

Corporate Social responsibility hearing

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The EU and the Kimberley Process: is the Kimberley Process an example for Corporate Social responsibility?



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In answer to the central question of this meeting: No. The Kimberley Process is *no* example for CSR. It has never been set up to be one. It is a matter of definitions.

- Appreciation for the positive and constructive role the EU has played in the discussion from the very beginning, and for how the Commission as well as some of the MEP's have been very supportive in due course of the process.
- Discussion on the KPCS often limits itself to a technical discussion on the implementation and procedures. But why did NiZA (and other NGOs involved in the conflict diamonds campaign); a former anti apartheid movement and now a developmental NGO striving for democratisation, freedom of expression, socio-economic justice and respect for Human rights in the SADC region, get involved in the Fatal Transactions campaign, and in due course, in the Kimberley Process?
- Logical step from campaigning against companies that supported the South African Apartheid's regime to campaigning against an industry that, deliberately or not, by its activities, instead of contributing to development supported the financing of bloody wars.
- Because of this sense of injustice, we got involved in the Kimberley Process from the very beginning. Constructive engagement together with industry and governments. And together we got very far in a very short time.
- Technical and implementational problems remain; mentioned by previous speakers: as long as there is no independent monitoring and the industry is correctly implementing the chain of warranties, there won't be a trustworthy control system. Diamonds are still smuggled on a large scale, and still find a market, also in Europe.
- But: as a development NGO, smuggling is, of course, not our major concern. What is our anxiety? Again: why did we get involved at all: because we do not want business to fuel violent conflict. *And*, because we want Africa's wealth to be used for Africa's development.

Looking for example to Angola: the situation there *is* worrying. The country knows peace since two years. This means: UNITA rebels to finance the war no longer use diamonds. Diamond areas are under control of the government. No longer conflict diamonds. But, are they contributing to peace and prosperity? Is the KPSC an example for CSR in Angola?

Angolan diamonds: 4 main problems

(in Lunda Norte)

1. Hate-campaign against the Congolese Garimpeiros: In its strive to control the diamond areas, Angolan government has started a campaign against Congolese 'garimpeiros' who are digging for diamonds in the Lunda provinces; chasing them with tens of thousands across the border, using brutal violence. Human rights organisations in the DRC have complained about the deplorable state in which the refugees arrived in the DRC.
2. Access to land: Angolan government is in high speed selling concessions, is trying to get rid of the artisanal miners; enormous territories are sold to foreign companies such as Odebrecht and Transhex; (Endiama keeps a 51% share). Private security companies sweep clean the area, committing human rights violations on a large scale. People that used to inhabit these territories are displaced without compensation. No more access to land, more work. No revenues flow back into the region so far: companies only need few, highly educated, personnel, and no investment in the provinces.
3. Environmental problems: By digging off riverbanks on a massive scale the course of rivers is in some cases completely relocated, erosion, non-sustainable exhaustion of the soil, etc.
4. Transparency/ corruption: Monopolisation of diamond revenues by certain officials. Diamonds have so far pretty much escaped the transparency discussion.

Concluding: CSR diamonds in Angola?

Enormous tension in the region: less work, less land, many refugees, many ex-soldiers, landmines, massive amount of circulating arms, tension vs. foreigners; money going around but nothing flowing back into the region. People start to get impatient. (Kafunfu last week: 15 people killed because the governor wanted to remove the cities' only generator). Explosive situation.

I would not dare to say that diamonds are *not* fuelling conflict in Angola at this very moment.

This is Angola, but in Tshikapa, DRC, the same process is going on, Amnesty International has shown that in the mines of Mbuji Mai grave Human Rights violations take place, and in Sierra Leone local NGOs are raising alarm because Koidu Holdings Ltd is bypassing regulations to begin blasting a kimberlite mine in Sierra Leone, forcibly resettling citizens and negatively affecting their health and the environment.

Conclusion

"The EU will actively work towards finding means to suppress illegal exploitation of natural resources which contribute to the eruption, escalation and continuation of violent conflict" (Council common position on conflict prevention in Africa, May 2001)

We: NGOs, governments, and the industry have come very far in a relatively short time, in our joined struggle against conflict diamonds. If implemented and monitored properly by all parties, the KPCS can be an instrument for development and reconstruction- by drying up

funds for purchasing weapons by fighting smuggling, raising tax revenues for legitimate governments and, as statistics need to be registered, enhancing transparency.

Of course this needs to be completed, to make sure the KPSC is as strong an instrument as possible. A lot of work remains to be done. In this process we will be watchdogs. And we hope the European Parliament and the Commission will keep on supporting a strong certification scheme. This would include giving technical support to those Southern diamond producing countries that are committed to implement the KPSC, monitor compliance, and punish non-compliance within Europe.

But, is the KPSC a model for CSR?

I hope to have illustrated why not. The big question is what you certify. The certification of diamonds as 'non-conflict diamonds (= not funding rebel groups in their war efforts) ', does not automatically imply that diamonds play a positive role in post-war development and reconstruction, and no longer risk to fuel bloody wars.

To ensure that the diamond industry is really a 'force for good'; more needs to be done. For a coherent policy, the conflict prevention discussion needs to be integrated in the CSR policy debate. The EU, and the diamonds industry itself, being ahead of any other industry in the discussion on 'the role of business in conflict situations', as well as the NGOs, have an important role to play in this.

6 recommendations

1. The EU should review lessons learned one year on from the implementation of the KPSC and draw conclusions on the potential for certifying other commodities, such as timber. Considering the relevance of the KPSC for reconstruction, transparency and conflict prevention, the EU should give priority to technical assistance to those countries that wish to decently implement the KPSC.

Question: why has none of the LDCs in the KPSC yet made use of the opportunity to apply for EDF-funding for technical assistance as provided for in a joint statement to the Council?

2. Revenue transparency: All the attention goes to petrol in the EITI discussion, but it was originally meant to enhance transparency in all extractive industries. In the EITI discussion the EU should equally direct to the importance of money flows in the sale of diamond concessions and the need for revenue transparency in this branch.
3. International diplomacy. Hold the Angola government accountable for human rights violations and lack of transparency. (donor conference)
4. On the problems with security forces and human rights violations: The EU should put pressure on South Africa and Angola to join the Voluntary Principles on Security and Human rights; The diamond industry, notably de Beers, being an example in many ways, should consider joining as well.
5. Emphasising the role of Civil society in diamond producing countries :

- The EU should support Civil Society organisations in diamond producing LDCs in order to enhance their capacity to scrutinise governments and companies on their revenue management and human rights accounts
- Diamond companies should engage in a continuing dialogue with local Civil society organisations about the impact of business activities on their livelihood and the local/national peace building process.

6. A more general point on regulating business in conflict prone situations: The EU should promote the development of guidelines for European TNCs operating in 'conflict prone zones' to ensure that they maximise their potential to contribute to peace and stability and be a 'force for good', instead of contributing to conflict.