

Resources, primary industry and conflict in Sierra Leone

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The conflicts in Sierra Leone and Liberia have both been intrinsically linked to the control and trade of resources. Liberian armed factions fought to gain hegemony over trade in diamonds, timber, rubber and coffee. Sierra Leone has suffered the same affliction, but has much larger and richer deposits of diamonds. Since the discovery of diamonds in Kono in the 1930s, Sierra Leone has produced over 50 million carats. In the 1950s and 1960s, production peaked at 2 to 3 million carats per annum, but for a variety of reasons this figure has dropped to an average production in recent years of half a million carats per annum. However, with an average value of US\$ 250/carats, Sierra Leone is second only to Namibia in terms of quality of gems, with a much higher incidence of exceptionally large stones.

Diamond deposits in Sierra Leone are most commonly of the alluvial type (water-born deposits of gravel), but some highly-prized kimberlite dyke concessions (underground rock-formation deposits) exist. The latter are all in the possession of multi-national mining operations. There are three main diamond fields in Sierra Leone. They have each been effected differently by the county's instability.

Koidu-Yengema (Kono)

This is the largest and oldest of Sierra Leone's diamond fields. The area contains several kimberlite pipes. Since the coup, relative stability has been maintained by a South African and Namibian security force. The security force is highly experienced and very well armed. Many of the alluvial deposits in the Kono area have been worked out over the last 30 years, but deeper, hard rock deposits remain. The area does not suit petty opportunists and has been largely mined by international mining companies.

Tongo Field

Tongo is a large deposit south-west of Kono. The area spans eight Mende chiefdoms, and methods of administration are markedly different from that of Kono. Tongo Field enjoys a higher degree of autonomy from the state than Kono. At the present time, however, the field is under the control of the AFRC/PA, who are illegally mining with impunity. This unregulated activity is leading to squabbling and disputes between AFRC and PA personnel. The Tongo dykes are thought to be very rich, offering potential yields of up to 3 carats/tonne. This dyke system offers a potential workable resource of up to 20 million carats with a possible value of US\$3.3 billion.

Zimmi

The Zimmi field runs south of Zimmi town, along the Moro River and down to the Liberian border. The area shows great potential for kimberlite and alluvial deposits. Several multi-national mining companies expressed interest in the concessions prior to the coup. The Kamajors are currently engaged in low-intensity fighting with the AFRC/PA for control of the area. Many of the deposits in this area are very shallow and require minimal exploitation for guaranteed returns. Zimmi is also the strategic gateway between Liberia and Sierra Leone.

Kimberlite pipe mining is a complex process which requires specialist plant and comprehensive geological surveying. Any operation of this nature requires a large amount of initial capital outlay before there is any financial return

Open-cast mining of alluvial deposits is employed in all three areas. The process is simple and involves the removal of overburden to expose the diamondiferous gravel that lies underneath. In order to extract the diamonds from the gravel, the 'mix' is subjected to processes of washing and centrifuge, both of which exploit the high specific density of the mineral. The result is a highly refined 'mix' which is called the 'concentrate'. This is then sifted and searched by hand for any diamonds that may be present. Open-cast mining causes great environmental damage.

Much of the work in Sierra Leone is performed by wage-labourers known as 'tributors'. Alluvial mines are opened using the bare minimum of equipment -- often no more than buckets, spades and small water pumps to maintain control of ground water levels. In certain circumstances, labourers work for no salary but are rewarded with a share of the mine's yield.

Current Situation

Reports from Sierra Leone suggest that the trade in diamonds is continuing regardless of the current instability in the country. Some mining is taking place, and the sudden deregulation of the industry has encouraged many of the more commercially adventurous of the diamond world to move covertly into the country. The more experienced and well-connected Lebanese are certainly engaging in business, along with South Africans, Belgians, Israelis, Eastern Europeans and Angolans. Because of the security situation, diamonds are selling at a very favourable price, comparable with those at the height of the Angolan civil war. Some of the more skilled buyers may well be making profits of up to 70%.

Other than the straight forward purchase and export of diamonds abroad, many are being used as extra-national currencies to purchase arms and ammunition in neighbouring countries. There is good evidence to suggest that a lively trade of this nature is being channelled from PR China through Burkina Faso. The Chinese are continually in the market for diamonds to supply their huge industrial requirements. They are also in possession of vast stocks of decommissioned 1960's vintage small arms, many of which find their way on to the African market.

