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# SIERRA LEONE INTEGRATED DIAMOND MANAGEMENT PROGRAM FINAL PROGRAM REPORT

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This publication was produced for review by the United States Agency for International Development. It was prepared by Alisha Eisenstein and Paul Temple, Management Systems International.

# CONTENTS

- 1. EXECUTIVE SUMMARY..... 3
- 2. BASIC FACTS..... 4
- 3. INTRODUCTION..... 4
- 4. COUNTRY DESCRIPTION AND RATIONALE..... 5
- 5. PROJECT STRATEGY AND APPROACH..... 6
- 6. MAJOR ACTIVITIES, CHALLENGES, AND RESPONSES ..... 7
  - 1. Original Cooperative Agreement period (October 14, 2004 to August 14, 2006)..... 7
  - 2. First Cost Extension (August 15, 2006 to March 31, 2007) ..... 16
  - 3. Second Cost Extension (April 1, 2007 to December 31, 2007) ..... 20
- 3. OUTCOMES AND RESULTS ..... 24
- 4. LESSONS LEARNED ..... 31
- 5. GOING FORWARD ..... 33

# I. EXECUTIVE SUMMARY

The Integrated Diamond Management Program (IDMP) addressed the core incentives and practices that have impoverished diggers, corrupted government, and supported civil war in Sierra Leone. The program was designed to improve local incentives for clean diamond management, enable local communities to benefit from the diamond resource, and to assist the Government of Sierra Leone (GOSL) in its effort to manage this critical resource. Given the relatively modest sums available to the project, the reader will note that much was accomplished during the project period. Most importantly the program achieved the following, all virtually unprecedented both locally and internationally:

1. A pilot approach to Integrated Diamond Management was successfully introduced. Despite repeated bureaucratic obstacles, the team found creative ways to establish a cooperative mining system. If bureaucratic issues had not limited the pilot to only one year, lasting reforms could have been much more substantial.
2. New systems were introduced for developing a fair trade diamond grounded in community betterment, SMARTER artisanal mining systems to increase profitability and reduce environmental degradation, over thirty mining cooperatives were formed together with supporting regulations and training, diggers were linked directly to international markets, an Earth to Export monitoring system developed;
3. Diggers were trained in the value of their production, revolutionizing the market for rough stones among those most exploited by the system;
4. IDMP operated three offices – two of them in very remote areas – to extend diamond management to the field;
5. The Diamond Area Community Development Fund was further operationalized;
6. Despite the reluctance of the GOSL, MSI helped the High Level Diamond Steering Committee achieve some success, particularly by helping invigorate its Technical Committee;
7. Leveraging its field presence, the laboratory of the pilot efforts, and its seat near the HLDSC, MSI helped link field voices and practices to the halls of policy in Freetown;
8. Private investors were provided an opportunity to pursue a fair trade product, with the Rappaport Group continuing to innovate in this field on its own;
9. Local NGO's were engaged as part of the solution, moving past advocacy to action; and
10. An extremely insightful report, "Mining the Chaos", was drafted that analyzes diamond markets, practices, and culture in Sierra Leone.

One of the biggest obstacles to success has been the difficulty obtaining approvals from USAID, coupled with changing signals from the U.S. government (USG) regarding its priorities in the diamond sector. While such difficulties are common to any field project, they were particularly vexing in a sector so dependent on seasonality. The two project extensions were probably not the best use of USG funds. They were awarded too late for adequate planning, as both times IDMP

was on the verge of closeout at the time of the award, and were of too short duration (seven months and eight months) for any meaningful progress to occur.

Despite these constraints, IDMP was both cost-effective and efficient during the original Cooperative Agreement period. While some useful outputs occurred during the extension periods, those were not as productive as the base period. However, lessons learned throughout the entire project will prove invaluable should donors or governments decide to continue working to improve the lives of artisanal diamond mining communities and to develop practical ways to reduce smuggling.

## 2. BASIC FACTS

**Project Title:** Integrated Diamond Management

**Country:** Sierra Leone

**Funding Agency:** USAID/Guinea

**Strategic Objective:** SO2

**Period of Performance (as stated in Cooperative Agreement):** 10/14/04 to 08/14/06

**Amount of Award (as stated in Cooperative Agreement):** \$2,000,000

**Number of Modifications to the Cooperative Agreement:** 2

**Final Period of Performance:** 10/14/04 to 12/31/07

**Total Obligated Amount:** \$3,792,430

## 3. INTRODUCTION

This close out report describes MSI/USAID experience improving management of Sierra Leone's diamond sector while supporting USAID's overall objective of strengthening democratic governance. Diamond policy reform in Sierra Leone originated as part of the United States Government's (USG) support to the Lome Peace Accord in 1999. Building on the policy initiatives that emerged from USAID/OTI's (United States Agency for International Development/Office of Transition Initiatives) assistance, the Diamond Policy and Management (DIPAM) project, implemented by Management Systems International (MSI), created a platform for deeper and more sustainable policy reform in the diamond sector. It was complemented by the field-oriented Peace Diamond Alliance (PDA) project, also implemented by MSI, which provided both a laboratory for policy implementation initiatives and a grass-roots source of vital policy input.

Since the closeout of DIPAM and PDA in 2005, the Integrated Diamond Management Program (IDMP) has been the means by which USAID and MSI, in collaboration with other donors, non-governmental organizations, and local community based organizations, have continued to support diamond sector reform in Sierra Leone. IDMP's aim has been to improve management of Sierra Leone's diamond sector at both national and local levels with the goal of increasing benefits to government and communities.

This report begins by describing the rationale for IDMP and the country context when the project began, followed by a summary of the project's strategy and approach. The report then details

major activities, challenges faced, and responses with a summary of project outcomes, results, and lessons learned. The report concludes by suggesting potential next steps and a way forward, based on our experience.

## 4. COUNTRY DESCRIPTION AND RATIONALE

A decade of civil war seriously weakened the Government of Sierra Leone (GOSL), devastated lives and the social fabric, and destroyed infrastructure. Decades of diamond smuggling in Sierra Leone perpetuated government corruption, provided funds for a major civil war, deprived the nation of hundreds of millions of dollars in development potential, fostered regional instability, and perverted Sierra Leoneans' basic sense of governance.

Starting in the late 1990's, the issue of "blood diamonds" rose to public consciousness. In early 2000, a report published by the Canadian NGO Partnership Africa Canada highlighted the role diamonds were playing in continuing to fuel the Sierra Leone conflict. Conflict diamonds were first highlighted in Angola two years before, but the term "blood diamonds" became associated with the atrocities of the conflict in Sierra Leone. A UN embargo on Sierra Leone diamond exports was issued in a Security Council Resolution later that year. International watchdog and human rights groups including Global Witness and Amnesty International launched campaigns publicizing the use of diamonds to fund rebel conflicts and civil wars in not only in Sierra Leone but also Liberia, Angola, and the Democratic Republic of Congo.

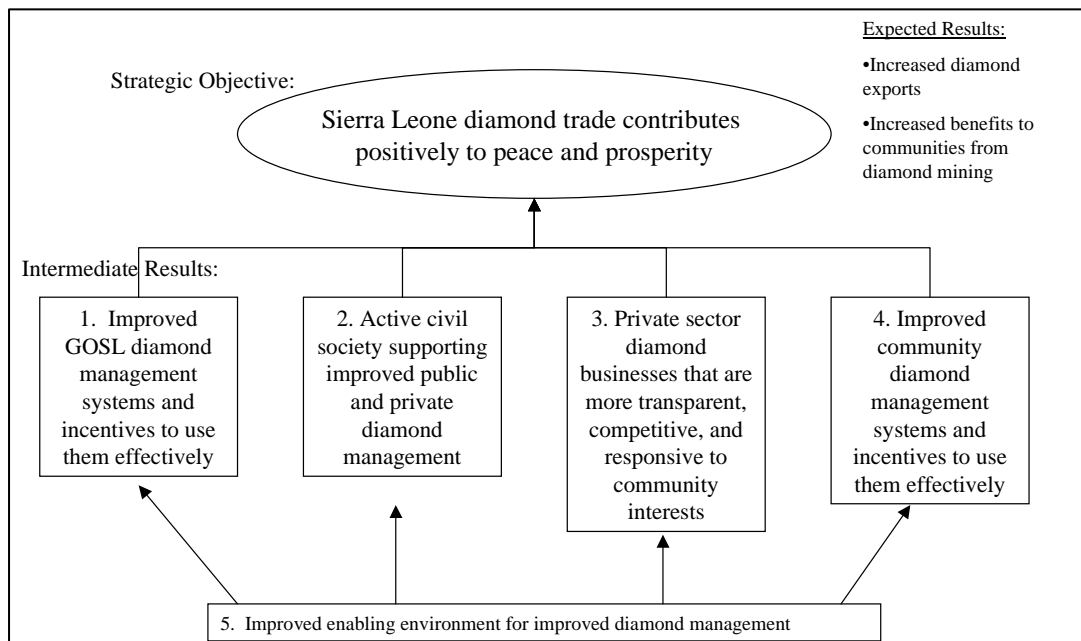
Since that time, the international community has become increasingly alarmed at the large scale of money laundering utilizing alluvial diamonds, and the potential for such resources to be employed by terrorist groups. Provoked by these campaigns, a meeting was called by South Africa's Minister of Minerals and Energy in Kimberley and – although a tediously slow process – the foundations of the Kimberley Process Certification Scheme were laid. The Kimberly Process Certification Scheme was endorsed by participating governments in 2002 launched in January 2003. Ironically, this scheme came into being just as peace was on track in the countries which had most suffered from those who used diamonds to fund conflict.

At the time of IDMP inception in 2004, many hoped that Kimberley Process structures could help reduce diamond smuggling, particularly from areas of future conflict. However, USAID and MSI recognized that – as useful as it might become – Kimberley Processes were not likely to be sufficient to avoid repletion of the problems of the 1990s. The Kimberly Process operates a country of origin certification scheme, which is unlikely to eliminate the flow of suspect diamonds into the system and does not address local issues that promote smuggling, inhibit enforcement, and stall development. IDMP was designed to improve local incentives for clean diamond management, enable local communities to benefit from the diamond resource, and to assist the GOSL in its effort to manage this critical resource. It was attempting to develop a clean diamond pipeline to the point of export. This intent was validated by an objective stated at a Kimberley Lessons Learned Conference to develop what were referred to as "Development Diamonds". More creative and muscular efforts at the source of the problem – smuggling of artisanal production in the countries with most notable alluvial diamond resources, which represent far less than 10% of overall diamond production – offers an extremely well-targeted and developmentally sound approach to achieving the objectives of the Kimberley Process.

