



USAID PROGRAM BRIEF

LAND TENURE & PROPERTY RIGHTS

THE KIMBERLY PROCESS IN THE CENTRAL AFRICAN REPUBLIC

OVERVIEW

Most inhabitants of Africa's diamond-producing regions are artisanal miners, but for a large majority, mining remains a subsistence activity, marked by tenuous rights over land, rudimentary levels of organization and technology, and weak bargaining power vis-à-vis the middlemen who dominate the diamond supply chain. In African diamond-producing countries, many artisanal miners have shifted from agricultural production to alluvial diamond mining, causing a marked decline in food security and household livelihoods. The burden of food production falls heavily on women as men's labor is invested instead into the speculative work of artisanal mining. African governments have put in place registration and recordkeeping requirements for diamond miners intended to ensure alluvial diamonds enter the formal chain of custody as required by the Kimberley Process Certification Scheme (KPCS). However, artisanal miners often have little reason to comply in the absence of transparent enforcement regulations and clear property rights. Worse, porous borders and high entry costs to entering the formal sector also contribute to a high degree of diamond smuggling in the region.



Photo: Ryan Roberg, ARD, Inc.

Identifying and registering property rights claims of artisanal diamond miners strengthens the Kimberley Process Certification Scheme.

The Property Rights and Artisanal Diamond Development Project (PRADD) is a pilot effort designed to identify and test methods for achieving clear, secure, and publicly validated rights to property—including rights to mining claims at the local level—that are confirmed in government records. PRADD responds to a recognized need: existing statutory records of artisanal diamond miners' property rights are often unorganized, out of date, difficult to access, and non-transparent, while mining claims based on customary rights are generally informal and undervalued. PRADD's objectives are to strengthen property rights and production accounting in order to improve compliance with the KPCS, and to improve the incomes and living standards of miners and mining communities.

STATUS

The PRADD project is a joint initiative of the US Department of State and the US Agency for International Development (USAID) launched in January 2008. The total US government funding to date is \$5.4 million to support implementation of two country pilot projects in the Central African Republic (CAR) and in Guinea (the latter was closed down in February 2009 as a result of the coup d'état in Guinea). The project in CAR works in the two pilot districts—the initial site of Ngotto and a new site in Nola—both in the southwestern corner of the country. An additional \$2.7 million was approved in December 2009 to support expansion of activities in CAR, to set-up a new pilot project in a second country (Liberia), and to provide regional support to the KPCS. Partnership Africa Canada (PAC) has received \$50,000 to support civil society engagement in the KPCS. Future support will help build-up the Mano River civil society platform intended to reduce smuggling across the borders of Liberia, Sierra Leone, Guinea, and Côte d'Ivoire.

SUCCESSES

Since the inception of the project 2 years ago, the PRADD has developed an 8-step process for a tenure rights formalization model capable of being replicated in other countries. The project has established a geo-referenced property rights registry with CAR's Ministry of Mines to help trace diamonds from extraction to export. The

new claims registry provides a written public record of who is producing diamonds, filling a critical gap in the internal control system. In the Ngotto District, 253 artisans operating in 428 mines have been successfully registered. PRADD has provided training for 320 miners, mining officials, and diamond buyers on how to properly maintain diamond production records. Thanks to training, miners better understand the Mining Code and thus compliance with key registration and permitting procedures. Artisanal miners were trained on diamond valuation, which improves their bargaining power vis-à-vis buyers and reinforces miners' income-generating capacity. A Gender/Natural Resource Management (NRM) specialist worked with women in the pilot zones to reinforce their role in local decision-making on land use. Gender rights and advocacy training has been carried out for a mixed audience of 195 community members. These interventions are a first step to improving the livelihoods of artisanal diamond communities and reducing illegal cross-border smuggling.

The PRADD project has carried out an extensive public education campaign informing not only local actors of the importance of mining claims registration, but the project also communicates its approach through the Kimberley Process plenary and intersessional meetings. PRADD staff participated in the 2009 GTZ conference on Extractive Industries and Good Governance held in Yaoundé, Cameroon. A well-received video "Diamonds, Development, and Property Rights" (<http://tpr.rmportal.net>) has been produced in English, French, and Sango. USAID has been asked to expand the PRADD project into neighboring countries such as Sierra Leone and Liberia. Most importantly, the project has expanded its scope to strengthen the engagement of civil society in the KPCS process at the national and regional levels. Support of the PAC-administered Civil Society Fund not only enables participation of non-governmental organizations in all aspects of the KPCS, but also complements an active collaboration with the Diamond Development Initiative (DDI) to promote greater economic development from the diamond sector.

CHALLENGES

The CAR is one of the poorest countries in which USAID works, ranking second to last in the 2009 Human Development Index. Even though CAR is the world's 10th largest producer of gem diamonds and diamonds make up about 45% of all exports, very few benefits from this sector reach the rural poor. Unfortunately, the international recession has contributed to a 65% decline in the price of diamonds sold by miners. Ripple effects are felt throughout the rural economy. Little foreign investment in the diamond sector occurs, and what little does, sometimes impinges on the claims of artisanal miners. Debt peonage among miners and associated household food insecurity continues unabated. Physical insecurity, corruption, political instability, and a lack of basic services and infrastructure constantly impinge upon implementation of the PRADD project. At this time, the government of CAR confronts numerous obstacles in strengthening the internal chain of custody. Indeed, some diamond mining areas remain outside of the control of the state. Since artisanal diamond miners are mobile, operate in informal markets, and avoid contacts with government mining officials, registering them is a significant administrative and financial challenge. Of an estimated 400,000 artisanal miners in CAR, currently less than 5% of artisanal miners are legal, holding a *patente* (or mining license), largely because of the prohibitive cost of the license. A comparative and fiscal analysis of the licensing fee structure is planned in order to determine whether tax revenues could actually be increased by lowering the cost of the *patente*, thereby creating an incentive for more miners to become "legal." By holding the *patente*, it is more likely the government will formally recognize miners' certificates of mining claims that they have acquired with the assistance of PRADD.

FUTURE

The PRADD project anticipates expansion into Liberia thanks to strong interest expressed by the government, USAID, and the US Embassy. Similarly, PRADD is expanding the 8-step registration approach within CAR itself and an additional 1,000 mining site claimants are expected to be identified and formalized in the current phase of the project. Although the security situation is problematic in many mining areas of CAR, the PRADD project is seeking to formalize 60%–75% of all miners in its past and current pilot zones. Without firm rights to artisanal mining claims, governments will find it difficult to reinforce the internal chains of custody required of the KPCS. The long-term challenge for PRADD is to expand the PRADD model not only within CAR itself, but also to build support in other countries from host governments, civil society, and the diamond sector.

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