
**REPORT OF THE REVIEW MISSION
OF THE KIMBERLEY PROCESS
TO THE CENTRAL AFRICAN REPUBLIC**

8-15 June 2003

Mission Team

President:

**European Community represented by
Corrado Pampaloni – Jacques Villemain**

Members:

**Republic of Guinea represented by
Daouda Kourouma – Mohamed Gandéka**

**Republic of South Africa represented by
Louis Selekane**

**World Diamond Council represented by
Mark Van Bockstael**

**NGOs represented by
Alexander Yearsley**

Introduction

In accordance with the mandate conferred on it by the Johannesburg Plenary Meeting (see Terms of Reference at Annex 1) the review mission, composed of the undersigned, visited the Central African Republic on 8-15 June 2003. During that period it met the figures and visited the institutions listed in the programme at Annex 2.

Summary of conclusions

After reviewing the various elements of the Kimberley Process and their implementation in the Central African Republic, the mission concluded that the process was being implemented satisfactorily overall. However, the mission noted that specific legislation implementing the Kimberley Process Certification Scheme was still in the process of being drafted.

During its stay in the Central African Republic the mission enjoyed the full cooperation of the Central African authorities throughout the country and had access to the authorities, documents and information needed for its work.

Note

The experience of this review mission suggested that it would be desirable for all members of a mission to be able to speak the language of the country in which the mission takes place if they are to work to best effect and achieve optimum results. Failing this, it would be desirable for either the host country or the mission organisers to provide an interpreter who can interpret between the host country language and the mission's working language. It is desirable moreover for the draft report to be drawn up as far as possible in the country's official language or in the language spoken by its authorities so that the inspected country's authorities can make its reactions to the report known when it is still at a draft stage, thus ensuring that the viewpoints of both parties are taken into account.

1. General context

Central African diamonds are alluvial diamonds. They are linked to secondary detrital formation. To date no trace of kimberlitic primary deposits has been found in the Central African Republic. Prospecting is carried out by small or medium-sized undertakings; diamonds are found throughout Central Africa, with concentrations in the south-west around the cities of Carnot and Berberati and in the east around Bria. Official total production indicated by Central African statistics is around 500 000 carats per year. Taking into account fraudulent exports (smuggling in particular), which are estimated at 30% of the total (see paragraph 8), total real production is about 650 000 carats a year. This estimate is confirmed by that of Terraconsult (internationally renowned geological/diamond consultant) for 1995. The average price per carat of Central African diamond production is roughly USD 140 dollars.

2. Statistics

A discrepancy may be noted between the official production statistics for Central African diamonds and the statistics of importing countries for Central African diamond imports.

In 1983 for example, importing countries' import statistics for Central African diamonds exceeded by 495 000 carats the production statistics for Central African diamonds. However, this discrepancy declined between 1983 and 1995 under the influence of the measures taken following the various technical assistance programmes introduced by the World Bank in the CAR. In 1995 the difference was only 140 000 carats. After that date it again increased, reaching a ratio of 1 to 3 in 2000 (production 461 200 carats; total imports 1 300 000 carats). In 2001, however, statistics showed production of 492 000 carats and imports of 634 000 carats. These inconsistent statistics, which indicate a high level of illicit diamond trading, can be explained by various factors:

- (a) Importers in certain countries have had an interest in fraudulently declaring the provenance of their diamonds as Central African for at least five reasons:
 - As Central African diamonds, they benefited from the advantageous trade arrangement established between the European Community and the ACP countries.
 - As Central African diamonds are considered to be of better quality than diamonds from other sources, exporters in certain countries had an interest in passing their own diamonds off as "Bangui goods" so as to increase the commercial value of their diamonds.
 - Given the high level of taxes in the Central African Republic, Central African diamonds may have been transferred to neighbouring countries with more favourable tax systems.
 - Certain exporters in countries tied to particular diamond companies by an exclusivity contract considered it in their interest to declare their diamonds as being from the Central African Republic (among other

countries not bound by the same exclusivity clause) in order to escape the exclusivity clause.