# 5. PROJECT STRATEGY AND APPROACH

Under the Integrated Diamond Management Program (IDMP) Cooperative Agreement, USAID and MSI aimed to increase legal diamond exports, increase benefits to communities, and ultimately ensure that the Sierra Leone diamond trade contributes positively to peace and prosperity. The basic approach, consistent with prior USAID-funded projects in the sector, was to alter an incentive structure that has fostered smuggling and to ensure that local people benefit from legal mining and marketing so that they develop a commitment to a transparent, legal diamond industry. The USAID/MSI diamond sector reform strategy, which has guided the implementation of DIPAM, PDA, and IDMP, is summarized graphically below. The strategy of IDMP, specifically, was to achieve this strategic objective through work at the national policy level and at developing pilot approaches to improved diamond management in Kono District and Tongo Fields, the country’s most productive diamond areas, and areas devastated by the Civil War.

**FIGURE I: IDMP RESULTS FRAMEWORK**



# 6. MAJOR ACTIVITIES, CHALLENGES, AND RESPONSES

## 1. ORIGINAL COOPERATIVE AGREEMENT PERIOD (OCTOBER 14, 2004 TO AUGUST 14, 2006)

The IDMP cooperative agreement, for \$2,000,000, became effective October 14, 2004 with an end date of August 14, 2006. The focus of this period was on executing a pilot season of Integrated Diamond Management (IDM), a revolutionary approach to artisanal mining designed to improve access of miners to finance, empower communities, link them with international markets, and track diamonds from Earth to Export. Five cooperatives ultimately participated in one pilot season of IDM, supported by direct investment by two international investors. IDMP also served as Secretariat to the High Level Diamond Steering Committee, and worked with GOSL mining officials at the local level, in an effort to bridge policy and practice in real time.

### MAJOR ACTIVITIES

#### **Training of Key GOSL Staff in Field Skills**

At the request of the GOSL, IDMP trained 16 Ministry of Mineral Resources (MMR) Mines Monitoring Officers (MMOs) in Kono and Tongo fields in the identification and evaluation of diamonds through IDMP's "Small Stones Training" program. Six of these MMOs were further educated on IDMP's aims and objectives, as a prelude to becoming actively engaged in monitoring cooperative mining activities. IDMP staff also engaged the MMR Kono Mines Office to identify shortcomings affecting efficient monitoring.

#### **Support to High Level Diamond Steering Committee**

IDMP served as the Secretariat to the Technical Committee for the High Level Diamond Steering Committee (HLDSC), a body comprised of Government Ministers and heads of those international missions to Sierra Leone with active interest in improving the management of the diamond sector. IDMP helped MMR formulate its strategy for implementing the Core Mineral Policy, which was subsequently adopted by the HLDSC. The document summarizing that strategy prioritizes areas for ministry and donor attention.

The HLDSC's Technical Committee, with IDMP as secretariat, promoted and obtained HLDSC approval for restructuring of the Diamond Export Tax to include payments to a relatively newly formed Precious Minerals Monitoring Unit (PMMU) of the Sierra Leone Police Force. This reform was recommended by the UNAMSIL-funded Diamond Security Expert as well as by an IDMP-sponsored study of Anti Smuggling Measures directed to the GOSL and Technical Committee. The restructured Diamond Export Tax also provided funds for the establishment of a Public Information Unit (PIU) at the Ministry of Mineral Resources.

In June 2006, the Technical Committee assigned USAID to design and facilitate Technical Assistance through IDMP to ensure that the PIU would become operational. IDMP efforts to launch the PIU as an operational unit to sensitize the public on key diamond management issues are detailed later in this report.

### **Strengthening Institutions – Supporting Eastern Polytechnic Provision of Mining Training**

In response to government policy aspiration from its diamond strategy to “Strengthen the Institutions that Administer, Regulate and Monitor the Mineral Industry” and aware of the deficient capacity levels of MMR personnel, IDMP examined various options to address this gap. In late 2005, the program began to explore locally viable training opportunities. One opportunity identified was the planned opening of a business and engineering campus of the Kenema Eastern Polytechnic in Woama, located 7 miles outside Koidu. The viability of the establishment of the Eastern Polytechnic at Woama was reinforced by a pledge of DACDF funds by the Kono District Council.

### **Support to Peace Diamond Alliance**

In October 2004, the 2<sup>nd</sup> Annual General Meeting of the Kono Peace Diamond Alliance was held at which a new Executive Committee was elected. Officers were elected in December 2004. In July 2005, the Tongo Field chapter of the PDA held its first General Meeting, followed by the 3<sup>rd</sup> Annual General Meeting of Kono Peace Diamond Alliance in August 2005.

An Institutional Strengthening Advisor was hired to mentor the PDA chairman and executive committee members from Kono and Tongo Fields.

IDMP helped acquire a grant from the World Bank CASM office for institutional strengthening of the PDA Executive Committees. IDMP coached and mentored the executive committees to finalize plans for a study tour to Ghana and agree on training activities to be funded by the CASM grant. Five EC members were trained at IPAM (a campus of the University of Sierra Leone in Freetown) on Project Based Financial Management and Logistics, and fourteen members underwent computer training locally. A female EC member also participated in an intensive two-week course at IPAM entitled, “Enterprise Training for Women Entrepreneurs.” Nine EC members, five from Kono and four from Tongo Fields, participated in a five day study tour to Ghana. The CASM grant funded a visit by two Kono Executive Committee members to Sri Lanka to share and gain from experiences of artisanal mining worldwide. MSI also provided training and team building technical assistance to the PDA on two separate occasions.

Despite all these efforts, internal political turmoil undermined the PDA’s effectiveness. While mentoring and coaching assistance continued, the Alliance was no longer effective by April 2006. In the words of its own chairman, the PDA has a “lethargic membership.” The PDA dissolved into a paper organization; meetings were not attended and problems remained unresolved as needed decisions were not taken. Despite continued national acclaim, IDMP recognized, in its 7<sup>th</sup> Quarterly Report, that the PDA must be overhauled to reassert its relevance and effectiveness.

Although problems existed within the Kono PDA, the Tongo Fields PDA continued to maintain local relevance by successfully organizing a campaign to prevent child labor in mining with technical assistance from IDMP and close collaboration with the International Rescue Committee. The campaign, which targeted mothers of school-aged children, was conducted in seven section towns of Lower Bambara Chiefdom. Bringing together over 100 participants in each location, the campaign emphasized the advantages of education, anchored to available school and vocational training packages for disadvantaged children. Media coverage of the events augmented publicity, reinforcing the messages to a still wider audience

### **Provide Technical Assistance to Targeted Community Based Organizations (CBOs)**

During the small stones training of MMOs in December 2004, representatives from MOCKY (Movement of Concerned Kono Youth) and ADAGMAK (Alluvial Diamond and Gold Miners’



Association of Kono District) were trained to serve as trainer and take the diamond valuation trainings to local communities. To fully expand the small stones training into a field-based activity, two small stones trainers were identified from both MOCKY and ADAGMAK. These trainers received a brief induction, a week of internship in the field, and then were supervised as they intensively trained members of targeted village communities in small stones recognition, classification and weighing in four villages in four chiefdoms in Kono District. By March 2006, a further eight representatives from PDA member organizations had been trained in the delivery of the diamond identification and classification training as the program expanded in the Tongo Fields region.

The IDMP Institutional Strengthening Advisor worked with six community based organizations (CBOs) to identify training needs and prepare proposals to solicit outside funding. SINAVA Women's Group, a self-help group dedicated to creating alternative income opportunities to families in Tongo Fields, was awarded a grant from the US Ambassador's Self-Help Fund to continue its work in reclaiming mined out areas and returning them to sustainable agricultural use.

### **Implement Small Stones Training in the Bush**

The Small Stones Identification and Classification Training was initiated to help eliminate market inequities by providing miners and diggers with a sense of the value of what they produce. It was initially introduced to a group of small-scale traders, and subsequently delivered to MMOs. Once that base was established the mode switched to "training of trainers" to reach as many diggers in the bush as possible. Local community based organizations were tasked with taking this training out to diggers and communities where they live. The main impetus for bringing this training to communities was to improve the prices received by families and reduce the ignorance, and therefore exploitation, of diggers and miners. The course taught miners and diggers categorize diamonds for marketing according to international grading systems (commonly known as the 4 "Cs" – cut, color, carat, and clarity). One of the simplest, and biggest possible impacts, was to help them distinguish between industrial and more valuable diamonds. In a system where unfair treatment of diggers and miners, unfair business agreements, low pricing systems, weak market structures, and high level of ignorance and illiteracy among miners and diggers is common, the value of undertaking a training in the basic classification and identification of a commodity that has for the better part of the past century, been shrouded in total secrecy, cannot be over emphasized.

### **Reduce Illegal Diamond Buyers**

IDMP met with the Paramount Chief in Tongo fields and obtained his agreement to enforce dealing licenses to ensure that illegal dealers move out of Tongo Fields.

### **Recruit Investors to IDM Direct Investment Program**

The Rapaport Group and Kono's Hope were recruited to support four and one cooperative, respectively, in lieu of direct financing. Cooperative/Investor Memoranda of Understanding were developed by IDMP.

### **Cooperative Establishment, Selection, and Training**

IDMP began a movement to establish self-managed artisanal mining cooperatives. Progress on this front was greatly assisted by a partnership with the Ministry of Trade & Industry (MT&I). Over thirty cooperatives registered with MT&I, and were then trained by ministry staff, facilitated by IDMP. Cooperatives were also briefed in the IDM program to be certain that all members understood all aspects of the program. Basic data on each cooperative including copies of mining licenses with maps, lists of members, key contacts, bank accounts etc. was collected

and filed. Rokel Bank and IDMP together established protocols for what is needed for cooperatives to open accounts, to deposit and maintain winnings in a safe box, and to arrange for payment.

IDMP developed criteria to select five cooperatives by an independent panel. Criteria for selection involved inspection of internal workings and legality of cooperatives. As social cohesion of the group was identified as a key component, records of meetings, constitutional set up and records of savings were reviewed. Licenses were also inspected. MSI further trained those cooperatives that were to participate in IDM.

### **Monitoring of the IDM Process**

For the cooperatives' efforts to serve as an effective pilot, it was critical that they followed appropriate practices and to examine them carefully to learn from the experience. Within the project, MSI hired three Cooperative Mining Monitors to ensure that all cooperatives would be visited at a minimum of every two days. GOSL MMOs that received training from IDMP also engaged in site monitoring with IDMP monitors.

It was also important that the pilots informed efforts internationally. Accordingly, IDMP hired Global Witness to provide external, impartial oversight to the program. This was intended to add rigor to the quality of the monitoring so that product could be called "peace diamonds" and to help improve the design of IDM. Global Witness performed very well in this role.

In addition, a monitoring workshop, led by IDMP and Global Witness, was conducted from February 27 to March 1, 2006 in Koidu. The objectives of the workshop were to identify problems encountered in diamond monitoring, to develop a coordinated approach to diamond monitoring between various stakeholders, to develop a toolkit for diamond monitoring including practical guidelines for monitors, and to identify possible ways forward for diamond monitoring.

### **Pilot Season of IDM**

All five cooperatives managed to complete the first season, developing significant institutional capacity in the process, with considerable assistance from IDMP staff.

