a rough diamond and malachite bangle that can be purchased at retailers involved in the initiative.

Although it is indicated on the website that all diamond jewelry associated with D.E.F. is Kimberley Process-compliant and proactively giving back, there is no further information available on the origin or value chain of the materials which make up the "Green Bracelet" or any other jewellery associated with the D.E.F.

Conclusion

This paper attempts to give an overview of the current state of affairs in the ethical diamonds debate.

It has described, in a very broad way, the different initiatives by NGOs, governments and the diamond industry that are attempting to improve the lives of African alluvial diamond mining communities, the companies selling 'ethical' diamonds and the standards being developed to guide all these initiatives.

It is difficult to draw conclusions from such a broad and varying overview of activities. It is clear that many of the issues and activities discussed above require further research in order to be fully appreciated. However, a few general remarks can be made, and some 'choices', or issues for discussion for the stakeholders, notably the members of the MDDWG, can be outlined here. They are pointed out to stimulate debate within the group and assist in making decisions for the way forward.

- The first remark is about the lack of clarity of the terminology. Consumers interested in buying 'clean', 'ethical', 'conflict free', or 'fair trade' diamonds have no way of knowing what they'll get. It can mean certified Canadian diamonds from a De Beers mine, industrially produced Sierra Leonean diamonds from Target Resources, diamonds that are compliant with the World Diamond Council's System of Warranties that supports the Kimberley Process, diamonds that have been mined, cut and polished in Namibia; diamonds coming from a co-operative in Sierra Leone or Tanzania, or 'Fair Made' diamonds that have been set by previously disadvantaged youth in South Africa. All these initiatives are obviously good, and contribute to improvement in the lives of people. The variety is inspiring, and can create many more projects and initiatives. However, without clear verification, the picture is unclear for the consumer.
- This is closely related to the second point: the issue of monitoring. None of the initiatives mentioned above (maybe with the exception of the PDA, where Global Witness did the monitoring over a relatively short time frame) has yet managed to set up a proper, independent, verifiable, third-party monitoring system. There is an urgent need to develop thinking on this further.
- Thirdly, for all the talking and all the activities, it is clear that so far very little 'ethical jewellery' is actually being produced. We are still at the beginning of a long process, and it does not seem likely that consumers will be able to

buy African 'ethically sourced' diamonds on a large scale any time soon. The fact that most jewellers who claim to sell 'ethical' diamonds at the moment have chosen to only trade in Canadian diamonds, or, in some cases, even artificial diamonds, is a clear illustration of this. Everybody involved in any kind of initiative within Africa agrees that organising activities on the ground with local diggers is an extremely long-term process. Trust cannot be built overnight, communication and the management of expectations is a hard and painful process. Despite the consumer enthusiasm for the product, it seems a risky strategy for anybody to start marketing ethical jewellery without a steady source of supply. On the one hand sources can dry up, as they did in the case of the Lesotho co-operative, whose members retired, or initially promising production can fail, as in the case of the PDA. Retailers offering these ethical diamonds will then be forced to either disappoint their consumers, or lower their standards. Yet it is clear that if somebody would start marketing so-called 'fair trade', or 'ethical' diamonds that, at first scrutiny by a third party, would turn out to be not so 'fair' after all, all the goodwill built over the past years would be seriously damaged.

- Fourthly, it is surprising how little exchange of information and lessons learned is taking place among people and organisations involved in this area of enterprise. The Madison Dialogue can play a central role here by inviting the different actors mentioned in this paper that are not yet part of the discussion, to join. Hopefully DDI will also be able to play a facilitating role, commissioning research and bringing the different parties together, as the need clearly exists.
- Fifth, with regards to the charity initiatives, it is surprising how much is out there, but how little these initiatives are actually doing addressing the root of the problem: the misery in many diamond mining communities. Although all initiatives indicate that they support people and communities in countries where diamonds are an important source of income, none of them seems to directly support diamond communities. They all seem to have chosen the relatively 'safe' option of working with reputable national or international NGOs on existing poverty relief projects, mostly in or close to capital cities. This is understandable, also because of the lack of implementation and monitoring capacity of most of these organisations. Yet, it would be worthwhile for DDI and/or the MDDWG to start a discussion with these initiatives to investigate whether (a portion of) the money could be going directly to the diamond mining communities for empowerment there.