Prior to the AFRC coup May 25, 1997, there were several multi-nationals operating in the diamond sector in Sierra Leone. Most of these operations were situated in the Kono Field, although many had aspirations to expand into the other two diamondiferous areas. Perhaps the two most evident companies were Diamond Works and Rex.

Diamond Works, a Vancouver-based company, bought out a majority stake-holding in the previously established Branch Energies last year. Branch Energies entered the Sierra Leonean mining sector in 1995, in conjunction with the South African security firm, Executive Outcomes. EO were hired by Valentine Strasser's National Provisional Ruling Council to intervene in a critical stage of the war against the RUF. Their involvement changed the military balance within the country in a period three months. With them came helicopter gun-ships, light tanks and considerable experience of African bush warfare. Their operations, sometimes in conjunction with SL military forces and/or Kamajors, were efficient and ruthless. The RUF soon found themselves pushed out of all but the remotest areas of the country. It was partially as result of this intervention that the RUF was forced to the negotiating table.

Part of the payment deal for EO's strategic service included potentially rich kimberlite and alluvial deposits in the Koidu-Sefadu belt, which would subsequently be exploited by Branch Energies. The two

organisations were closely linked and after the withdrawal of EO from Sierra Leone in early 1997 (as part of the terms of the Abidjan Peace Accord), a suitable buyer was found for Branch Energies to clean up the company's image. Tight security around the Diamond Works sites was considered to be of paramount importance to successful industry, and this was duly provided by Lifeguard, a specialist subsidiary of EO. The reality of the situation was that only the names had changed.

The Rex Diamond Mining Corporation, registered on the Toronto Stock exchange, was formed in late 1995 and began operations in Sierra Leone in 1996. The company also has interests in South Africa and is currently mining three kimberlite fissures there. In Sierra Leone, the company's primary concern was a kimberlite working in the Koidu-Sefadu belt, but plans exist to expand into both the Tongo and Zimmi Fields. The company had suffered widespread criticism in the Sierra Leonean press for allegedly engaging in corrupt activities with the Kabbah Government's Mines Minister, Dr. Prince Harding. Rex employed its own security team, but was thought to subscribe to the umbrella cover that Lifeguard provided.

The Effects of the AFRC Coup

Many of the larger multi-nationals have suffered badly as a result of the AFRC coup. Both Rex and Diamond Works were forced to employ EO to evacuate engineering staff from their sites. Mining activity is currently suspended and hardware remains idle in heavily Lifeguard-guarded depots. Policies of political patronage with the SLPP have created problems for the development of commercial relations with the AFRC junta. Mining companies have grave concerns about the long-term validity of contracts, should the AFRC/PA remain in power for any length of time.

Two other large scale multi-national mineral extraction operations have also suffered as a result of the last six years of conflict in Sierra Leone. Production at the Sierra Rutile and Sieromco plants has been suspended indefinitely. In 1993, Sierra Rutile (producing 160,000 tonnes of high grade titanium dioxide per annum), contributed more than half of Sierra Leone's foreign income earnings of US\$ 108 million. It also employed a workforce of over 1500 people. The company estimates that US\$ 25 million of damage was done to the plant by the RUF. It had intended to re-open the plant last May at a cost of US\$ 80 million. Security was provided by Lifeguard, but they have reportedly moved to Kono, in light of the present insecurity, to consolidate their forces.

Alusuisse, the European owners of the Sieromco bauxite mine, decided

in December 1996, that the reopening of the mine was no longer financially viable. The mine began in 1964 and employed a workforce of 700. Assets of US\$ 30 million were lost in repeated RUF attacks. Just prior to the AFRC coup, moves were made to sell the remaining assets to an American minerals trading group. The deal subsequently collapsed.

Diamonds and Power

Any regulation of the diamond sector that existed before the coup has collapsed. The commercial anarchy that now exists favours bands of armed men working bucket and spade operations in the bush. Illicit mining is reported to be rampant, particularly in the Tongo field area. Valuable concessions, previously owned by registered companies, have fallen prey to opportunists and the power of the gun. Tens of millions of dollars worth of overseas investment is currently at stake as the entire industry begins to fragment. All that remains is the question of what the Kabbah government-in-exile and the multi-nationals can do about the situation.