Originally, the US Ambassador had promised that the USG would provide a loan scheme to fund such cooperatives. However, ultimately USAID decided that it could not execute that effort through IDMP. Accordingly, to provide an opportunity to the cooperatives that were forming IDMP sought private funding for the cooperatives. Fortunately, two investors, The Rappaport Group and Kono's Hope, agreed to participate, saving the mining season and providing an opportunity to test the pilot. Unfortunately, delays caused by this process resulting in digging beginning later than would be desirable, given the raining season. Gravel washing began in July, and by August, only one cooperative was still washing.

From the perspective of the private investors, the effort was not profitable. Total recovery was 320 stones weighing 60.37 carats, with a total value of \$4,391.44. Diamond quality was poor, averaging \$72.74/carat. Although unfortunate, given their willingness to take risk and support the pilots, from a development perspective, the pilot should be considered a qualified success. Beginning with a history of years of local worker exploitation, diamond smuggling and corruption, the system was completely revamped in only a few months:

- Disparate diggers were organized into a force capable of standing up to oppression;
- Although conflict existed, cooperatives were able to mine successfully for a season – and continue to this day with their own financing;

- Women were engaged in the potentially-profitable end of artisanal mining in unprecedented numbers;
- Earth-to-Export monitoring systems were established that could be used to declare diamonds fair trade;
- An external leader in the blood diamond movement, Global Witness, is now fully engaged in the fair trade movement and can inform international dialogue with on-the-ground experience;
- Diggers know the value of their production and are empowered to engage in the marketing system;
- Improved systems for digging and reclamation will lead to improved profits of artisanal diggers and better reclamation of land – virtually unprecedented;
- A fair trade diamond movement continues as Rapaport Group tries to establish this niche internationally, partly based on its experience in Sierra Leone;
- Following the cooperative mining season, the MMR legitimized the cooperative status as entities that, following registration, can legally hold a mining license. This is an important policy advancement.

In April 2006, executive members of the mining cooperatives were invited to a workshop in Koidu to review the past mining season and to make recommendations for the way forward. The group unequivocally agreed that the cooperative mining season served as a vehicle to realize the objectives of the IDM program. The Kimberly Process was practically reinforced by the cooperative scheme by tracking diamonds from earth to export. This was buttressed through improved working conditions and a well-coordinated monitoring system at local, national and international levels. Social concerns including child labor, unfair treatment of diggers, and access to fair wages were drastically reduced or completely eliminated by the scheme. All five of the cooperatives continue to function as do many of the twenty that were originally established as part of the IDMP.

The key problem with IDMP was that it was only permitted one season to attempt the pilot; such an effort requires at least three years.

### **Develop Sustainable Artisanal Mining Procedures**

CEMMATS, a local engineering firm, was contracted to analyze current artisanal mining techniques and policy and to suggest improved mining and environmental techniques. Per the IDMP program design, it was intended that the improved artisanal mining processes and environmental techniques would be translated into a training that would be delivered to the cooperatives prior to the end of the pilot mining season. However, due to delay in the approval of the scope of work by USAID, this activity did not begin until after the pilot mining season was over.

In response to the scope of work, CEMMATS developed the SMARTER (Sustainable Mining by Artisanal Miners) model, which involves introducing improved mining techniques that ameliorate much of the environmental degradation and wastage associated with mining to encourage communities to mine as efficiently as possible. A report detailing this model was translated into a training module which was to be delivered, as a pilot, to the cooperatives. The first pilot training took place in Koidu in May 2006. Participants were introduced to new approaches to prospecting and mining targeted at faster and more measured understanding of the potential of a site and, through the use of improved mining methods, ensuring full recovery. The training also covered safety and environmental issues as the improved mining methods were shown to reduce

environmental degradation from mining. The course was delivered both in classroom and in on-site locations, generating enormous interest.

### **Increase Awareness of Diamond Issues**

Even before the launch of IDMP, MSI/USAID has been aware of community members' frustration at their lack of basic information on the diamond industry. In trying to address this information gap, IDMP learned that radio coverage in much of the target area was weak and, in response, adopted a community-based approach to empowering people with information. Following several meetings with the MMR, Paramount Chiefs, and other local authorities, a total of 60 geographic zones were identified as communication nodes. These are located in the six chiefdoms in Kono currently producing diamonds (Gbense, Tankoro, Nimikoro, Sandor, Kamara and Nimiyama) and the Lower Bambara chiefdom (Tongo Fields) in Kenema District.

The principle behind the establishment of these zones was to:

- Get information on the PDA to local communities where the bulk of the population is concerned with diamond management issues;
- Inform the public of the basis of DACDF distribution and utilization;
- Make mining communities aware of the impact of different mining practices on the environment;
- Increase awareness of legal and profitable diamond marketing systems; and
- Update communities on Government mining policies.

Documentary videos produced by Talking Drum Studio were used as graphic support at zonal meetings. Zonal meetings proved extremely popular and highly effective means of communication. For example, in February 2006, seven zonal meetings were held in Kono and four zonal meetings were held in Tongo Fields with over 1,000 attendees in total. In March, five zonal meetings were held in Kono and seven held in Tongo Fields with similar attendance figures.

Beginning in March 2006, IDMP launched a weekly phone-in discussion program. These programs were used by both local authorities and the government MMR local office to inform and educate the audience on policy decisions and changes. This medium was also used to address the contentious issue of land allocation to large scale mining companies.

In May and June 2006, IDMP undertook three evaluation workshops to assess the effectiveness of the zonal meetings. The discovery that retention of information is a problem prompted the decision that all future zonal meetings should be conducted in both Krio and either Kono or Mende, as appropriate.

### **Improve Effectiveness of DACDF**

IDMP staff monitored disbursements, worked with District Councils and Chiefdom Development Committees to improve reporting, transparency, and responsible usage of the fund. IDMP also analyzed and published data on utilization of DACDF funds in Kono and Tongo Fields.

In July 2005, IDMP facilitated a two-day workshop in Kenema focused on "Improving the Effectiveness of the DACDF." This workshop examined DACDF effectiveness at the Provincial level, encompassing 78 percent of the total DACDF expenditures (Kono, Kailahun, and Kenema Districts). Approximately 70 participants attended from local chiefdoms and district councils, the MMR, and local NGOs dedicated to good governance, women and youth. The workshop did not address structural issues, such as the formula for distributing export tax revenues based on mining licenses, or the merits of the 80/20 split between chiefdoms and councils. Rather, it focused on

how to make the DACDF work more effectively within the existing framework, and fostering positive local governance partnerships between Chiefdoms and Councils – using diamond management as the means for productive collaboration. A statement of collaboration between the two emerged from the process regarding advance planning and utilization of funds.

During October 2005, IDMP led a review investigating the effectiveness of the DACDF. As part of this review, 23 chiefdoms and two district councils were visited. Data was collected from the four most diamondiferous districts and analyzed to determine whether or not community management of the DACDF resource was improving. Issues raised as a result of this exercise were referred to and reviewed by the existing sector reform process, i.e. the HLDSC and Technical Committee as well as the relevant government institution, the MMR.

In June 2006, it was resolved that as part of the devolution process, all future funds would be channeled through district councils with instructions as to how much each chiefdom should receive. This process was designed to enable councils to ensure that projects earmarked are in keeping with district development and to improve the monitoring of expenditure.

### **Land Reclamation**

IDMP worked with Sinava Women's Cooperative, a founding PDA women's group from Tongo Fields, to develop a proposal for additional funding to continue their reclamation and agricultural projects. SINAVA was subsequently awarded a grant from the US Ambassador's Self-Help Fund for expanding its scheme to restore to agricultural use mined-out areas.

IDMP convened a workshop titled "To Minimize and Mitigate the Adverse Impact of Mining Operations on Health, Communities, and the Environment" in Kenema in February 2006 at which representatives of Kono and Kenema district met to propose ideas in line with reclamation objectives. All operational cooperatives undertook some reclamation of their sites, while two women's cooperative groups in Koidu embarked on limited reclamation of old sites to commence agricultural production of market vegetables.

Following a request from the MMR to lead and articulate ideas in local environmental reclamation, IDMP developed and submitted a discussion paper based on extensive field work with communities and consultation with the recently established National Commission on the Environment. This report proposed that reclamation funds be collected through mining license fees be allocated for trial reclamation exercises at targeted site.

In addition to completing and disseminating the paper on community land reclamation policy, the IDMP Policy Unit worked closely with the National Commission on the Environment to design implementation strategies that would both estimate the extent of environmental damage caused by mining and evaluate an approximate cost per acre for rehabilitation.

### **Mediation Between Communities and Mining Companies**

PDA and IDMP program staff facilitated negotiations between affected property owners and Koidu Holdings over relocations. Three years after operations commenced, less than 40 dwellings had been completed of the over 100 promised to be constructed by Koidu Holdings.

### **Support to Kimberly Process and Other International Initiatives**

IDMP staff attended the founding meeting of the Diamonds for Development Initiative (DDI) in London in January 2005. DDI is an effort by industry, government and NGOs to promote the concept of development diamonds. Global Witness, DeBeers, and Partnership Africa/Canada led

it. A Kimberly Process Review Team visited Kono and learned about the PDA and IDM program.

The IDMP Chief of Party, along with the Sierra Leone Minister for Mineral Resources and the Managing Director of CEMMATS, traveled to Tel Aviv to address the Israeli diamond industry in May 2005. The meeting outlined improved practices within Sierra Leone, highlighting the recent initiatives and progress to date.

IDMP, along with the World Bank and Fair Trade in Gems and Jewelry, co-chaired a workshop on Fair Trade diamonds, gems and precious minerals in June 2005. A committee comprised of business leaders, NGOs, and development organizations agreed to develop standards for what could constitute fair trade products.

The Team Leader attended the Kimberly Process Plenary in Moscow in November 2005 as part of the U.S. delegation.

The IDMP Team Leader, Business Advisor, and Chairman of the PDA together took part in the UNDP sponsored Diamonds for Development conference held in Monrovia, Liberia. Attendees included representatives from the Mano River Union (MRU) Secretariat and government officials from the MRU states (Guinea, Liberia and Sierra Leone) plus the Ivory Coast, as well as donors, investors, concerned NGOs, and media. The theme of the conference was the improvement of regional harmonization of policies and practice in attempt to improve diamond industry governance.

### **Sharing Lessons Learned**

In June 2005, IDMP hosted a visit by Liberia's Deputy Minister of Mines and two UNDP representatives. The team met with the Resident Minister of State (Eastern Province) and the Kenema District Council before traveling to Tongo Fields and Koidu to examine the work of the program. The visit served to build a closer relationship within the mining sector in the sub-region.

A landmark study, "Mining the 'Chaos' in Sierra Leone's Diamond Fields: Policy and Program Implications of the Structure of the Artisanal Mining Sector in Sierra Leone" was completed by IDMP in June 2005 in collaboration with the University of British Columbia. This report compiled accumulated IDMP learning, focusing particularly on an intensive sustainability livelihoods survey completed.

The program undertook a base study into the practicalities of implementing the Anti-Money Laundering Act by the Sierra Leone banking sector. The implications of the study were submitted to and reviewed by the Ministry of Finance.