- Until early 2003 (when the Kimberley Process Certification Scheme was introduced), the Congolese rebels who control diamond production on the other side of the border could declare their diamonds as Central African in importing countries. The use of the Kimberley Process certificate puts an end to this fraud. However, it is likely that Congolese rough diamonds in rebel-controlled areas cross the border illicitly to mingle with Central African production (which implies a breach of the Central African Ministry of Mines' production book system described in paragraph 4 below) and are then exported with Central African Kimberley Process certificates.
- (b) In the mid-1990s a "presidential concession" was established in the CAR and its production was not made subject to the Mining Code or controls by BECDOR (diamond and gold valuation and control office). Consequently, official Central African production statistics thereafter do not reflect the actual situation.
- (c) Finally, account must be taken of the fact that certain Central African exports were returned to the consignor by the importing countries, either because their quality was deemed insufficient or because the price was considered too high. However, these re-exports are not reflected in Central African import statistics. It is estimated that re-exports to the country of origin account for 20% of the total originally exported.

3. Administrative and legislative organization of mining

The Central African side pointed out that since 15 March 2003 the new administration has suspended all mining licences for diamond prospecting and mining (003/03/MEM/CAB, 14 April 2003, see Annex 3), submitting them to a "Joint Committee for the Control and Verification of Mining Licences in CAR" which checks that the licences have been lawfully issued and used. According to the Joint Committee report, of the 35 holders of mining licences (24 holders of personal mining authorisations (APM) and 11 holders of general prospecting permits, type A/PGR-A) only 11 have been examined, and of those only 7 (4 APM holders and 3 prospecting permit holders) have had their licence suspension withdrawn.

The fact that by the decree of 14 April 2003 all personal mining authorisations and general prospecting permits granted in the CAR were suspended means that the "presidential concessions" ceased to exist and all of CAR territory is once again subject to the Mining Code, unless an APM or prospecting permit relating to these concessions is finally confirmed, which is not yet the case. On the contrary, the Colombe Mines concession forming part of the "presidential concessions" was revoked by decree 03/037 dated 30 April 2003 (Annex 4).

The new administration informed the review mission of its intention to place the granting and monitoring of diamond prospecting and mining concessions back under the direct authority of the Mines Ministry (as previously a number of authorisations were issued directly by presidential decree, independently of the involvement and

control of the mines authorities). This should increase transparency in the granting of concessions and improve the monitoring of their use.

4. The diamond concession system

The diamond concession system in Central Africa is twofold to allow diamond mining by both the artisanal sector and the diamond mining industry:

- any Central African citizen can prospect for diamonds in any ground that is not privately owned. He is then granted an "artisanal miner" card by the mines authorities in accordance with the model at Annex 5; the card can be obtained only if he employs at least 5 "mine workers", who also hold non-transferrable cards (see Annex 6). If prospecting is carried out in a public area which has been the subject of a concession by the Mines Ministry, he must first all offer his production to the concessionaire. If no agreement is reached between the artisanal miner and the concessionaire, the former can offer his production either to a dealer (*collecteur*) or to a purchasing office (*bureau d'achat*) in his mining area (Central African territory is divided into four mining areas under the authority of a Regional Mines Directorate), but under no circumstances can he export it.
- A minimum of 10 artisanal miners can form a cooperative, which draws up its internal articles of association and can obtain between one and five "artisanal promotion permits" (PPA) for a unit area of 2 500 square metres. Such organisation is strongly supported by the Mines Ministry, which makes light tools (motor-driven pumps etc) available to cooperatives to facilitate the mechanisation of mining operations.
- Any natural or legal Central African or foreign entity can obtain from the Central African Government either a "personal mining authorisation" valid for 5 years and allowing him to prospect for diamonds, or, at the same time or later when the prospecting has located diamonds, a "prospecting permit" valid for two years and allowing him to export samples directly via BECDOR. It is also possible to obtain a "mining licence" which allows the use of industrial mining techniques, but no authorisation of this type has yet been granted.¹