- Sixth, in most initiatives there seems to be a mixing of roles and responsibilities between different stakeholders. Companies set up development projects, development NGOs start businesses, and both try to develop or implement legislation and work with local or national government - without always fully understanding the underlying power structures. In most cases, companies are not development specialists, NGOs do not understand how to do business, and if government is not on board, attempts to formalise an operation will fail. Shortcuts trying to do things quickly are usually bound to fail. The process of starting up or supporting co-operatives is an especially time and resource consuming process that should not be taken lightly¹⁴. Again, the experience from the PDA, but also Mwadui and the current projects in the DRC, are clear examples of the need to take things slowly. In line with the point above, there is a need to allow every stakeholder to play the role s/he is best at, and use the information and experience that is out there, not just within the diamond community, but also with organisations that have experience in the functioning of co-operatives or, for example, the rehabilitation of land.
- Seventh; most initiatives are very top-down, instead of bottom up. Local organisations often get sidelined, or excluded from the very beginning, when an ethical diamond operation is started. This is partly because of very weak, or non-existent well-organised civil society groups in most artisanal diamond mining areas. Yet in most regions, some kind of community-based organisational structure exists, whether it's a women's group, a committee of local farmers, etc. Involving them will no doubt lengthen and complicate the process, and require a lot of communication and capacity building. However it will contribute a great deal to the sustainability and local ownership of any project, and will do much for poverty alleviation through the empowerment potential of these types of engagement. Again, there is a need here for companies and international development organisations/experts to work together to facilitate these kinds of processes.
- Lastly, and following from the point above: we often fail to recognise what is already happening within Africa itself, without outside interventions. In some cases the structures are already there, but are simply not recognised by outsiders. Any kind of scheme will have the best chances for success if it is based on existing practices. In the context it would be worthwhile investigating more intensively what is already happening on the ground, and how to best support that (hence the DRC examples), instead of trying to build new structures from scratch.

Choices/Roads to Take (for the MDDWG Members)

When championing ethical diamonds, one can take different routes. They are not mutually exclusive, but they cater to different markets. The issues/choices brought up below are not mutually exclusive; each of them has its own merits and contributes to the goal of the MDDWG, and brings up some key questions the group and its individual members should try to answer.

- The first one is to follow the route that the Association for Responsible Mining (ARM) is taking with its Fair Trade Gold: to do it 'right' from the very beginning, on a small scale. Identify a plot of land; organise the miners; make sure the operation, living and working conditions live up to the standards; set up a monitoring system; and, once you are sure everything adheres to the minimum Fair Trade standards, market and sell the product. (Although improvements would have to continue along the way, as the FT standards are progress requirements.)
- A second, still small-scale option would be to take more of a process approach: the situation in and around a mining concession would not have to be 'perfect' from the beginning. It can be a choice to start working with an existing group of miners or mines that live up to a certain set of principles. While marketing and selling the product, one can work on translating those principles into tangible standards, improving the lives of the mining communities in due course. These diamonds won't necessarily be 'fair trade' from the beginning, but they could be branded as contributing to the improvement of the lives of mining communities (again, independent monitoring would of course be needed). This is for example the model of Urth Solution, which invests a portion of its profits from its gold purchases into NGO- and community-led programmes to tackle the main compliance gaps between reality and its own ethical principles, so enabling more responsible mining and community beneficiation.
- The choice of scale: does one want to serve a niche market, and start by improving the lives of a small group, for example, by creating or supporting one or a few co-operatives, as with the above mentioned initiatives? Or is it about creating a bigger movement for 'ethical diamonds'? What is the best way to improve the lives of the marginalised? DDI has chosen the second route, working with government and industries to create changes on a policy level as well as on the ground. Both approaches should go hand-in-hand, as one will feed into the other. Principles and standards developed in small-scale initiatives such as Mwadui, Tar-

get Resources or the PDA will feed into guidelines for the broader industry, such as the CRJP.