In February 2006, three British Members of Parliament representing the International Development Committee visited to examine the status of recovery in Sierra Leone. They were shown mining methods, briefed by program staff and members of the PDA, and attended a working session with councilors, chiefs and community representatives.

In March 2006, IDMP hosted a mission from the Extractive Industry Transparency Initiative (EITI) as they analyzed the potential for such within the diamond sector.

Martin Rapaport and the film crew that accompanied him, headed by Nisha Pahnja, were in Kono in early July 2006 on a dual mission. Their first objective was to initiate publicity on the launch

of a Fair Trade Diamond Scheme in Sierra Leone. The second objective was to familiarize a group of journalists and individuals involved in different aspects of the diamond industry hosted by Mr. Rapaport with realities on the ground.

## **CHALLENGES ENCOUNTERED AND RESPONSE**

It should be noted that the original IDMP proposal included both a direct and indirect financing scheme. A sum of \$592,500 had been set aside following a visit to the DIPAM and PDA programs by Walter Kansteiner, the then Assistant Secretary of State for African Affairs, in 2003. This sum was intended to create a revolving loan fund to support artisanal mining that also targeted the facilitation of environmental reclamation. To proceed with this credit scheme, an Environmental Assessment (EA) was required by USAID. It took fourteen months for the EA to be organized, tendered and conducted, by which time, in February 2005, the effective mining season (usually December to July) was already well underway. Based on the results of the EA, (unpublished) USAID decided not to fund the credit scheme. Aware of the delay in the EA, and concerned how delaying the cooperatives by a year would lead to a loss of momentum and disillusionment, MSI sought private finance for the cooperatives.

Delays in the approval of the Global Witness scope of work limited their input in the early stages of the credit scheme, hampering integration of monitoring activities with local Ministry Mine Monitoring Officers (MMOs). Although most MMOs were verbally positive about the ideas of the IDM scheme and started their monitoring activities with great resolve, it became more difficult to ensure their continued attendance at the mine site as the mining season progressed. Meanwhile cooperatives were unable to benefit from the introduction of improved artisanal mining practices and environmental processes as the SOW for CEMMATS was approved too late in the mining season.

The HLDSC worked persistently to ensure that funds from the Export Tax were expanded to cover the operations of the PMMU and PIU. To date, however, funds have not been disbursed to support the operations of these units. Besides having a direct bearing on anti-smuggling activities it is disappointing to note that even when funds are available initiatives are not realized.

It should be noted that much has changed in Sierra Leone since the DACDF was initiated during the war. For example, District Councils had yet to be established and there was no policy on devolution of authority – both of which became increasingly relevant, especially as in 2006 it was decided that funds would be channeled through District Councils.

A temporary breakdown in policy dialogue at both the HLDSC and Technical Committee levels occurred between July and November 2005, largely due to Sierra Leone political issues. Party conventions in August 2005 led to cabinet changes that translated to changes of key government personnel. These changes directly affected policy engagement as the Minister of Finance (substantive Chair of the HLDSC) and the Minister of Internal Affairs were replaced. With sustained counseling and adaptation to the changes, IDMP successfully re-engaged the HLDSC which convened twice in the final two months of 2005. By April 2006, frequency of HLDSC meetings slowed again. This did not, however, indicate a lack of activity at the policy level. Rather, policy work was being carried out at the Technical Committee level, such as a sustained focus on diamond polishing and cutting procedures, environmental issues, and land allocation to large scale mining companies.

## **2. FIRST COST EXTENSION (AUGUST 15, 2006 TO MARCH 31, 2007)**

The IDMP cooperative agreement was increased to \$2,793,224 and the period of performance extended by 7.5 months, to 31 March 2007, in August 2006. The timing of the extension, which offered another wet season but less than a complete mining season, impacted the focus of activities during this period.

### **MAJOR ACTIVITIES**

#### **Support to High Level Diamond Steering Committee**

There were no HLDSC or Technical Committee meetings held between late 2006 and early 2007 despite several attempts and requests by IDMP. Concerns regarding the loss of momentum in government/donor engagement in the diamond policy reform process resulted in decision for action at a Technical Committee meeting in March 2007. The Technical Committee asked IDMP to investigate and ground-truth the dynamics and effectiveness of HLDSC. This study was conducted by IDMP during the second extension period and is described in the following section.

#### **Support to Establishment of the Public Information Unit**

One key objective of IDMP/USAID activities during the first extension period was to launch the Public Information Unit. An operational PIU would improve the investment climate, promote diamond industry transparency, and ensure objective and open industry information exchange nationally and internationally by consistently providing accurate and timely information. Further, an operational PIU would be financial sustainable due to the government approved 0.05% budget allocation from diamond export tax revenues, which had accrued \$70,000 by September 2006.

IDMP worked with the MMR to establish a small working-committee to move on with the PIU initiative. It was agreed that IDMP, in collaboration with USAID and the MMR, would support the formulation of the PIU by contracting and overseeing a Sierra Leonean consultancy to deliver an implementation plan for establishing a PIU dedicated to the Ministry of Mineral Resources. A scope of work for this assignment was developed by IDMP in collaboration with USAID and advertised locally. However, only one bid was received which was ultimately rejected by the committee.

#### **Support to Peace Diamond Alliance**

During this period, the Tongo Field Peace Diamond Alliance continued to function successfully in contrast to the Kono PDA. At the end of 2006, IDMP funded two community meetings organized and facilitated by the Tongo Fields PDA Executive Committee. Illegal mining and child labor in mining were discussed at these meetings.

#### **Support to Civil Society**

At the request of the civil society group, Network Movement for Justice and Development, IDMP facilitated an all-day launching of its document, "To Mine or Not to Mine." Delegates at this workshop included Canada's African Coordinator of the Development and Peace organization, an entity with relevant operations in many African countries. IDMP involvement in this workshop was an effort by the program to encourage understanding between industrial mining operators and communities affected by these operations, as representatives from each were present at the workshop.



In January 2007, an IDMP senior staff member participated in a workshop in Kono sponsored by the World Bank, CEMMATS, and NACE. The workshop was on the strategic environmental assessment of Sierra Leone and was attended by a cross section of CSOs, NGOs and interested public.

### **Implement Small Stones Training in the Bush**

During the first extension period, the Small Stones Diamond Identification and Classification training became an increasingly important focus of IDMP. This training is a means by which local indigenous miners and diggers for the first time in the history of the industry have been able to break the bond that has supported the monopoly of knowledge in the diamond business for so long. The training is also a key motivational activity which draws interest from youth, women, as well as local authorities.

### **Develop Sustainable Artisanal Mining Procedures**

Previously, CEMMATS was eventually contracted to investigate current mining techniques and policy and to suggest improved mining and environmental techniques. A pilot training program of the SMARTER mining system was undertaken, and consequently reviewed and revised. Upon the award of the extension, CEMMATS was requested to deliver the revised SMARTER mining training module as a follow on to the IDMP small stones training activities. The objective was to train the best and brightest of the small stone training certificate holders in the SMARTER mining concept as a “value added” to their skills which they would disseminate to a larger audience in the mine fields. This training would also build a cadre capable of performing as mine monitors and advisors to their local councils, formal sector mining enterprises and government ministries and agencies.

In February 2007, CEMMATS trained a total of 80 trainees using the SMARTER mining technology and curriculum. Included in the 40 participants were eight residents from the newly declared diamondiferous chiefdoms.

### **Reduce Illegal Diamond Buyers**

Work on improving the numbers of legal dealers in Tongo Fields continued with increasing success. Although only one Diamond Dealer is licensed in the town groups have joined to purchase Dealer Agent Licenses. By September 2006, eight such licenses were in operation, an increase of three over the prior quarter.

### **Increase Awareness of Diamond Issues**

Radio discussions, zonal meetings, and general community meetings continued throughout the extension period.

### **Improve Effectiveness of DACDF**

IDMP continued to monitor the implementation of DACDF policy. In August 2006, a thorough analysis of government disbursement figures was conducted. The data showed that from 2001 through June 2006, a total of Le 8,820,483,403 in DACDF funds was distributed among eleven of Sierra Leone’s sixteen districts. Kono District, with the highest DACDF allocation, received Le 4,049,793, 880, or about 46% of the total distribution. Another district targeted by IDMP, Kenema District, came in second with a total of Le 2,556,873,461, about 29% of total distribution.

In late 2006, for the first time, the central GOSL directly distributed to and through district councils DACDF funds that were earmarked for individual chiefdoms. This took place in the

quarter in Kenema city in the presence of Vice President Solomon Berewa and of some 200 Eastern Province local government councilors.

IDMP hosted and conducted a national DACDF workshop in Bo at the Madam Wokies Conference hall on 14-17th March 2007. This workshop was attended by about 100 participants, 40 percent of which were women. Participants included 23 paramount chiefs, members of five district/town councils and the Permanent Secretary of the Ministry of Mineral Resources. The workshop incorporated a client-based participatory methodology to assess nationally the successes and failures of the DACDF policy. To validate the various workshop views and as part of ensuring accurate DACDF policy reform recommendations to the government, the IDMP policy unit embarked on field monitoring trips to selected projects in seven chiefdoms at the conclusion of the workshop.

Keeping abreast with Strengthening Democratic Governance (SDG) program, also implemented by MSI, the IDMP policy unit, through its interactions with paramount chiefs and councils, disseminated pertinent information regarding the SDG Matching Funds program. This program supports increased citizen demand for good governance and Sierra Leone's decentralization process by matching local government contribution towards qualifying community development initiatives with program funds. A concrete result of this synergy is that five chiefdoms committed a total of Le 107,000,000 (USD \$35,966) of DACDF money toward seven projects including primary and secondary school rehabilitation and construction, road rehabilitation, and the construction of a Court Barrie. DACDF money committed by the chiefdoms towards these projects was matched by SDG, availing an additional Le 70,000,000 (USD \$23,529) for community development in SDG target communities.

### **Land Reclamation**

In February 2007, IDMP collaborated with FESS, eight diamond area chiefdoms, five local civil society groups and two local council administrations in two structured workshops in Kono and Tongo Fields. The workshops provided opportunities for diamond area communities, chiefs and councils to work together and identify common environmental impact variables and seek local solutions. With technical input from the IDMP and previous experience in implementing a pilot reclamation project in Tongo, FESS is currently spearheading the reclamation of 15-acre mined-out sites in both Kono and Tongo Fields.

The Tongo Fields IDMP office helped to clearly distinguish between mined-out and worked-out land for proper and sustainable reclamation work. The Tongo Fields IDMP office also helped FESS and GoSL to develop a template for an agreement between the donor and the community for successful and sustainable implementation of land reclamation.

### **Mediation**

IDMP continued to arbitrate conflict and diffuse tense situations as required. For example, after the Lotoboina land area in Tongo Fields was declared by the landowning families and authorities as mined-out for the purpose of reclamation, some people became suspicious about the ownership of the land after the reclamation. A meeting was therefore organized by the IDMP to clear the air. The meeting was deemed successful since as a result of the meeting, the community understood that the ownership of the land does not change after reclamation.