5. Traceability of diamonds

In the 1980s, following the technical assistance programmes launched by the World Bank and the Central African Government, a system was set up in CAR allowing rough diamonds to be traced from the mine right up to certification and export. The stages from production to certification are as follows:

¹ Owing to the small size of most diamond deposits, no industrial mining activity has to date proved practicable.

- The artisanal miner, who holds the card issued by BECDOR and produces rough diamonds, must enter his daily production in the "production book" corresponding to his artisanal mining card, indicating the number of carats and the production date.
- He can then sell his production first to the concessionaire (if he works on concession territory) which has the right of preemption, then either to a travelling dealer ('collecteur' - agent approved by the Central African Government, as there are approximately 300) or to a secondary branch of a purchasing office (there are 8 approved purchasing offices for all of the CAR). A "purchase note" (*bordereau d'achat*) is issued for the sale (either in the name of the dealer or in the name of the purchasing office, see models in Annexes 7 and 8) in four copies, provided and numbered by BECDOR. The original goes to the seller, a copy remains with the purchaser and two copies are sent directly to BECDOR in Bangui, which thus retains a record of all transactions. A dealer can also sell to another dealer or to a purchasing office. Purchase notes must list the carat weight, the transaction value, the artisanal miner's name and the dealer's identity card number.
- Only the Import-Export Purchasing Offices (BAIE) and concessionaire mining companies are authorised to export,² which operation takes place via BECDOR. This is where the certification process comes in.

6. Certification

The certification process is as follows:

- at least 48 hours before export the exporter brings to BECDOR the purchase notes for the diamonds he wishes to export. The purchase notes indicate the identity of the seller and purchaser, the category of the diamonds purchased (from 0 to 4 carats or 5 carats upwards) and the value at which they were bought. The purchase notes are added up.
- On the day scheduled for export the exporter brings the diamonds pre-sorted by size and quality according to a list established by the Central African authorities, and BECDOR checks, in the presence of the exporter, that the total carat weight corresponds with the data provided on the purchase notes. Together with an IDV expert (Independent Diamond Valuator, a private company under contract with the Central African state to make a second valuation of the diamonds), BECDOR then makes its own valuation, during which the exporter is not allowed to be physically present. If the value on the purchase note is higher than the IDV/BECDOR valuation, the valuation on the purchase note is retained. If the

² In the past an international Bangui bourse for diamonds (BIDB) also enjoyed this privilege, which it exercised intermittently, but it ceased operations in May 2002.

IDV/BECDOR valuation is higher than that on the purchase note, the former is retained.

- Operations are carried out in a closed room under the supervision of the CBCEM (Company of Energy and Mines Control Brigades), which also provides extra security in the building where the operation takes place.
- Once the valuation has been made, the diamonds are again weighed in the presence of the exporter and are secured in a container which is sealed with wax and bears BECDOR and Customs stamps together with the number, in indelible ink, of the Kimberley Process Certificate which must accompany it. Taxes (6 per cent ad valorem³) are then paid according to the valuation and the Kimberley Process Certificate is drawn up.
- The Central African Kimberley Process Certificate (see specimen at Annex 9) is printed by a colour laser printer on non-secure paper. However, it is secured in a tamper resistant plastic bag bearing a unique number, replicated on a removable strip which remains in BECDOR's files with a copy of the Certificate. The number of the tamper resistant bag is reproduced on the certificate before the latter is placed inside, thus creating a security measure to prevent fraud since it is impossible to access the Certificate without tearing the bag that contains it. The bag is transparent so that the information on the certificate can be accessed without having to tear the bag. The mission noted that this procedure was not completely secure, as it might be possible to make numbered plastic bags identical to those used. In the opinion of the mission team, nothing can replace printing on secure paper. The Central African authorities answered that they were currently negotiating with a secure-document printer and that a new type of certificate should be available within two months. The mission stressed that only a certificate printed on secure paper and bearing a unique number met the Kimberley System specifications. Printing by computer theoretically made it possible to issue two certificates bearing the same number but not the same information and relating to different consignments, constituting a risk of error or even fraud.
- The Central African certificate bears two embossing stamps (BECDOR and IDV) and the ink stamp of Central African customs, and the signatures of the authorised persons in BECDOR, IDV and customs.
- The mission also noted that the carrier (Air France) also seals the parcel(s) by means of tamper resistant (unless by breaking) plastic padlocks bearing a unique number. This is to ensure that the parcel need not be opened during transfer to the plane for reasons of air security (bomb detection, etc.). A report on this operation is drawn up and validated by the Central African