- Monitoring and assurance: what kind of monitoring and assurance system would be preferable? Do most initiatives want to go for Fairtrade Labelling Organisations (FLO) certification, with accompanying monitoring mechanisms? Does every initiative need an international NGO visiting the project three times a year? Would it be useful to follow the model of the Kimberley Process and set up tri-partite monitoring 'missions'? Can monitoring be done locally, through the training of local civil society or government? Could DDI play such a monitoring role, by certifying projects as being in line with its standards? Or do we want to rely on the self assessment of an operation and third-party assurance of reporting of achievement?
- Lastly the question should be raised of how far up the supply chain ethical initiatives want to go. Is it only about improving the lives of artisanal miners? Does the term 'ethical diamonds' mean they are only 'ethically produced' or are they also 'ethically cut, polished and manufactured'? And if so, what does that mean? Is adding value in Africa itself, hence developing a local cutting and polishing industry, the primary goal? Or does one need to start looking at the situation in the diamond factories in India and China? It might be useful to include the international trade unions active on these issues in the debate. The Kimberley Process, during its General Assembly in November 2007, has started discussing this as well.

This paper is clearly work in progress. It pictures a moment in time in an industry that is developing fast. A lot more can and should be investigated and debated around it. Hopefully it does stimulate debate, and will help bring the ideal of truly 'ethical' diamonds, diamonds that contribute to the sustainable development of all those involved in the value chain, a little closer.

Overview MATRIX: The different initiatives and what they aim to achieve

	KPCS	DDI	MCDP	PDA	Faire Edelsteine	Rapaport	D4D	Cenadep	GAERN	Trans fair	Egmont	Finesse	Target	Green Diamonds	DFA	DFH	DEF
Community devt		X	X	X		X	X	X	X	X				X	X	X	X
Alternative livelihoods ¹⁵			X	X			X							X			
Regulation of ASM	X	X	X	X			X				X						
Producing diamonds			X	X	X	X		X	X			X	X				
Retail					X					X							
African diamonds	X	X	X	X	X	X	X	X	X	X	X	X	X	X			
Other sources	X				X												
Cutting and polishing ¹⁶					X	X						X		X			
Charity ¹⁷													X		X	X	X
Policy making/advocacy	X	X		X		X	X	X	X		X						
Research	X	X						X		X	X						
Standard development ¹⁸		X	X		X	X				X	X						
Local initiative ¹⁹								X	X								
International .NGO initiative		X					X							X			
Partnership with government			X	X			X			X	X	X					
Partnership with NGOs		X		X		X	X	X	X		X			X	X	X	X
Government led initiative	X			X							X						
Industry-led		X	X		X	X			X			X	X		X	X	X
Marketing/branding				X	X	X			X	X		X	X		X	X	X
Conflict diamonds ²⁰	X			X		X	X	X			X			X	X	X	X

Annex I ‘socially responsible’ diamond retailers and designers

This list is by no means exhaustive. It provides a selection of jewellers known by the author that sell diamonds branded as ‘Fair Trade’, ‘green’, ‘sustainable’ or otherwise certified or assured ‘ethical’. (Inclusion in this paper is not an endorsement of these initiatives by the author, Fatal Transactions, Earthworks, the Madison Dialogue, or members of the Madison Dialogue Diamonds Working Group.)

African Romance

South Africa based African Romance sells South African diamonds in a partnership with Etruscan diamonds. The company claims that all diamonds they use are mined in partnership with local communities. Apart from the fact that the communities own shares in the mines, a percentage of profits are ploughed back into the communities through various social programmes. The origin of every single African Romance diamond is tracked from “mine to finger”. Diamonds are polished and manufactured within South Africa as well. The company is currently in the process of training disadvantaged Community members in both Johannesburg and the North West Province in diamond polishing.

www.africanromance.co.za

Brilliant Earth

Brilliant Earth is a US-based jewellery company that supports creating demand for ethically sourced diamonds as a way to promote social reform. Brilliant Earth only sources from verified suppliers of conflict free diamonds that can demonstrate the complete chain of custody.

The company sells certified conflict-free diamonds from Canada ‘guaranteed to originate from ethical and environmentally responsible sources’. The Diavik Diamond Mine promotes sustainability through its environmental agreements with the Canadian Government and local indigenous tribal groups. A management plan governs the environmental stewardship of land and water at the Ekati Diamond Mine, which includes comprehensive effect monitoring programmes for wildlife and aquatics.

The company also dedicates 5% of its profits to directly benefit local African communities harmed by the diamond industry, among others through the **Green Diamonds initiative** (see below).

www.brilliantearth.com

Cred Jewellery

Cred Jewellery is an ethical jewelry company from the UK dedicated to the creation of beautiful jewelry and beautiful ethics. Cred creates jewelry with a conscience.