In early 2007, with IDMP participation, Koidu Holdings handed over a further 67 houses to families displaced by their kimberlite mining operation in Koidu Town. While this did not lead to a full resolution of the dispute between the affected property owners and Koidu Holdings, it was a positive development in the right direction.

### **Sharing Lessons Learned**

From the onset, the IDMP has served as one of the sources of information on diamond matters in an industry that has been shrouded in total secrecy for decades. It is not surprising that one of the first lines of contacts for valuable information hinging on the diamond industries of Sierra Leone by international organizations or persons (including researchers) is the IDMP offices in Kono, Tongo and Freetown.

This is also important in achieving our objectives as this gives the true picture of what the diamond industry still is, the changes that have taken place, what role the IDMP is playing in effecting these changes and how all of it is portrayed by the international community so as to attract or deter investors.

In line with this, Madam June Molgaard, from the Bill Brummel production and Mr. Ric Taylor, from the Gemological Institute of America (GIA) visited the IDMP office in Kono in late August 2006.

With the eminent release of the Hollywood blockbuster film *Blood Diamonds*, set during Sierra Leone's civil war, in December 2006, an even greater number of journalists and other parties contacted or visited IDMP. A Tiffany group including Andrew Hart, the vice president of the group, paid a visit on 24th October 2006, to understand what could be learned from the mining cooperative scheme in Kono and how that affected the ordinary diggers and miners as well as how cooperative mining differ from the usual traditional artisanal mining. A De Beer's team headed by Simon Gilbert and members of the World Diamond Council also visited Kono that same month. Journalist Vivienne Walt visited the IDMP office in Kono in November, and subsequently authored an article entitled "Diamonds Aren't Forever" published in Fortune Magazine December.

## **CHALLENGES ENCOUNTERED AND RESPONSE**

Implementation during this period was challenged by two significant changes in personnel. First, the MSI Washington D.C.-based Technical Director changed in April 2006, just prior to the program extension. Second, Paul Temple, who had served as Team Leader of DIPAM, PDA, and the first phase of IDMP, departed the project in August 2006.

The late award of the seven month cost extension also challenged effective program implementation as July saw preparations made for closeout and staff became concerned about their future employment.

While significant progress in enhancing GOSL capacity to institute policies that would lead to effective management of the Sierra Leone diamond industry had been made through the HLDSC, different donor mandates and government agendas increasingly impacted the efficacy of the HLDSC and the frequency of meetings. The impasse in policy-dialogue and/or contradictory application of policy was due, at least in part, to political manifestations emerging from the central government. Party conventions and other political activism (especially the run-up to the 2007 elections) weakened government/donor policy dialogue engagement. Further, changes in the staff of donor agencies, concerned diplomatic missions, the United Nations and bi-lateral missions have also influenced relationships between themselves individually and collectively, and the new government of Sierra Leone.

### **3. SECOND COST EXTENSION (APRIL 1, 2007 TO DECEMBER 31, 2007)**

Effective 5 April 2007, the IDMP cooperative agreement was awarded a second cost extension. This cost extension increased the total obligated amount to \$3,792,430 and extended the period of performance by 9 months, making the final cooperative agreement end date December 31, 2007. This period also saw two significant staffing changes: the resignation and replacement of the Policy Advisor, a key personnel position, and a change in Chief of Party. During this final phase, activities were focused on ensuring sustainability of key program activities and preparations for project closeout. Planning and implementation of activities during this period were complicated by the uncertainty and campaigning around the August 2007 presidential and parliamentary elections and the subsequent change in administration.

#### **MAJOR ACTIVITIES**

##### **Support to High Level Diamond Steering Committee**

Following the decline in government and donor policy dialogue in the ongoing effort to reform Sierra Leone's diamond sector, IDMP conducted a systemized survey of the perceptions of key High Level Diamond Sector Steering Committee members. The survey, conducted in May/June 2007, evaluated the role and effectiveness of the HLDSC, identified the reasons for government/donor policy disengagement in 2007, and attempted to identify effective HLSC future diamond policy management strategies on the basis of the current investigations. The survey targeted key government ministries and agencies, as well as civil society organizations with vested interests in the development of the diamond industry. Donors with an interest in diamond policy reform were interviewed separately to map out their expectations and ascertain the relevance and effectiveness of the HLSC arrangement.

Reasons identified for GOSL/donor disengagement included the fact that the HLDSC mandate lacked statutory authority, the disparity in GOSL/donor policy expectations, and failure and/or unwillingness to implement mutually agreed-upon actions. The report concluded that the HLDSC should not be revitalized and recommended the role of civil society organizations be enlisted more proactively so as to bridge the key differences between government and donor stakeholders.

IDMP planned to facilitate a donor roundtable during this period which would convene donors and government to discuss the outcome of the HLDSC survey and planned future donor activities and coordination. However, due to timing and protocol issues, the planned roundtable did not take place.

##### **Assessment of the Peace Diamond Alliance**

To address the moribund state of the Peace Diamond Alliance, IDMP sponsored a national level workshop July 18–19, 2007 at the Hotel Bintumani in Freetown with the theme, “The Sierra Leone Diamond Sector: Seeking a Way Forward.” The main purpose of this workshop was to discuss the viability and potential benefits of revitalizing the PDA. Participants included members of civil society, government, traditional leaders, faith based organizations, women's and youth's group and private sector. Prior to the workshop, IDMP conducted guided sessions with stakeholder focus groups in Kono, Tongo Fields, and Freetown. The results of the focus group discussions were collated and analyzed to inform the content and scope of the subsequent workshop.

The conference participants, which numbered over 100, were divided into four working groups which deliberated pertinent issues for two full days. Overwhelmingly, participants agreed that the PDA should be restructured, retained and supported to be self-sustainable. If needed, it could be under a different name with clearly defined functions.

As the outcome of the conference contrasted the experience of those within and supporting the PDA, IDMP and USAID determined that an evaluation of the Peace Diamond Alliance, from its founding to its present state, be conducted by an institutional development and civil society expert to help inform a way forward. This evaluation identified the major factors hampered the successful operation of the PDA and concluded that the PDA should not be revitalized due to the following reasons:

- While many say that PDA is needed and should be reorganized, no clear function, structure or way forward has been articulated.
- No “champion” has appeared to lead the revitalization of PDA and there will be no secretariat available to support PDA activities following the closeout of IDMP.
- There are now various other initiatives designed to improve conditions in the diamond sector that did not exist when the PDA was created and whose goals are similar to PDA’s original purpose.

### **Strengthening Institutions – Supporting Eastern Polytechnic Provision of Mining Training**

As IDMP came to a close, the focus turned to ensuring the sustainability of key activities and building the capacity of local institutions. To this end, IDMP revived past discussions regarding strengthening institutions by supporting the provision of mining training by the Kenema Eastern Polytechnic, an institute of the University of Sierra Leone, in Kono District. IDMP, in close coordination with USAID, CEMMATS, and the Polytechnic, designed a plan to adapt the SMARTER mining training course and Small Stones Training and integrate them into the Polytechnic’s standard mines engineering curriculum.

IDMP contracted CEMMATS to adapt the Small Stones Training and SMARTER mining courses for use by the Polytechnic. In November and December 2007, IDMP trained Eastern Polytechnic instructors in the revised SMARTER mining and Small Stones Training curricula. To enable the Eastern Polytechnic to move forward with launching the courses while the Woama campus was being completed, IDMP handed over its Kono office space for the duration of the lease to the Polytechnic. Further, with approval from USAID, IDMP handed over a significant amount of equipment to the Polytechnic including vehicles, diamond grading equipment, photocopy machines, and computers at a formal ceremony on December 13, 2007.

### **Support to Civil Society**

In addition to the Kenema Eastern Polytechnic, IDMP requested and received USAID approval to hand over assets held by IDMP to various civil society organization with which the program has worked. Items were handed over to two women’s groups, SINAVA and Muloma, as well as to the United Mine Worker’s Union and to the Lower Bambara Mining Committee.

### **Update on Mining Cooperatives**

At the request of USAID, IDMP investigated the current status of the mining cooperatives during the extension period.

At the end of the pilot mining by cooperatives in December 2005, the number of cooperatives registered with the PDA increased in both number and location; from twenty-four to fifty and spreading from Kono to Tongo Fields. Management and team building training were delivered to all of the registered cooperatives. In addition, specific bookkeeping and accounting training was

undertaken with the IDMP-supported cooperatives. Most members of these cooperatives also participated in the IDMP-facilitated SMARTER Mining Trainings and Small Stones rough diamond identification and classification training.

The twenty-five mining cooperatives that were formed in Lower Bambara/Tongo Fields are still intact and in high spirit for group work. However, the overall sustainability of mining cooperatives formed in Kono has not proven out, given the demise of almost 90% percent of those cooperatives, with only five of them visibly functioning today and only one mining up to mid 2007.

### **Increase Awareness of Diamond Issues**

From April through June 2007, IDMP staff continued with community and zonal stakeholder meetings. Some of the topics discussed include: current mining policies and legislation, licensing procedures both for artisanal and large scale mining companies, duration of mining leases and right to renewal of such licenses, the qualification for and access to Diamond Area Community Development Fund, and allocation and proper use of the fund. Crucial issues raised at such meetings include the extra costs incurred during the acquisition process of mining licenses, and reclamation of artisanal mining lands.

On-the-spot radio interviews by Manjia Balema Samba of UN Radio were conducted during meetings and at reclamation sites.

Some of the issues discussed on the local radios include:

- Corporate social responsibilities and rights of mining companies in mining communities.
- The issue of safe mining procedures, especially the comparison between the rudimentary open cast mining method and the SMARTER recommended trench method.
- DACDF allocation, method of distribution, communities that deserve to benefit and other issues pertinent to recipient communities.
- Export figures for each immediate past month and an analysis of diamond production trends.
- Current mining policy information especially on official mining license costs, method of acquisition, duration of licenses and the right to handle diamonds.

### **Mediation**

Since its inception, IDMP has devoted effort towards raising awareness in mining communities. It has also intervened to arbitrate mining-related conflicts between companies and communities. Issues of land ownership, employment of community youths, and infrastructure enhancement are addressed. In the final extension period, two meetings were held with the predominant mining companies in Kono District. Included were Koidu Holdings S.A., Sierra Leone Diamond Company (SLDC), Basama Diamonds Ltd., African Diamonds PLC, Fastrack Services Ltd., and Mile Stone Company. They all met with the Ministry of Mineral Resources, Youth representatives and the Integrated Diamond Management Program (IDMP) on the 11<sup>th</sup> May and 27<sup>th</sup> June 2007.

### **Improve Effectiveness of DACDF**

In April through 3<sup>rd</sup> June 2007, the IDMP policy unit completed a comparative monitoring and evaluation study in 13 chiefdoms in the southeast of Sierra Leone. In adherence to USAID's on-going Natural Resource Management Operational Plan, the exercise aimed to evaluate and measure community accountability over DACDF resources. In addition to examining related local records and evaluation of completed community projects, three non-DACDF chiefdoms were

visited to compare post-conflict development drives between DACDF recipient chiefdoms and those in non-diamond mining communities.