³ 0.25 per cent of the exported value is intended for the improvement (including computerisation) of customs control.

authorities (customs, Mining Brigade and BECDOR). Although not provided for in the Kimberley security system, this second seal in fact enhances security.

7. Inspections in the field

The mission also made field visits and visited the BECDOR offices to verify compliance of practice with the procedures described in paragraphs 5 and 6. It was found that:

- with regard to the Kimberley certification procedure (paragraph 6), the procedure is followed very rigorously (conclusion drawn from observation of a complete export and certification procedure which lasted 5 hours).
- with regard to the activity of the purchasing offices and the travelling dealers, the procedure is followed rigorously (conclusion drawn from the visit to a purchasing office - a secondary branch of a SOPICAD office - and to a dealer, Mr Yaya Baba Bello) in the city of Berberati).
- with regard to the activity of diamond prospecting sites, the procedure is complied with to a large extent. However, several points should be improved on. It was found during a visit to two sites in Ngoéré that the production book of one of the sites did not comply with the latest model required by the authorities (it was not a pre-printed model but a book kept manually, containing however the same headings as the pre-printed book and bearing the stamps of the Regional Mines Directorate). It was found on both sites that not all the workmen present had artisanal miner cards or mining site worker cards, or that their cards did not carry a photograph. However, the mission considers that given local conditions (the persons concerned did not possess identity cards either and worked in a bush area accessible only via unmarked mining tracks), this is not an overly serious flaw. It was also found that not all the workmen working on one of the sites were listed correctly in the artisanal miner's production book, which can however be explained by the great mobility of the workmen who work by the day and sometimes change suddenly and frequently from one site to another more promising one.

On the whole, the mission concluded that the various stages from rough diamond production to Kimberley certification and export were governed by rules in compliance with the Kimberley Process, though they existed prior to it. These rules are applied satisfactorily, although improvements can and must be made as regards procedures in mining sites. The issue of specific implementing rules for the Kimberley system is covered in paragraph 10 below.

Nevertheless the mission must note, without criticising Central African procedures or their implementation, that it is still possible for an illicit site to operate without complying in any way with the rules, since prospecting activities are carried out throughout the national territory and often in densely forested regions. However, such a site could not export its diamonds from Central Africa except via smuggling.

Cooperation with the Central African authorities

Finally, the mission should underline that throughout its stay in the Central African Republic it received the fullest cooperation from the authorities and all its requests for information and documentation were met fully and promptly. The list of the Central African authorities met and the list of the mission's activities (in the form of the mission programme) are given at Annexes 4 and 5.

8. Organisation of control of implementation of mining rules

This is the responsibility of the Fraud Repression Directorate (DRF) of the Mines Ministry, assisted by the Company of Energy and Mines Control Brigades (the CBCEM, also called "Mining Brigade"), which works in liaison with the police.