Cred quality assurance insists on transparency and traceability. If they cannot get this from mine to retail they will not use the supplier. Currently Cred sells diamonds from the Canadamark scheme as it offers transparency on the supply chain. They are in conversation with an African alluvial source that they intend to use once it is operational.

www.credjewellery.com

Fifi Bijoux

Fifi Bijoux sell gold & gemstones from socially & environmentally responsible mines

According to her website: her diamonds are fairly traded, ensuring miners receive a fair price for the goods and employees are paid over the local minimum wage. No child labour, forced labour or exploitative practices are used in the mining, refining or trading of the gold & gemstones. Gem mines are run as co-operatives or where mining rights are owned by non-cooperative businesses, the mining companies re-invest in the local communities. Gem mines operated with the minimum impact on the environment and measures are taken to correct any environmental damage. Traditional artisanal mining techniques are used. The stones are cut & polished in workshops which adhere to fair trade protocols and ensure health & safety measures are implemented and no child labour is used. Diamonds are supplied with details of provenance for private clients provenance.

Fifi Bijoux sources her diamonds from PRIDE Diamonds, Polar Bear Diamonds from Ekati in Canada, Faire Edelsteine.

www.fifibijoux.com/ethical-jewellery.html

GreenKarat

GreenKarat’s mission is to provide an ecologically and socially responsible jewelry alternative for those who seek change. GreenKarat wants to help consumers, in some small way, to become part of the permanent solution to the problems inherent in the diamond and precious metals industries.

GreenKarat promotes the use of recycled and synthetic diamonds as an alternative to newly mined diamonds. On their

website, they argue strongly against Canadian diamonds because, according to them, they are not environmentally friendly nor conflict-free. They basically argue to stop all diamond mining: “ *Since these created stones are in fact real diamonds, there is little remaining reason to endure the stigma now attached to natural diamonds. We feel the time has come to start transitioning those employed in diamond mining (particularly in the Southern Hemisphere) to sustainable livelihoods in other industries, while phasing out diamond mining altogether. It simply isn’t needed any more.* ”

www.greenkarat.com

Ingle&Rhode

London based ethical jeweller, who pride themselves for only using ethically sourced precious metals and gemstones, and being able to tell their clients exactly where and how each piece of their jewellery was created.

The larger white diamonds they sell come from Canada, and are mined *under strict regulations imposed by the government of the Northwest Territories, and are cut and polished according to guidelines established by the Council for Responsible Jewellery Practices.*

They also promote cultured diamonds, created in the US and cut in South Africa.

www.ingleandrhode.com/

Leber Jeweler Inc.

Leber Jeweler Inc is dedicated to socially-conscious and eco-friendly fine jewelry. Since 1999, they have developed their Earthwise Jewelry® Collection featuring Canadian diamonds, fairly traded gemstones, and recycled precious metals, thus offering alternatives to items made with conflict diamonds, unfair labor practices, and environmentally damaging mining.

They commit a significant amount of time and financial resources towards advocacy efforts locally, nationally, and abroad in support of developmental projects throughout the globe.

www.leberjeweler.com

Transparence Designs

Transparence provides customers with a passport for each jewel disclosing where the minerals come from, who designed the jewel and who crafted it. *Transparence’s selected artisans and award winning designers are committed to respecting the*

environment, offering fair working conditions to all the people who have contributed to your jewel.

Transparence sources its diamonds from PR Diamonds in Antwerp, Belgium. By 2010 they aim to deliver only diamonds which are conflict-free, mined and cut and polished in fair working conditions, while respecting the planet, its people and everyone’s profitability. These diamond suppliers are also fully disclosing their product, with independent guarantees where needed.

There is no information on the origin of the diamonds on their website.

Transparence also sells, among others, jewellery from Cred and Fifi Bijoux.

<http://www.transparencedesign.ch/>

Pippa Small

Independent jewellery designer who claims to sell, ethical jewellery. No further information is available on the origin of her stones on her website.

www.pippasmall.com

Sumiche Jewelry

Sumiche Jewelry sells sustainably mined, fair trade gold and platinum, recycled silver and conflict, certified Canadian Goose diamonds.

www.eco-gold.net/eco.html

Oria Jewellery

Oria claims their jewellery comes from the Liquobong Lesotho Highland mine. However, since this has been closed it is unclear where their diamonds currently come from. Their diamonds are cut in the Fair Trade co-op in Surat.