The exercise also provided an opportunity to assess how feasible are the implementation of some of the recommendations made at the national DACDF assessment workshop in March 2007. To identify improvement in community management of the fund, the exercise had targeted a cross-section of community stakeholders such as paramount chiefs, various social groups (youth & women), mining committees, chiefdom development committees (CDCs), mines engineers, traders and farmers as well as district councils.

The study found that as the fund continues to expand, reaching a threshold of Le. 10 billion (\$3.4 million) in 2006 and the number of benefiting chiefdoms have risen from 54 in 2004 to 71 by the close of last year, there is indeed a remarkable difference in basic grassroots and social development between the 10 chiefdoms compared to the 3 non-DACDF ones evaluated. Specifically, the fund seems to have had direct impact on the following:

- Mainly focused on post-conflict reconstruction, there is more school and community meeting place infrastructure in DACDF communities compared to none in less diamond endowed communities.
- It was consistently observed that the fund may have served as incentive in reducing illegal mining activities in most DACDF communities

However, the study found that there are still issues related to non-inclusive decision-making mechanisms and this may tend to stifle participation and transparency. The arrangements to have councils oversee implementation of DACDF projects and process did not seem to be working properly in many chiefdoms and concerns related to sustainability were expressed by various stakeholders.

### **Land Reclamation**

One objective during the final extension period was to conduct pilot land reclamation projects, building upon previous sensitization and support the project has provided communities in Kono District and Lower Bambara Chiefdom in Kenema District around diamond mining and environmental issues. IDMP therefore undertook land reclamation in the Fandu community comprising of Daama, Louma, Boroma, Fandu and Foadu villages. A similar project was undertaken in Tongo Fields, with over twenty-five acres of mined-out lands were reclaimed with tree crops.

In order to undertake the land reclamation, agreements had to be reached between IDMP and the community with the Paramount Chief and Government Mines Engineer to agree that the land allocated would not again be used for mining. Tree crops were planted as well and one fish pond was erected

## **CHALLENGES ENCOUNTERED AND RESPONSE**

On August 11, 2007, presidential and parliamentary elections took place. Because none of the presidential candidates gained the required 55 percent of the votes, a run-off was held on September 8, 2007. Ernest Bai Koroma was sworn in as new president and his party, and the All People's Congress (APC), formerly in opposition, also won majority in parliament.

In the weeks leading up to the election and to date, much of GOSL had been in a state of flux. Many offices stopped functioning or continued at reduced capacity as new political appointments

were made and the old guard vacated offices. This created challenges for IDMP especially as it relates to closeout of this project, and the sustainability of its initiatives.

In August 2007, the incumbent Chief of Party Carl Harris departed the project and was replaced by Ted Wittenberger. While the new Chief of Party was extremely familiar with Sierra Leone and hit the ground running, change in project leadership at this stage resulted in an inevitable loss of momentum and impacted staff morale.

Another integral member designated as Key Personnel by USAID, Policy Coordinator John Kanu, resigned from IDMP to take a management position with a regional NGO shortly thereafter. The departure of the program's only two Key Personnel a mere four months before project closeout— while a common challenge in advance of project closeout – was a constraint for the effectiveness of the IDMP. Other staff took on extra roles and MSI quickly identified a replacement for the Policy Coordinator. IDMP submitted a request for USAID approval of the proposed replacement Policy Coordinator in September. Approval was still pending at the end of the reporting quarter.

Throughout the program, changes in key personnel within the HLDSC have proved detrimental to the committee's momentum. The planned roundtable discussion with HLDSC members to discuss results of the “ground truthing” survey and chart a way forward did not take place during the period primarily as electioneering and the resultant change in government contrived to make the work of the committee secondary. Unfortunately a change in US Ambassador coincided with this period.

A gold study was included in the workplan at the beginning of the second extension period, but IDMP and USAID mutually agreed to discontinue this activity. The elimination of this activity due to lack of availability of the identified consultant was discussed with the client during this quarter. The consultant identified to conduct the study was not available until FY2008; relevant contact information was provided to USAID to facilitate future follow-up.

## **7. OUTCOMES AND RESULTS**

Looking at sector level trends, it is evident that much progress has been made towards ensuring that Sierra Leone's diamond resource contributes positively to peace and prosperity. More diamonds are coming through the legal system, artisanal licenses have increased, legal exports have risen, and price per carat continues to rise. Communities in diamondiferous districts are benefiting from the diamond resource through the Diamond Area Community Development Fund, which reinforces decentralization and good governance when distributed and utilized accountably.

While this progress is tenuous and cannot be attributed to any single factor, MSI/USAID's continued work at the national level helped to establish the policy framework in which these improvements have taken place. Additionally, MSI/USAID monitoring, training and awareness raising activities, and facilitation of frequent stakeholder convening events, have undoubtedly improved compliance and increased engagement among miners, exporters, civil society, and government. As indicated by invitations extended to IDMP to share our experience at international forums in Ghana, Russia, Canada, Israel and Brazil, and visits from neighbors in

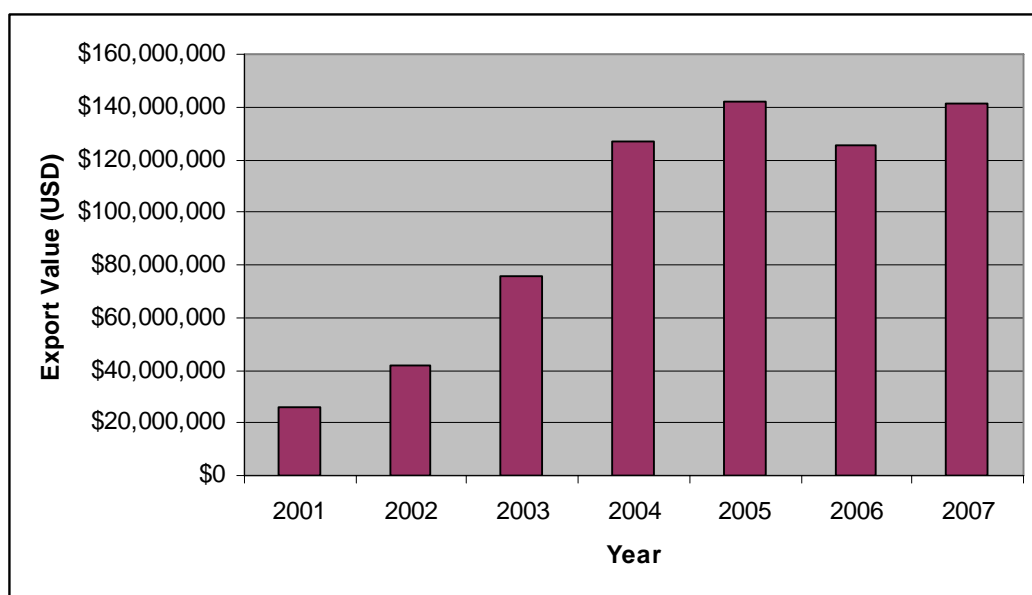


Liberia, Sierra Leone is still regarded internationally as the single most important model for how a country can improve diamond management at all levels.

## INCREASED LEGAL EXPORTS

As can be seen in the below charts, Sierra Leone’s legal diamond trade has grown significantly since the inception of the DIPAM program in November 2002. The value of legal exports in 2007 was almost \$100 million greater than the value of legal exports in 2002. During that same period, the carat volume exported increased and the price per carat has almost doubled. However, it should be noted that the volume of carats exported has decreased over the past two years. This recent decrease can be attributed to a decline in alluvial sector production volume, though production volume within the Koidu Holdings operated kimberlite mine has increased.

**CHART I: SIERRA LEONE TOTAL ROUGH DIAMOND EXPORTS, 2001-2007**



**TABLE I: SIERRA LEONE TOTAL ROUGH DIAMOND EXPORTS, 2001-2007**

Year	Export Value	Export Carats	Average Value/Carat
2007	\$141,585,685	603,623	\$234.53
2006	\$125,304,841	603,565	\$207.61
2005	\$141,940,244	668,709	\$212.26
2004	\$126,652,634	691,757	\$183.09
2003	\$75,969,751	506,723	\$149.92
2002	\$41,732,130	351,859	\$118.60
2001	\$26,022,492	222,519	\$116.95

Operation of the Koidu Holdings kimberlite mine commenced in 2003 with first exports made in 2004. To date, Koidu Holdings have exported 455,000 carats at an appraised value in excess of \$88 million. The average value per carat price is above initial estimated returns.

**TABLE 2: KOIDU HOLDINGS ROUGH DIAMOND EXPORTS, 2004-2007**

<b>Year</b>	<b>Export Value</b>	<b>Export Carats</b>	<b>Average Value/Carat</b>
2007	\$28,189,023	147,376	\$191.27
2006	\$23,447,407	112,039	\$209.28
2005	\$22,510,716	116,665	\$192.95
2004	\$13,859,589	79,058	\$175.31

Alluvial volumes are declining, despite the recent interest by a number of large and medium scale alluvial producers. It is not suggested that the decline in alluvial sector production volume is due to an increase in smuggling. Although production is declining, the artisanal sector is still responsible for over 70% of Sierra Leone's diamond volume.

Values continue to be buoyed by a weak dollar, the international diamond trading currency. With values per carat are increasing internationally, prices being offered in the production areas also increasing.

Two factors are of note within the alluvial production, namely the low volumes reported from larger alluvial companies and the continued decline in the productivity of the artisanal sector. Exporters and miners report a serious downturn in mining returns (low productivity) and increasing costs driving declining results.

## **INCREASED COMMUNITY BENEFICIATION**

The Diamond Area Community Development Fund is having an impact beyond even MSI/USAID expectations when we presented the concept to government during the war. The value of this fund continues to increase with the rise of legal exports. Since its inception, twelve tranches of half yearly payment totaling Le 10,072,870,000 (approximately \$3.3 million US dollars) have been made to a total of 71 chiefdoms and thirteen local councils. Important community development is happening through well managed use of the funds and community members – women and children, too, not just miners and laborers – have started to see that diamonds can benefit them. Supported by continued monitoring and mentoring by IDMP, transparent utilization of the fund for community benefit has improved significantly since its inception in December 2001.

When evaluating whether or not a chiefdom or district has transparently and accountably utilized its DACDF allocations and the impact of IDMP intervention on the transparent and accountable utilization of funds, IDMP has used the following methodology:

1. Examine evidence of chiefdom records transparency (i.e. MMR disbursement slips, authentic chiefdom receipts and written local contracts to ascertain expenditure).
2. Conduct physical inventory of project works and/or material in order to determine and calculate percentage value of project against the amount of money disbursed by the MMR.
3. Evaluate project use and changes in the community perceived to have been brought as a direct result of a DACDF project.
4. Enquire about the level and composition of people involved in project decision-making processes as a measure to determine community participation.

5. Conduct informal discussions with various community members such as youth and women including local contractors and artisans in order to validate project cost and expenditure.