On Aug. 1, 1997, the Toronto Globe and Mail ran a story that exposed a plot by the ousted Kabbah government to use mercenaries to overthrow the AFRC/PA junta. The Globe obtained documents that showed that Momodu Koroma, ex-Minister of Presidential Affairs, had approached an exiled and discredited Thai businessman, Rakesh Saxena, to obtain the services of Sandline International, a derivative of Executive Outcomes. Sandline, headed by ex-British Army Colonel Tim Spicer, hit the headlines last March when the organisation was hired by the government of Papua New Guinea to crush a rebellion on the island of Bougainville to facilitate the reopening of a RTZ-CRA copper mine. The incident caused international uproar and a mutiny within the PNG Defence Force followed quickly. Prime Minister Julius Chan was forced to resign shortly afterwards amidst allegations of insider share dealing in RTZ stocks.

Saxena, in turn, had presented a proposal to Spicer that would seek to overthrow the Koromah led junta. Saxena's real interest was the possibility of acquiring diamond mining concessions in the Kono area. The link in the deal was Tony Buckingham, Sandline's chairman and also the major shareholder in Diamond Works Ltd. Sandline personnel would train and equip the Kamajors with the main objective of turning them into an efficient fighting force.

It was a deal that suited everyone. Kabbah would be restored to power, Diamond Works would be able to resume production in Kono and

Saxena would be given the opportunity to acquire highly desirable mining leases in Sierra Leone. However, a major breach in security was to foil the plot before any further arrangements could be made. Kabbah moved quickly to distance himself from all the parties concerned, and officially denied all knowledge of the scheme. Had he been formally implicated, it would certainly have damaged his reputation as a statesman and as a former official of the United Nations.

Diamonds are undoubtedly the key to power in Sierra Leone. They are vital to the maintenance of patronage and the successful implementation of political strategy. In an unpredictable socio-economic environment the value of diamonds as a currency of convenience is undisputed. Small, easy to conceal and incredibly durable, the commodity can be exchanged throughout the world for cash. In the clandestine world of arms and illegal drug sale it presents a method of payment that is almost impossible to trace. In the more legitimate arena of import/export, it enables traders to exchange rapidly inflating Leones into hard currency.

In Sierra Leone, diamonds are the major foreign exchange earner for the country. The Government Gold and Diamond Office (GGDO) oversaw the revenue collection on diamond exports from Sierra Leone to the world market. Standard duty was 2.5% of value and provided the state with an important financial resource. However, the vast majority of annual production in Sierra Leone was smuggled directly to Europe and as could be expected, GGDO's ledger bares little resemblance to the national 'run of mine'. The very nature, in geological terms, of the Mano River Belt deposits, makes official control of the industry extremely hard.

Needless to say, state regulation has now collapsed entirely and the industry has become a free-for-all. However, for many in Sierra Leone, this situation has become an agreeable state of affairs. Chief Secretary of State, S.A.J. Musa has accused government soldiers and RUF fighters of defying AFRC orders to desist from all further diamond mining in the Kono area. He claimed that many had joined together in 'active connivance' to operate illegal mining operations. He added that 'some of the security personnel' had 'taken over the whole chiefdom' and were issuing tickets for mining plots and licenses.

The present circumstances of the country favour ruthless piracy in the pursuit of rapid political and economic enrichment. There is no shortage of individuals in the AFRC/PA and the Civil Defence Forces willing to rise to the challenge -- indeed it is this challenge that is the primary driving force of the conflict -- ethnicity and politics serving as

vehicles for the real economic agenda of rival factions.

Conclusions

Sierra Leoneans often describe the nation's diamond wealth as a curse that has brought nothing but mismanagement, misappropriation and bad government. The diamond boom of the 1960s led to widespread neglect of the agricultural and fishing sectors, leading to a steady decline in exports, thus dragging Sierra Leone further into debt. The infrastructure of the country began to crumble as the All Peoples Congress one-party state concentrated on a programme of self-enrichment.

A positive future for Sierra Leone must involve an accountable diamond industry that plays a crucial role in the economic support of the state sector. Properly managed, diamond revenue could help solve many of Sierra Leone's problems, particularly in areas of health and education. Critical to dealing with today's turmoil will be the creation of viable opportunities for young people and a sense of respect for the nation in which they live. Questions need to be asked about the relationship between development and industry and whether common ground can be found for the establishment of beneficial co-operation. Sierra Leone has unique problems which in time will require unique solutions.