<http://www.oriajewellery.co.uk/>

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finessediamonds.com/
pridediamonds.com/
www.target-resources.co.uk/

Retailers

www.africanromance.co.za
www.brilliantearth.com
www.credjewellery.com
www.fifibijoux.com/ethical-jewellery.html
www.greenkarat.com
<http://www.ingleandrhode.com/>
www.leberjeweler.com
<http://www.transparencedesign.ch/>
www.pippasmall.com
www.eco-gold.net/eco.html
<http://www.oriajewellery.co.uk/>

NGOS

www.pacweb.org
www.globalwitness.org
www.Fataltransactions.org
www.earthworksaction.org
www.onesky.ca/diamonds/index.html

Charity initiatives

www.diamondsforafricafund.org/
www.diamondsforhumanity.com/
www.dreamsofafrica.org/Home.htm
www.conflictfreediamonds.org/
www.diamondempowerment.org

Standards and Assurance

www.responsiblemining.net
www.madisondialogue.org
www.communitymining.org
www.ddiglobal.org
www.responsiblejewellery.com
www.faire-edelsteine.de
www.diamonds.net/fairtrade/

Other websites with background info on artisanal mining and Fair trade Jewellery

www.casmsite.org
www.communitymining.org
www.artminers.org
www.fairjewelry.org
www.minesandcommunities.org
www.fairtradegems.com (about gemstones, not diamonds)
www.egmontinstitute.be

People interviewed

Martin Rapaport Rapaport Group

Estelle Levin Resource Consulting Services Limited

Nerys John Mwadui Community Development Partnership

Alex Twersky Finesse Diamonds

Alicia Eisenstein Management Systems International

Ian Smillie Partnership Africa Canada / Diamond Development Initiative

Susie Sanders Global Witness

Wade Watson Target Resources

Thomas Siepelmeyer Fair Trade in Gems and Jewellery (Faire Edelsteine)

Footnotes

1. This paper was funded by the international Fatal Transactions Campaign (www.fataltransactions.org) and Earthworks (www.Earthworksaction.org)
2. Terminology: in this paper 'artisanal mining' will be used when referring to the ASM 'Artisanal and small scale mining' industry.
3. The Madison Dialogue is a cross-sector initiative established to promote communication and collaboration among companies, civil society groups and others seeking to encourage best practices, sustainable economic development, and verified sources of responsible gold, diamonds and other minerals. This paper has been written on request of the Madison Dialogue Diamonds Working Group (MDDWG). The group's purpose is: "Helping make diamonds work for local and national development, and working to improve the quality of life for communities mining diamonds."
4. The use of the term 'ethical' is controversial; members of the MD-DWG emphasised the risk of the term, as it implies other jewellery is not 'ethical' or because the word 'ethical' can be interpreted to mean a wide array of (sometimes contradictory) things. Yet it seems to be the most neutral term to describe initiatives that try to improve the lives of people in different parts of the value chain. The term was agreed upon during the Madison Dialogue Jewellery summit as it encompasses the broadest range of initiatives.
5. This is a very limited overview of the work of the Peace Diamond Alliance with diamond co-operatives. For a more elaborate analysis of its successes and failures, see Levin, E. (2008). *Artisanal Diamond Cooperatives in Sierra Leone: success or failure?* Ottawa: PAC/DDI, forthcoming.
6. More Cooperatives might actually still be active. It was suggested to Martin Rapaport that about 11 coops are still active.
7. USAID/MSI: "Sierra Leone Integrated Diamond Management Program; Members reflections on the IDPM Co-operative Loan Scheme" (Washington, December 2007)
8. It needs to be noted that Rapaport's own definition of fair trade differs from the one given by the official International Fair Trade Network. In order to comply with international Fair Trade standards one needs to demonstrate compliance with official, and extensive, FLO standards where the chain of custody is independently audited from production to market and then independently certified by FLO-Cert as Fair Trade. Transfair USA is currently investigating the feasibility of developing a Fair Trade Standard for diamonds. Next to FLO there are other international fair trade certifying organizations. IFAT, for example, has a separate system where they certify the organizations and not the products
9. The Foundation for Environmental Security and Sustainability has completed a hugely successful project in reclamation of mined-out areas and the creation of agricultural schemes in Sierra Leone. It would be an idea for Rapaport to involve members of this team in planning this. See www.fess-global.org.
10. Rapaport is working with a local Sierra Leonean development NGO – the Network movement for Justice and Development (www.nmjd.org).
11. See Annex for the Diamond Fair Trade Criteria
12. For an overview of different definitions of terms for assurance of ethical quality of minerals see Levin, E. April 2008, *Certification of Artisanal and Small –scale mining: an emerging opportunity for sustainable development*, CASM, forthcoming
13. On March 18, the Madison Dialogue Diamond Working Group circulated a draft set of 'Ethical Diamond Principles. These are "high level" principles that could be used as the basis for more specific standards that individuals and companies at different levels of the diamond pipeline could be expected to meet in order to use the term "ethical diamonds". See: 'Madison Dialogue Ethical Diamond Principles'. Draft, March 17/18 2008.
14. For detailed recommendations and conclusions on the functioning of the diamond co-operative structure in the PDA see: Levin, E. (2008). *Artisanal Diamond Cooperatives in Sierra Leone: success or failure?* Ottawa: PAC/DDI, forthcoming.
15. Initiatives that look into possibilities to develop other means of living for artisanal diamond miners as an alternative to mining
16. Initiatives that look into 'ethical' ways of cutting and polishing diamonds
17. Fundraising initiatives that intend to use money raised by the diamond industry to support development projects in Africa
18. These initiatives aim to develop standards or assurance systems for 'ethical' diamond mining
19. Initiatives led by local organisations within diamond mining countries
20. Initiatives that specifically address the problem of conflict diamonds and/or promote their initiative as a 'solution' for the conflict diamonds issue.