The impact of IDMP’s intervention helping communities to improve management of the fund since 2005 is determined by the level to which the above five variables have been effectively implemented by DACDF chiefdoms. The below table shows annual IDMP targets and actuals based on utilization of the fund per this criteria. The annual target has been set as the actual of the preceding year based on the results of the 2003 joint GOSL/Civil Society Coalition baseline report which stated national implementation efficiency as 66.6%. As illustrated by this chart, IDMP has exceeded the target during all program years.

**TABLE 3: QUANTITATIVE RESULTS OF DACDF UTILIZATION IN TEN CHIEFDOMS**

Indicator description	FY 2005		FY 2006		FY 2007		FY 2008	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
% Value of DACDF resources transparently utilized for the benefit of communities	66.6%	71.1%	71.1%	77%	77%	85%	85%	90%

IDMP interventions to help improve DACDF utilization has centered on stakeholder workshops and frequent M&E visits to recipient chiefdoms. Such visits and workshops have often helped communities to identify common implementation issues and help seek appropriate remedial measures either through the central government or donors. In 2004, for example, IDMP M&E visits were the basis to notify the MMR and ensured the release of Le 30 million (USD \$10,000) backlog payments to six chiefdoms in Kono.

In late 2006, for the first time, the central GOSL directly distributed DACDF funds to and through district councils. To effectively administer these funds, the affected district councils were given the mandate to supervise the chiefdoms in their use of the funds for community projects. This action by GOSL was a success story for IDMP and USAID, as we have advocated the direct disbursement of these funds through the councils since the councils were established. An important incentive for the councils to help administer the funds was that the councils, too, were given their portion of the DACD funds for their own programming activities.

Meanwhile fiscal devolution in line with National decentralization has been slow. Therefore the DACDF remains one of the only public funds available to local government for community development. Distribution of a portion of the fund to local councils for their own use not only reinforces decentralization but is a critical driver of community development. Projects undertaken with DACDF funds range widely but most relate to the rehabilitation or construction of roads, bridges, court barrays, health centers, schools, prisons, guest houses, and community grain stores.

The socioeconomic impact of these projects includes the following:

- The use of DACDF construction and rehabilitation of schools and tertiary institutions has helped to support education for children and youth who previously had to walk miles to the nearest school. This may contribute to reduction in the dropout and illiteracy rates. Also, these construction projects produced local jobs.

- The construction of guesthouses by some DACDF communities has created employment for community members as well, and they provide decent accommodation for proposed investors, NGO staff and visiting government officials. It is also an income generating mechanism for those communities.
- The construction of native administrative buildings or barrays and prison cells in post war Sierra Leone has been essential for the re-establishment of civil authority.
- Community centers are being used as meeting places especially for the youth who organize social meetings and events. That has also helped them to generate income for themselves and to promote peaceful coexistence.
- The transportation sector has been improved by the DACDF through road construction and rehabilitation. Local road networks have generally improved.
- Boat construction in the riverine communities has helped immensely in allowing farm produce to travel from the agricultural regions to mining communities where food consumption is highest. In Pujehun, the riverine communities are the food basket for the rest of the district. Access to such farming communities is usually impossible without appropriate mobile means and frequent drowning used to occur when there were limited boats which were always overloaded.

## **INCREASED COMMUNITY AWARENESS AND IMPROVED COMMUNITY DIAMOND MANAGEMENT**

IDMP has trained over 800 people – 531 people from Kono and 316 people from Tongo Fields – in basic diamond valuation through the Small Stones Identification and Classification Training. Graduate of this training include miners, chiefs, government officials, community women, and NGO leaders. This training empowers community members by providing them with basic market information and knowledge about the diamond resource, both previously the exclusive province of foreigners and “Big Men.” The following are some of the socioeconomic impacts of this training as reported by a sample of successful participants surveyed and interviewed by IDMP in October 2007.

- Knowledge conferred by the SST helps has aided graduates in bargaining with buyers. Diamonds formerly classified as less valuable categories by buyers intending to cheat diggers are being correctly categorized, bringing diggers, miners, and their families more income. Prices paid for individual diamonds sold by graduates has increased.
- SST graduates living in remote areas have assumed the role of advising other people in their village who have not undergone the training, often due to illiteracy. Miners and diggers appreciate this opportunity to advise and teach others.
- Women’s involvement in the SST, both as participants and as trainers, has reduced the barrier between men and women and enhanced women’s roles in the diamond market. Whereas previously the participation of women in the marketing of diamonds was considered as a taboo in diamond producing communities, women are now very active in the marketing of diamonds.
- The SST has increased monitoring capacity of communities. Stakeholders such as MMR officials, police, Local Council officials and chiefdom authorities, and youth, learn basic knowledge of the diamond resource enabling better diamond monitoring strategies. This is particularly true for youth who later become chiefdom mines monitors.
- The survey revealed that some of the training stimulated some participants to recognize their own talents and skills and encouraged them to build upon these talents and skills through other learning opportunities.

Since 2006, IDMP conducted over 70 zonal and community meetings with a combined total attendance of over 6,000. One positive impact of the zonal meetings is that they help diggers and miners better understand the respective roles of IDMP and that of the MMR. For example, early on in the project, up to 20 people per week would approach the IDMP Tongo Fields office to inquire about renewing mining licenses, to request assistance to deal with illicit buyers and miners, or to settle boundary disputes. By mid-2007, only one person a quarter approached the IDMP office requesting the issuance of a license.

Another impact of IDMP zonal meetings is a decrease in incidences of mining license being delayed, applicants being overcharged for licenses, or applicants paying license fees to the wrong MMR personnel. Diggers and miners in communities targeted by IDMP know who in the MMR has the authority to accept fees for the issuing of license. Also, increased awareness regarding the purpose of the DACDF has enhanced local vigilance to curb illicit mining. This has been demonstrated by Lower Bambara chiefdom, where the IDMP Tongo Fields office was located, which steadily ranks as first in the number of legal mining activities among the 16 chiefdoms in Kenema District.

The below chart shows Sierra Leone artisanal mining licenses for 2001 through 2006, clearly illustrating the importance of the program focus areas of Kono and Tongo Fields. While the number of licenses issued is declining nationally, this is likely a reflection of the decreasing alluvial supply rather than an increase in illegal mining activities.

**TABLE 4: SIERRA LEONE ARTISANAL LICENSES 2001 - 2006**

YEAR#	NATIONAL TOTAL	PROGRAM AREA TOTAL
2001	844	55*
2002	1,272	567
2003	2,011	1,075
2004	2,313	1,323
2005	2,202	1,401
2006	2,182	1,465

# Calendar Year

\* Lower Bambara only, no MMR office in Kono until April 2002

Mined-out land is beginning to be reclaimed for agriculture. The GOSL has funded reclamation in a highly political area in Kono, a women’s group is reclaiming land for agriculture, cooperatives reclaimed their land for agriculture, and Chiefs in Kono have declared another large and visible area mined out. At all levels, GOSL, traditional leaders, cooperatives, CBOs, and general community members, there is a realization that environmental stewardship must be a higher priority.

## **IMPROVED GOVERNMENT POLICY**

Throughout the life of the program, there has been a constant and consistent dialogue with government over policy. Dialogue has been both formal through the HLDSC and its Technical Committee and structured meetings with government officials but also through less structured working relationships in the field. This joint approach has fostered a number of initiatives that have been transmitted into government policy.

Improving governance of the sector has led to the creation of the Precious Minerals Monitoring Unit (PMMU) by the Sierra Leone National Police. The potential for government to broaden contact with the communities in the mining areas also brought forward the concept of the Ministry of Mineral Resources Public Information Unit. Although the latter remained on the planning table, the necessity of these institutions was recognized by their inclusion in the policy governing the distribution of diamond raised revenues.

Continuing to develop additional resources for the mining communities, regional geologists and diamond valuers have been employed by government, based in the field to offer assistance to local small scale and artisanal miners. Gaining the trust of the local communities has been a major hurdle for these government employees, suggesting that government may be more willing to embrace change than the mining communities themselves.

Continuing work in monitoring the DACDF has ensured more transparent distribution of funds eventually being transformed as payment was made through district councils.

The formation of mining cooperatives was greatly aided by the input of the Ministry of Trade and Industry. With their formation, the licensing policy was changed to ensure that cooperatives who mine are now a recognized entity within Sierra Leone.

Program focus on environmental reclamation and rehabilitation has fostered the creation of the National Commission for the Environment. Although a fledgling entity, with limited powers, its creation is a further illustration of government seeking ways to improve its policy and service delivery.

## **MOVEMENT TOWARDS ETHICAL DIAMONDS**

We completed a pilot season of Integrated Diamond Management, a revolutionary approach to artisanal mining that empowers communities, links them with international markets, and tracks diamonds from Earth to Export. Although, there is much to be improved, the process struck an elemental chord both in Sierra Leone and internationally, and has created an invaluable font of experience to share with the world and we believe the process is a beacon of hope in the sector. There is an acute market demand for ethical or “fair trade” diamonds and gold internationally. The industry as a whole is seeing hope that if artisanal diamond mining can be cleaned up anywhere, it is in Sierra Leone. The IDM pilot is continually evaluated and referenced by private and public sector stakeholders interested in producing diamonds that can be marketed as fair trade or “development diamonds.”

The Madison Dialogue, for example, 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. Participants in the Madison Dialogue are working on a number of initiatives to promote sustainable development, best practices, and certification or assurance in the sector. These include efforts to certify fair-trade gold, diamonds and other minerals. As of the writing of this report, the Madison Dialogue commissioned a paper on ethical diamond initiatives which profiles the IDMP pilot project among others.

It should also be noted that following the closeout of IDMP, one of the investors in the cooperative scheme, Martin Rapaport, hired previous IDMP staff to try to start his own ethical diamonds scheme in Sierra Leone based on lessons learned from the IDM experience.

## 8. LESSONS LEARNED

The program areas of Kono and Tongo Fields are internationally renowned not only for the quality of their diamond production but also the frequency of high quality large stones. During the program lifespan there were numerous large finds, stones that reached \$200,000 plus at export value. In the deeply impoverished provinces of an impoverished nation, such finds do encourage corruption and high expectations. However it is the very gains generated from such production that the program attempted to address, in promoting a fairer distribution of wealth.

### **LESSON 1: FAST CHANGING DYNAMICS REQUIRE RAPID RESPONSES**

From the inception of USAID's work within the Sierra Leone Diamond sector, the dynamics have continued to change. Initially focused on reducing smuggling, increasing government control and revenue, it was apparent that legislation was not enough. As work continued, better understanding of the dynamics required continuous changes in program focus. Bringing benefits to communities through the DACDF and the establishment of the PDA all evolved as the dynamics of the industry were better understood. With elections in 2002, areas previously not under government control opened up and within the years prior to the IDMP rapid responses to these changing conditions were possible through close communication between the program staff, government, communities and USAID.

Within a rapidly changing environment delays are costly, as opportunities change. As IDMP evolved to drive greater industry governance and increased benefits even further into communities, the previous streamlined decision making processes became more time consuming. Delays in authorization of Scopes of Work impaired program progress.

