

Diamond Revenues Benefit Local Communities

Challenge

In 1999, near the end of Sierra Leone's brutal civil war, legal diamond exports made up only about \$1.5 million of the estimated \$300 million annual value. The rest of the diamond exports were being smuggled out of the country through illegal channels, and neither the Government of Sierra Leone nor its people were benefiting from the country's riches.



Photo: Laura Lartigue

A diamond miner takes a break after laboring in one of the Kono diamond mines.

By monitoring diamond royalties and fees, informing miners of stone values, and creating public awareness of diamond mining issues, PDA is turning what was once a liability into an asset for the people of Sierra Leone.

Results

By end of 2002, legal exports climbed to \$42 million, and over \$70 million in 2003, allowing substantial revenue from diamond sales to go back into Sierra Leone – a first step in helping the world's poorest country to help itself rebuild after the war. For the first time, local mining communities have benefited by receiving a portion of the tax revenues from the increase in diamond exports, with funds specifically allocated to serve community needs by building public structures, markets and schools. Proceeds to mining communities reached \$312,000 in 2002, and over \$500,000 by the end of 2003.

Initiative

In 2002, USAID brought together producers, buyers, advocates, Sierra Leone government officials, and heavyweight industry players—such as DeBeers and Rappaport—and others to form an alliance for the first time. The alliance monitors diamond royalties and fees, informs miners of the value of stones, addresses environmental degradation, and reduced exploitation of miners, especially children.

USAID's Peace Diamond Alliance (PDA) is working to address the global problem of smuggling and exploitation by using the Kimberly Process, a recent global pact requiring that certificates of legal origin be shown prior to diamond sales, and by connecting miners with internationally recognized buyers.

Training is also helping miners assess the true value of rough diamonds and to understand their approximate value before making a sale. In addition, USAID will soon begin a pilot program to give miners access to credit at reasonable terms for mining inputs to avoid getting into serious debt. All of these strategies are designed to help miners sell their stones to the highest bidder