- The DRF evaluates applications for the various functions of the mining production and marketing sector. In addition to the identification documents, the DRF carries out a "morality check" on each applicant (by the police force or the Mining Brigade). A dealer who is a Central African national obtains his licence after this check. A foreign applicant must have resided in the Central African Republic for 5 years and have made a minimum property investment of 20 million CAR francs, and to complete the morality check the Central African authorities must check INTERPOL files.
- Dealers are thus required to have their dealer book stamped at the beginning and end of each round by the Mining Brigades, which can also check them on the ground, verify that the quantity of diamonds they carry corresponds to that indicated in their dealer books and purchase notes, and stamp the dealers' books.

The Mining Brigade generally works on the basis of information but also via infiltration in the milieu of dealers and artisanal miners. When fraud is found, products are seized and subsequently sold by auction, with the revenue from the sale going to the state. The latter allocates 60% of the sale proceeds to the public treasury, 20% to the Mines Ministry (DRF) and 20% in the form of premiums to the Mining Brigade units that seized the diamonds.

In 2002 the Mining Brigade impounded a total of 916.69 carats, representing a value of 81.2 million CAR francs. This total accounts for 0.2% of total officially recorded production (about 492 000 carats). The Central African authorities are fully aware that this represents only a small fraction of the diamonds smuggled out of the country, which they estimate at up to 30% of official production. The difficulty in curbing fraud is due to:

- 1- the difficulty of the terrain, the majority of mines being in forested areas which are difficult to access and oversee;
- 2- the ease with diamonds can be concealed;
- 3- the lack of communication means (radios), transport (the Mining Brigade has few vehicles and cross-country motor cycles at its disposal);
- 4- insufficient staff training.

On these various points, the mission wishes to pass on the request for assistance made by the Central African authorities. In particular the training of staff responsible for curbing fraud could be improved via international cooperation, with good results. In airports in particular it should be possible to train staff to improve the detection of smuggled rough diamonds.

9. Control of smuggling

There is no point in hoping that many or most smuggled diamonds could ever be located and seized, especially in a landlocked country like Central Africa with virtually uncontrollable borders. One of the great advantages of the Kimberley Process Certification Scheme is to make it impossible to market these diamonds. With this in mind, it is particularly important to pay very close attention to the consistency of the production statistics of the countries participating in the Kimberley Process with their recorded exports and their geological production potential. Where the available statistics indicate an inconsistency, an on-the-spot investigation should be carried out by experts.

10. Specific legislation for the implementation of the KPCS

The mission having enquired, in accordance with its terms of reference, as to the existence of specific Central African legislation for the implementation of the Kimberley Process Certification Scheme, it was informed that this legislation, which would take the form of a presidential decree, was in the process of being signed. It is therefore not possible at this stage to guarantee that the Central African Republic complies fully with the standards of the Certification Scheme, even if practice as observed by the mission provides the safeguards required by the System.

11. Implementations of the Recommendations annexed to the KPCS

In accordance with the mission's terms of reference, the recommendations listed in Annex 2 of the Kimberley Process Certification Scheme were compared with the internal control system in force in the Central African Republic. The mission found that current rules and practice in the Central African Republic meet many of these recommendations, which do not constitute minimum obligations under the System (see table at Annex 10).

For the European Community, chairing the review mission

(signed)
Jacques Villemain
Conseiller des Affaires étrangères
Mandated by the EC

(signed)
Corrado Pampaloni
acting Chargé d'affaires
EC Delegation in Bangui

For the Republic of Guinea

(signed)
Daouda Kourouma
Ambassador

(signed)
Mohamed Gandéka
Director General of the Bureau
National d'Expertise du Diamant et
Matières Précieuses

For the Republic of South Africa

(signed)
Louis Sele Kane
Chief Executive Officer – South African Diamond Board

For the World Diamond Council

(signed)
Mark Van Bockstael
Chairman – Technical Committee

For the NGOs

(signed)
Alexander Yearsley
Lead Campaigner - Global Witness