### **LESSON 2: SHORT TIMEFRAMES IMPAIR SUCCESS IN DEVELOPMENT**

The IDMP program was originally 22 months followed by 2 extensions as the program review was delayed. Although running for over 3 years, the thrust of progress was undertaken in the first 18 months. Potential closeouts on 2 occasions wasted time and effort, with program momentum seriously impaired. Equally some of the program activities (especially the work with cooperatives) would have benefited from the longer timeframe had this been realized earlier

### **LESSON 3: FOCUS GROUPS SUCH AS THE HLDSC AND THE PDA MUST HAVE SPECIFIC GOALS AND ACCEPT RESPONSIBILITIES**

The program served as secretariat to the High Level Diamond Steering Committee. This ensured a voice at the national policy level. However the committee soon lost direction as goals and objectives were not clear to all parties with the responsibility for action placed firmly at the feet of government who often proved less than committed to reform. A similar situation developed within the Kono PDA. Despite considerable concerted efforts the program was unable to repair either situation.

### **LESSON 4: POLICY AND PERSONNEL CHANGES CAN SERIOUSLY AFFECT MOMENTUM AND COMMITMENT**

Although unavoidable, changes to key personnel has affected the momentum of the HLDSC. Certainly rising official export figures gave the impression that all was on the right track, but

more time served members understood this as only a small part of the overall problem. The change in policy from a direct approach to governance in the diamond sector to one of incorporating resources into wider governance also blunted the program focus.

### **LESSON 5: INTERNATIONAL BODIES MUST BE INVOLVED BUT THIS CAN BE TIME CONSUMING**

To many, artisanal alluvial diamond mining remains likened to a casino without rules. Thus the program work with international agencies and the private sector opened these institutions up to the wider dynamics of artisanal diamond mining at the mine site. Many lacked previous insight and this work, while crucial for improved understanding, became extremely time consuming

### **LESSON 6: DIAMOND MINING IS NOT ONLY ABOUT CASH**

The study of mining livelihoods, “Mining the Chaos,” revealed that diamond mining for many of those actively involved is not solely about financial gains. The issue of status within the community is a key consideration of many artisanal miners. Mining brings close contacts with ‘big people’ (generally supporters) and this system offers protection from shocks, be they sickness, domestic issues (housing), family events (births, weddings, bereavement). A vast understanding of the social makeup of diamond mining was gleaned during the program operation period.

### **LESSON 7: IT WAS, AND IS, TOO SOON TO WRITE OFF COOPERATIVES**

The attempt at cooperative mining lasted only one season. From an economic viewpoint many wrote off the concept. Yet small businesses often fail in the first year and such a development attempt would normally run from 3 to 5 years. The program has attempted to record the experience gained by all participants including its understanding of the social framework surrounding mining in the event that others may continue such work.

### **LESSON 8: BENEFITS FROM CHANGE MUST BE TANGIBLE AND TRANSPARENT**

The DACDF was a success and thus by giving money back to communities clean mining and development was promoted. The adoption of Environmental recovery as a local strategy was found to be financially beneficial to a number of local community groups. As seen with the later involvement of local councils in the management of development funds, (especially DACDF), management of benefits brought closer to the community reinforced the concept that benefits from change must be not only tangible, but transparent.

### **LESSON 9: WHILE MANY OF THE STRATEGIES CAN BE REPLICATED, DYNAMICS DIFFER EVEN WITHIN CLOSE LOCATIONS**

While many of the broader concepts surrounding improved governance through benefits are transferable, it is of note that local can dynamics have enormously differing effects on similar situations. While the Kono PDA became nonfunctional, the PDA in Tongo Fields made great strides to deal with local issues under the same banner. Despite the poverty many did put self second.



## 9. GOING FORWARD

Over the period of the program much has changed, culminating in a change of government following the Sierra Leone presidential and parliamentary elections just prior to closeout. Two of the stated objectives of the new government are to increase inclusion in the decision making process and to evaluate and possibly renegotiate contracts with mining companies. The following changes in environment, new opportunities and new concerns should be carefully considered when designing or implementing diamond sector or other mineral sector management programs in Sierra Leone.

### CHANGING ENVIRONMENT

#### **Extractive Industry Transparency Initiative (EITI)**

In October 2006, the GOSL adopted the principles of the Extractive Industries Transparency Initiative (EITI). EITI is a voluntary coalition of governments, companies and civil society groups in over 20 extractive rich countries that seeks to improve transparency and accountability through the publication and verification of company payments and government revenues from oil, gas and mining. Implementation of the EITI is currently managed through a board and secretariat based in Oslo. Under the chair of the Sierra Leone Minister for Presidential Affairs, a wide-ranging Stakeholder Committee has been established with active Civil Society representation to ensure compliance with EITI objectives. DFID currently finances an EITI consultant. The adoption of EITI thus brings a wider range of resources under scrutiny (rutile, gold, bauxite future oil rights and other mineral deposits, in addition to diamonds). The formulation of the National Steering Committee for the Sierra Leone EITI has formally brought civil society to the policy table, potentially overriding the former role of the HLDSC.

#### **Support to the Ministry of Mineral Resources**

Based upon the premise that the fiscal benefits from the minerals industry can be increased if the methods used to regulate, manage and monitor mineral production are improved, late in 2005 a DfID funded Management and Functional Review of the Ministry of Mineral Resources was undertaken. The review itemized 79 recommendations for change that were generally accepted by the ministry, who requested support for their implementation. To implement such restructuring the position of Director General (DG), funded by DfID, was established at MMR. The Director General has now become the focal point for change in the Ministry of Mineral Resources, with a mandate to improve the dissemination of information and contact with civil society. The appointment of the Director General is a significant opportunity to rectify issues that have constituted long term concerns. In the absence of the HLDSC, the DG position provides the focal point for change that had been lacking. Thus the DG can be held accountable not only for the restructuring of the MMR but also for the development of the Core Mineral Policy.

To seize this opportunity government, donors and civil society will need to commit to and interact with the DG, while the DG must ensure that, as part of the implementation process, contact and dissemination of information is continuous. To sit back, wait for results and monitor performance from the outside is NOT an option.

## **NEW OPPORTUNITIES AND NEW CONCERNS**

### **Maintaining Public Awareness**

As these new interventions develop, the government has recognised a role for local organisations at the policy level. It is necessary for these organisations to continue the dissemination of mineral sector legal, regulatory and production data and information to the public. Most crucial is maintaining accurate data regarding the Diamond Area Community Development Fund. While funds are now channeled through district councils in line with decentralization and in recognition of their role in local development, it is vital that communities are made aware of the magnitude of funds available within their district or chiefdom. It is therefore necessary that the ongoing USAID/Sierra Leone Strengthening Democratic Governance (SDG) and the upcoming USAID/Sierra Leone program anticipated to commence in 2008 continue to perform the task of data collection, policy awareness and dissemination until these functions are sustainably taken on by local organizations.

It is further recommended that the USAID/Sierra Leone program fosters and maintains contact with the Parliamentary Ministry of Mineral Resources Oversight Committee. It is this committee that can hold the Ministry accountable.

With the appointment of the DG for the Ministry of Mineral Resources the opportunity arises for renewed efforts to implement the Public Information Unit previously attempted under the former government.

### **Maintaining Transparency**

Fulfilling the role of watchdog requires industry understanding, time to monitor activities, bureaucratic skills and the necessary contacts and networks to bring issues to the table. It is recommended that the National Advocacy Coalition on Extractives (NACE) be viewed as the organisation to undertake the role for monitoring policy, regulatory enforcement and private business activities while also advocating change, both nationally and regionally. This recommendation is based upon the standing of NACE as the 'prominent' Civil Society representative to the EITI steering committee. The National Advocacy Coalition on Extractives (NACE) is a collective of local and international NGOs in Sierra Leone that developed out of the DACDF Coalition. NACE represents Sierra Leone in the global civil society organization Publish What You Pay (PWYP). PWYP has over 300 member organizations from more than 30 countries around the world working to promote transparent and accountable management of natural resource revenues.

### **Promoting Regional Harmonization**

Moves toward increased regional policy integration have been discussed since the end of the Sierra Leone conflict and have gained momentum with peace and democratic elections in neighbouring Liberia. Emphasis was initially placed on the Mano River Union (MRU), seeking to use the exiting framework through the secretariat, based in Freetown. However this has proved fruitless as the secretariat exists almost in name only and lacks resources to further any degree of harmonization. The Kimberley Process West African artisanal alluvial producers working group is chaired by the Sierra Leone Ministry for Mineral Resources. However, meetings are infrequent and progress has been slow. In Liberia the UNDP Diamonds for Development program (D4D) seeks to improve diamond related legal and policy harmonization within the sub-region through strengthening its recently established Cross-Border Task Force. As yet no full meeting with the four participants has taken place, and progress is also slow. Yet the acceptance of EITI in the three MRU states has created linkages among civil society members. With a network of over 300 organizations, the Publish What You Pay coalition offers ready channels of communication

among EITI civil society representatives. Government emphasis on ‘putting its own house in order first’ is understandable, yet without regional collaboration, many policies may not achieve their desired effect. Past efforts to curb diamond smuggling both into and out of Sierra Leone have been thwarted by a lack of regional coordination. It would seem that NACE, with their established position, are the best option as an advocate for continuing efforts toward regional harmonization, utilizing a network of regional NGO partners, yet without resources such contact will lack the depth to actively promote change.

### **Building Skills of Local NGOs – and Their Confidence in Donors**

As some local NGOs apparently lack confidence in international donors, believing them to be complicit with international mining investors, they are reluctant to seek assistance in capacity building from such sources. This lack of understanding and capacity within the Sierra Leone civil society is alarming, and technical assistance will be necessary for NGOs to participate in future reviews of concession agreements and policy initiatives especially as EITI moves forward. It is recommended that an informal round table or a more structured workshop be organised with the various participating organisations to foster a working relationship, rebuild confidence and help ameliorate the issue of resource shortage. This is especially important in allowing organisations to identify their skill shortages and develop recommendations for building their capacity. Focus should not only be on the provision of technical assistance, but on the fostering of effective networks amongst civil society active in the mineral sector.

### **Ensuring Diversification of Resource Attention Benefits the Wider Community**

Attention has previously been focused almost entirely solely on the diamond sector. As the Sierra Leone economy develops, rutile, bauxite and gold have become equally prominent. It is essential that similar processes used to benefit diamond mining communities are put in place for other minerals. The development of such benefits will require facilitation and a wide input from civil society and donors alike. Specifically, the role of women in gold production should be explored.

### **Is this an Opportunity for the PDA?**

With IDMP over, a period of ‘cooling off’ has been created. It would be prudent to evaluate the status of the PDA following this ‘cooling off’ period. Is it still functioning in Kono and Tongo Fields? This may create an entry opportunity for any new program, but only if the Alliance has been able to stand on its own feet. The possibility seems to be more likely in Tongo Fields than Kono.

### **Cooperatives and Fair Trade Diamonds**

Some of the cooperatives are still alive and there is real interest from both Rapaport and the Director General team to continue to promote the production of Fair Trade diamonds. With members of the former IDMP staff contracted to Rapaport, knowledge and contact has not been lost. The story is yet to be concluded.