There is a deceptive presumption that voluntary schemes such as the Kimberley Process Certification Scheme (KPCS) and the Extractive Industries Transparency Initiative are a panacea for the resource curse phenomenon and several other ills affecting the extractive industry. Nothing can be further from the truth. Their goal is to promote transparency (the means) as a signal response to the resource curse (the end). The term ‘resource curse’ suggests that resource rich countries tend to grow much slower than less endowed economies. Lack of transparency is one of the contributing factors amongst several others including weak institutions, rent seeking and civil strife.

The genesis of this paper stems from remarks made by Global Witness in 2011 to the effect that voluntary schemes cannot cut it in a multi-polar world. Global Witness asserted in a press statement that, ‘…KP (Kimberley Process) has failed to deal with trade in conflict diamonds from Côte d’Ivoire, breaches of the rules by Venezuela and diamonds fuelling corruption and state-sponsored violence in Zimbabwe.’

The KPCS has been criticised for not tackling ‘state-sponsored’ violence in Zimbabwe’s Marange diamond fields raising concerns about whether the definition of conflict diamonds should be broadened to include state sponsored violence, since KPCS currently defines conflict diamonds as, ‘…rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments.’

This issue was addressed at a 2013 KP Plenary Meeting of Heads of State in Johannesburg, however no consensus was reached. This begs the question though, what is the role of the KPCS? Does its mandate include dealing with state-sponsored violence? Shouldn’t the buck stop with the respective incumbent government to ensure peace and stability?

Global Witness has been one of the biggest agitators for reform in the diamond industry, putting pressure on governments to curb the proliferation of conflict diamonds. In 1998, it published a report highlighting the civil war in Angola that had been fuelled by conflict diamonds in rebel-controlled areas. Global Witness took issue with various governments for disregarding the United Nations Security Council’s embargo on Angolan conflict diamonds. It was also concerned that international diamond markets were taking advantage of the lack of transparency to further their own goals. The severity of the problem was evident from the fact that conflict diamonds had become a major problem in Sierra Leone, Liberia and the DRC.

In response to this growing problem, various leaders converged in Kimberley, South Africa to discuss the way forward, culminating in the launch of the KPCS in 2003. Today, the KPCS comprises of almost 99% of the world’s diamond producers. Its objective is to regulate production, export and import of rough diamonds to curb conflict diamonds from...
penetrating the international market. It requires every shipment of rough diamonds to be accompanied by a duly validated Certificate. Confirmation of receipt of the Certificate should be sent expeditiously to the relevant authority. The Certificate should also refer explicitly to the number of parcels being transported, their carat weight as well as particulars of the exporter and importer of the diamonds. The role of the KPCS therefore is to enhance transparency in the diamond trade but not to end any conflict that may arise therefrom. To suggest otherwise is erroneous.

Indeed, implementation of the KPCS has been hampered by factors such as financial and technical constraints and reluctance by some governments to alter the status quo where this is to their benefit. Another challenge is that it was left to the whims of member states to adopt the recommendations in Annex II of the KPCS Core Document. These recommendations include: identifying and publishing information on areas where rebel diamond mining activity occurs; making known the names of individuals or companies that have been involved in questionable activities; ensuring that all cash purchases are routed through official banking channels so as to expose corrupt and money laundering schemes; and that miners, buyers and sellers are all licensed since most states engage in alluvial mining which is labour intensive.

The rationale of the drafters of the Core Document for adopting recommendations rather than mandatory obligations was that the former would encourage states to join the KPCS – states were drawn to the voluntary nature of the scheme. In 2013, at a KP Plenary Meeting, there was a proposal to transform the recommendations in the Core Document into non-negotiable obligations; however it is not immediately clear whether the resolution passed.

These challenges notwithstanding, the KPCS has been effective in promoting a more transparent diamond industry in certain countries, sometimes causing a ripple effect on rebel groups whose activities have eventually been suppressed. For example, in Sierra Leone KPCS was instrumental in forcing out illicit diamonds from underground networks leading to an increase in volume of diamond exports passing through the Sierra Leone Government Gold and Diamond Office (GGDO).

That said, the KPCS ought to adopt more stringent measures and heavier penalties for non-compliance if it is going to be more effective in promoting the transparency agenda.

The writer is of the opinion that adopting the proposal put forward at the 2013 Plenary Meeting (if not already adopted) would be a major milestone for the KPCS, curbing any illegal activities that might still be ongoing.

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