

DE BEERS

FAMILY OF COMPANIES

Dialogue 12: Zimbabwe and the Kimberley Process post-Jerusalem

Participants: De Beers (Nicky Black, James Suzman); Debswana (Esther Kanaimba-Senai); Africa Matters (Debbie Goldthorpe); Deloitte (Debbie Thomas); Global Witness (Eli Halliwell); Resource Consulting Services (Simon Gilbert); Transparency International UK (John Drysdale); F&C Asset Management (Anna Krutikov, Seema Suchak); Fauna and Flora International (Pippa Howard, Helen Nyuel); Lifeworth Consulting Services (Ian Doyle); SNR Denton (Batanai Peresuh); Sunday Standard in Botswana (Spencer Mogapi); Zimbabwe Diaspora Focus Group (Lucia Dube, Linda Bikinesi, Thamsanqa Zhou); Zimbabwe Europe Network (Tor-Hugne Olsen).

Moderator: Dr Kevin Franklin, Maplecroft

Chair: James Suzman, Director of Public Affairs, De Beers Family of Companies

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This dialogue took place after the Jerusalem engagement of the Kimberley Process which saw deadlock over the status of Zimbabwe. Whilst the country received support from African nations, it was ultimately blocked from inclusion by Canada, the United States and members of civil society all of which were opposed to a resumption of rough diamond exports. The emerging risks of politicisation and increased lack of clarity over its core objectives increasingly represents a challenge to KP credibility.¹

1 Issues identified as relevant and material

- **There was over-whelming consensus the Kimberley Process (KP) needs to change** to remain relevant. The KP was implemented in the early 2000s to stem the flow of conflict diamonds.² The world today is very different (with KP members accounting for approximately 99.8% of world rough diamond production) and the human rights situation in Zimbabwe has introduced a new 'dynamic' that needs to be explored and understood. Participants acknowledged that KP authority should be upheld but felt numerous issues must be addressed ...
- **The KP was no longer seen as a front-runner in securing appropriate standards of compliance** or as an effective multi-stakeholder initiative. Newer laws/standards such as the Dodd-Frank Act or the Council for Responsible Jewellery Practices were increasingly recognised as valid alternatives that in some cases may be more rigorous. Questions were also raised as to whether a European or global certification scheme might be required; as the KP was no longer seen as being either global or rigorous enough. Participants also felt the KP would benefit from expansion beyond Africa and mining (i.e. rough diamonds) to include the broader value chain i.e. cutting, polishing and the manufacturing of diamond jewellery in emerging economies e.g. China and India.
- **Participants acknowledged the risk of KP moving from a country compliance to a mine-by-mine scheme.** The potential of simply excluding diamonds from Marange from Zimbabwean exports was seen as a serious risk to its credibility. This would (a) leave consumers unclear and less confident in their diamond purchase and thus (b) necessitate traceability to mine level. This mine-by-mine certification (or supply chain due diligence requirement) was also seen as too granular and difficult to enforce; even though some producers may implement this independently for their own supplies and as a unique selling point. The lack of full country-level compliance was thus seen as damaging the image and credibility of both the KP, diamonds and the validity of the ongoing multi-stakeholder engagement process.

¹ Zimbabwe's Mines Minister Obert Mpofu linked Western opposition to a resumption of diamond exports to a desire for "regime change" and threatened to continue rough diamonds with or without KP authorisation; suggesting that revenues from these diamonds would help ensure sufficient food supplies for the broader population. This contrasts with NGO and media reports of systematic, high-level corruption surrounding the trade of Marange diamonds and who ultimately benefits.

² The Kimberley Process defines these as "rough diamonds used by rebel movements to finance wars against legitimate governments".

- **There was some debate about the definition of ‘conflict diamonds’.** Participants questioned whether non-inclusion of Zimbabwe from the KP was even valid as the country has not appeared before the United Nations Security Council and is not technically in a state of civil war. NGOs however argued that Zimbabwe is not aligned with the ‘values’ of the KP as a result of ongoing and sustained human rights infringements.³ Other countries such as Guinea or Cote D’Ivoire were seen as more likely candidates for exclusion, whilst it could be argued that Zimbabwe is ‘technically’ meeting minimum KP requirements. Participants felt a consistent approach should be applied to all non-conforming countries.
- **The Kimberley Process must remain relevant to people in Zimbabwe** to ensure those on the ground are motivated and committed to its success. Most Zimbabweans have never even heard of the Kimberley Process. Most Zimbabweans are also not able to depend on services from the government i.e. the poor continue to suffer. Government priorities should be to facilitate local development, education and effective health services etc.
- **Could lessons be learned from neighbouring Botswana** where 81c out of every Pula generated by diamonds goes back to communities through education, health infrastructure? Whilst there were definite ‘tenets’ and goals for Zimbabwe to aspire to (e.g. the good governance, stable regime, strong investment climate for business, economic diversification, reduced levels of corruption etc.) both the countries and the nature of diamond deposits were seen as very different. Diamonds in Botswana exist largely in underground kimberlite pipes. This makes them easier to ‘ring fence’ and control. It also makes them less attractive to artisanal miners. Diamonds in Zimbabwe exist closer to the surface, are more attractive to informal miners and are also a comparatively recent discovery; being introduced into the current unstable and highly decentralised political climate. The centralised nature of Botswana government also enables a more fair distribution of revenues to citizens.
- **Government should build an enabling environment for responsible business and social development.** Businesses that stay in the country should be able to operate in a stable fiscal environment and without the risk of government-related human rights infringements e.g. similar to those at Marange. This includes in possible joint venture mining engagements with government. Business (and diamonds) in Zimbabwe should be agents of positive change; able to engage directly with governments to promote local and national economic development. Further fiscal transparency is thus needed to address issues relating to corruption and bribery.
- **It was recognised that Zimbabwe is often not present for many of the KP discussions** and that it needs to be fully engaged to effect lasting change. Participants were clear this ‘engagement’ should also capture the voice of local communities (which is currently being overshadowed by governments and non-governmental organisations). This would help improve awareness of what is happening on the ground in Zimbabwe.
- **As Zimbabwe prepares for election there remains a fear of further violence.** Zimbabwe was acknowledged as a wealthy country with significant natural resources and other diamond deposits. If Zimbabwe is excluded from the KP, diamonds will likely be smuggled out via neighbouring countries (e.g. Mozambique) and sold directly to cutting and polishing entities in India or China etc.? Thus potentially generating revenues (a ‘war chest’) for ZanuPF that might be used to suppress and resist democratic change. Mitigating this risk means finding ways to ensure revenues from diamonds flow through legal channels and are able to contribute more tangibly to development.

2 Summary and recommendations

- Participants continue to support the KP but would like to ensure (a) basic implementation is applied consistently in all countries (b) there is further clarity over the scope (i.e. whether human rights might be included) and extent of coverage (i.e. country-wide compliance).
- Further transparency of revenue flows would help hold Zimbabwe to its commitments by both (a) partly mitigating the risks of corruption (b) increasing visibility of how revenues from diamonds are used for development and (c) ensuring diamonds are not used to fuel future conflict.
- The KP should work actively with Zimbabwe towards a negotiated solution that includes addressing human rights infringement as well as tangible engagement with local stakeholders on a clear ‘development agenda’.

³ The preamble to the Kimberley Process recognises “the devastating impact of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts”. Civil society see the current impasse as a means of clarifying (rather than necessarily extending) the scope of the KP. Such organisations also see the KP as a small part of a much bigger “rights based” programme of work that covers multiple sectors, countries and sectors. But does this mean human rights get included through the back door?