EARTHWORKS is an independent, non-profit environmental organization dedicated to protecting communities and the environment with a focus on responsible mining, materials and recycling policies and practices.

www.earthworksaction.org

project engage is a project of the Sustainable Markets Foundation that brings together practitioners and theorists working on real-life natural resource issues and conflicts, in real-time. **project engage** seeks to actively explore and develop cross-sector solutions to complex environmental, social, human rights and other public policy issues.

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Fatal Transactions is an international campaign that strives for a just and fair exploitation of Africa's natural resources. It was launched in October 1999, by a consortium of European civil society organisations working in close collaboration with African partners, to increase public awareness of the funding of rebel armies across Africa through the trade in so-called 'conflict' or 'blood' diamonds. Such 'fatal transactions' directly link Western consumer goods to armed conflict and human rights violations in Africa. The campaign aims to transform these fatal transactions into fair transactions that truly benefit the people by fostering growth, alleviating poverty, and help build a just and equitable society, and has since acted as a critical watchdog of governments, international institutions and extractive industries.

For more information please contact Anneke Galama at anneke.galama@niza.nl, International Coordinator, or visit www.fataltransactions.org

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madison dialogue



The Madison Dialogue is a cross-sector initiative established to promote communication and collaboration among companies, civil society groups and others seeking to encourage —

- best practices,
- sustainable economic development,
- and verified sources of responsible gold, diamonds and other minerals.

Organizations, companies and individuals participate in the Madison Dialogue on a voluntary basis.

The Madison Dialogue was launched at a meeting in New York (on Madison Avenue), in August 2006. Participants in that meeting included EARTHWORKS, WWF, Partnership Africa Canada, Tiffany & Co. Foundation, The Council for Responsible Jewelry Practices (CRJP), the Diamond Development Initiative, Jewelers of America, Conservation International, Leber Jewelers and others.

Participating members of the Madison Dialogue have organized a **series of white papers** <http://www.madisondialogue.org/papers.html#WHITEPAPERS_PODCASTS> to allow various constituencies to openly explore important issues, challenge, opportunities and solutions. The purpose of this series is not necessarily to find consensus or agreement. The purpose is to give voice to differing points-of-view so as to increase understanding and create the opportunity to find solutions that actually work for all sectors.

EARTHWORKS, Fatal Transactions and Project Engage supported this paper in the interest of sharing information regarding recent developments in this sectors. The paper and its findings are the work of the author and not of these organizations. We recognize that this survey is a snapshot in time and will not capture all available information. We recommend that those with interest in sharing additional information bring it to the attention of those participating in the Madison Dialogue (www.madisondialogue.org) by joining that dialogue and sharing that information on the website and list serve.