West African blood diamonds recognise no borders

Alex Vines

Diamonds were perhaps the most valuable assets available to all parties involved in the conflict in Sierra Leone, for providing funds for the vicious rebels of the Revolutionary United Front (RUF) of Sierra Leone and for maintaining Charles Taylor in power in neighbouring Liberia. Decades of diamond smuggling in Sierra Leone had encouraged government corruption and provided funds for the civil war.

In 1999 the Lomé Peace Accord was signed to bring peace to Sierra Leone through the creation of a transitional government of national unity prior to general elections. As part of this agreement a Commission for the Management of Strategic Resources, National Reconstruction and Development was created under which all diamond exports would be transacted through the commission, with proceeds used exclusively for development. The problem was that key diamond-producing areas such as the Kono and Tongo fields were under rebel control and continued to provide the RUF funds and the Commission was chaired by RUF leader Foday Sankoh.

Regulating cross-border blood diamonds

It took the groundbreaking work of NGO Partnership Africa Canada on ‘blood’ or conflict diamonds in Sierra Leone to convince the UN to take action. UN sanctions were finally imposed in July 2000 under Security Council resolution 1306, banning the trade in Sierra Leone of rough diamonds until such a time as the Sierra Leonean government had an effective certification scheme in place.

Until this point the RUF had, with the support and encouragement of Charles Taylor and his National Patriotic Front of Liberia, exported relatively large quantities of diamonds every year. Official exports of ‘Liberian’ diamonds from Monrovia had skyrocketed in 2000. The Sierra Leone diamond embargo remained in place until June 2003, when the president of the Security Council announced the ban would not be extended, given the success of the Kimberley Process Certification Scheme (KPCS), which had recently come into operation. A UN embargo was also imposed on Liberian diamond exports from May 2001 to April 2007, following which Liberia joined the KPCS and a system was put in place, although this has cost more than the official exports of diamonds from Liberia, making it only practical if supported by donors.

Since the end of the war, Sierra Leone has taken steps to tighten and introduce regulations related to diamonds. This began with a national certification scheme in October 2000 that allowed for limited exports and Sierra Leone became in 2003 the first country to enforce the KPCS. The KPCS depends on the producer and participant for controlling the exploitation and trading of rough diamonds, issued with a Kimberley Process Certificate of Origin guaranteeing that the diamonds are conflict free.

KPCS in Sierra Leone has been successful in reducing smuggling, as official exports in 2001 were $26 million, rose to $41 million in 2002 and to $142 million in 2007, although since then exports leveled off to $140 million in 2008. Today, Sierra Leone is one of the most important diamond producers in West Africa, exporting around 600,000 carats. Twenty per cent of these are produced from commercial mines, with the remaining production from the output of about 150,000 artisanal miners, mostly from Kono and Kenama districts.

While KPCS is not a UN mechanism, it was the scheme for exporting diamonds legally from Sierra Leone that was recognised by the Security Council. We should credit the

90 | Accord | ISSUE 22
success of Kimberley for contributing peace and stability to Sierra Leone. UN sanctions including the 2001 diamond embargo on Liberia also contributed to reducing the trade in Sierra Leonean blood diamonds. Charles Taylor was forced back from Sierra Leone and in August 2003 was finally removed from power into exile in Nigeria. In March 2006 he was extradited to Liberia, and handed over to the Sierra Leone Special Court.

While kimberlite diamond deposits are relatively easy to control, artisanal diamondiferous deposits are not. Significant artisanal and small-scale mining makes controlling production difficult, especially when poverty drives such production, as there is little alternative livelihood available. In Sierra Leone, where state capacity is weak and corrupt, and where international borders intersect causing trans-border trafficking and mining, significant smuggling will continue. Smuggling is not dealt with by KPCS but it inhibits enforcement and sustainable development, and provides organised criminal networks additional incentives.

There have in recent years in Sierra Leone been various efforts to try and limit smuggling, such as the High Level Steering Committee and the Kono Peace Diamond Alliance. There has been some limited success but in Kono production seems to be in decline with few alternative sources of employment. Sierra Leone's greatest post-conflict challenge is to create jobs and so the incentive for smuggling remains.

The diamond trade in West Africa is regional and interconnected. Solutions require a regional approach. UN diamond sanctions on Liberia resulted in a move to gold production, and reverse smuggling to Sierra Leone and Ghana.

**Exploiting a loophole**

Thankfully today conflict diamonds are almost extinct. Only in Côte d’Ivoire is there still a UN diamond embargo on exports because rebels control diamond mines. When diamond sanctions were imposed on Côte d’Ivoire in 2006, UN investigations showed a lack of well-organised and implemented internal controls, which posed a serious threat to the integrity of the KPCS because of smuggling of conflict diamonds to Ghana.

A UN investigation found that following the sanctions a company originally operating in Côte d’Ivoire, Sogenem, re-registered as Peri Diamonds in Accra and purchased various diamonds from brokers in Ghana, but continued to purchase Ivorian rough diamonds. In effect, Peri overcame two regulatory measures (a voucher system and a payment voucher system at the Bank of Ghana) in order to mix blood diamonds from Côte d’Ivoire with legitimate Ghanaian rough diamonds.

Ghana has responded by making a register of unregistered miners and the KPCS Working Group of Diamond Experts has created a morphological photographic exercise, to create a database of Ghana’s rough diamond production to counter
infiltration of Ivorian rough diamonds into Ghana. The market for Ghanaian diamonds also collapsed in 2007 because international diamond dealers feared they might be buying conflict diamonds until new measures were introduced.

As these diamonds had been exported to Antwerp, Belgian judicial authorities investigated and in October 2007 confiscated diamonds and documents from Peri Diamonds. Belgium Federal Police claimed that diamonds worth $19 million were brought into Belgium illegally from Côte d’Ivoire and an Antwerp court sentenced to jail for three years two Peri directors for tax evasion and money laundering. This is the second such case: a Belgian Court in December 2004 convicted eight people for smuggling $81.7 million worth of diamonds through Asa Diam in violation of UN sanctions and for money laundering. The police believed arms trafficking had occurred, but the prosecutors could not prove it.

There are suspicions that Ivorian diamonds have also been smuggled to other neighbouring states. The 200 per cent increase in Guinea’s rough diamond production from 2007-08 remains unexplained, especially as Guinea’s rough diamond control systems remain opaque. Ivorian suppliers of rough diamonds to Peri Diamonds in Ghana seemed to have tried to establish operations in Liberia in 2007 once Ghana became unattractive. Well-documented smuggling also passes through Mali. Without banning production of diamonds in Côte d’Ivoire, significant smuggling should be expected. A better solution would have been a successful outcome to the 2010 presidential elections in Côte d’Ivoire as this would have ended the country’s division and allowed the UN embargo to be lifted.

The KPCS has had an impact in West Africa, helped by UN investigations and police action in Antwerp. Although this system is far from perfect, the industry is in better shape than in the late 1990s, when brutal rebels in Sierra Leone and nasty governments in Liberia funded their actions from unimpeded sales of diamonds to dealers based in Antwerp, London, Dubai, Tel Aviv and Mumbai.

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