

Kimberley Process

Project Summary

Nearly 10 years ago, the United Nations General Assembly passed a resolution supporting the creation of an international certification scheme for rough diamonds to ensure that the money generated from diamond exportation wasn't financing violence and other illicit activities. That resolution became the [Kimberley Process](#) Certification Scheme, and implementation of its rules started in 2003. Since that time, 75 countries, represented through 49 members, the World Diamond Council, representing the international diamond industry, and civil society organizations, such as Global Witness and Partnership-Africa Canada (PAC), participate in this process, representing approximately 99.8% of the global production of rough diamonds.

Project Description

Historically, efforts to maintain secrecy and control diamond sources, coupled with the high value of diamonds and weak governments, have led to conditions in some jurisdictions where diamond mining and trading was associated with human rights violations. By the late 1990s, NGOs including PAC, Global Witness and Amnesty International were leading efforts to respond to these abuses with a certification scheme—which became known as the Kimberley Process (KP), because the meetings were held in Kimberley, South Africa.

KP was formed in 2000 through a UN resolution in an effort to regulate the diamond supply chain and ensure compliance with human rights standards by seeing to it that diamonds were not being sourced from conflict regions. Implementation began in 2003, and since that time, participation has grown to 49 members representing 75 countries, the international diamond industry represented by the World Diamond Council, and civil society organizations, such as Global Witness and Partnership Africa Canada. This group represents approximately 99.8% of the global production of rough diamonds.

For a country to become certified under KP, it must enact national legislation and create institutions which impose export, import, and internal controls. Participating countries must ensure that any diamond originating from the country does not finance a rebel group seeking to overthrow a UN-sanctioned government, that a KP certificate accompany exported diamonds, and that countries do not import diamonds from non-member countries. There are minimum requirements that must be met to certify the origin of all rough diamonds, one of which is a transparent reporting process. This begins with the certification of the raw diamonds prior to export, and includes a documented chain of custody throughout the supply chain that guarantees the gemstones are conflict-free. Another requirement is that KP-certified participants agree to trade only with other certified participants. Furthermore, certified members must produce annual reports documenting statistics of diamond production and export, and they agree to periodic "review visits" to ensure compliance with requirements.

KP is chaired by participating countries, with responsibility rotating among the members. They hold large, bi-annual meetings which are attended by members and observers, and there are also smaller committees and working groups which meet on a more regular basis throughout the year.

While civil society organizations have been generally supportive of KP and its benefits, they have struggled over the years with its shortcomings—as an organization of participating countries it must rely on those countries to self-police members. Many NGOs see a series of less-than-satisfactory [results](#) on this score. Recently KP was put to the test as it considered a ban on diamond exports from Zimbabwe. While KP found “non-compliance” in Zimbabwe, the KP was only able to agree to monitor future performance in Zimbabwe rather than the suspension called for by NGOs such as Human Rights Watch. The KP Working Group on Monitoring developed with Zimbabwe a Joint Work Plan, effectively establishing performance-based improvement measures to be taken on by Zimbabwe as remediation for documented operating deficiencies. Future reviews will evaluate progress on implementation of the terms of the JWP.

While KP offers a form of certificating designed to support consumer confidence, it does not have a literal chain of custody but rather is built on a system of warrants or certifications as diamonds move through the supply chain. As such, it is sometimes called “soft law.” It is also a voluntary, non-enforceable agreement among governments rather than a voluntary market-based system. However, it does rely on market and public pressure to make it work.

The effort to include government directly in this system is most likely due in large part to the particular challenge associated with conflict and human rights abuses. Voluntary, non-governmental, certification systems tend to be associated with social and environmental (or even product safety) benefits rather than assurance of adherence to fundamental human safety and rights.

It is worth noting that the jewelry sector had much at stake with regard negative perceptions associated with conflict around diamonds and was highly motivated in its response. Prior to enactment of KP, some retailers began to source from operations in developed countries where diamonds could not be labeled “conflict” or “blood” diamonds.

Nature of Supply Chain

Diamond mining can occur on a large scale through pits or underground mines or through placer mining of alluvial deposits in stream bed sediments. The supply chain for diamonds is fairly complex and informal with regard to artisanal and small scale mining (ASM) operations. This is particularly true where government institutions are weak or corrupt. With regard to large scale operations in countries with regulatory capacity, the sector is more transparent and formal. In addition to industrial value as part of industrial cutting tools, diamonds are valued by society in jewelry and sometimes as investments.

As a product, whether for jewelry or industrial purposes, diamonds remain in their original, component form, as opposed to metals which often lose their provenance in processing and can be re-melted. This is particularly true for larger, more valuable diamonds. Smaller diamonds have less value and are harder to track individually. Today, the market for diamond jewelry is lower than in recent years due to the global recession.

Large scale diamond mines face environmental and social challenges similar to those for large-scale metals mining including impact on water, the environmental footprint and social license. ASM mining can be unregulated with regard to local impacts presenting challenges such as cumulative impact, lack of reclamation, impacts on streams and child labor issues. However, recent years have seen movement toward [ASM and small-scale](#) but mechanized mining that seeks to offer social and environmental value and benefit

Analysis

Supply Chain Complexity –Steps (*Complex in Terms of Materials Flow*)

The supply chain for diamonds is generally complex due to the number of transactions between mining, sorting, cutting and polishing, jewelry manufacturing, and retail. The Kimberley Process, with its Chain of Custody certificates, seeks to make the transitions between these steps more transparent. The sector is more complex with regard to ASM operations.

Formalization of Sector (*Formal for large-scale mining, Informal with regard to ASM*)

The supply chain for diamonds from large scale mining initiatives is typically very formal. The ASM sector is typically less formalized than the large-scale mining sector, particularly in regions with weak or unstable governments.

Material Processing, Coherence (*Coherent for Most Producers*)

While diamonds maintain their physical coherence, tracing artisanally produced diamonds from mine to export is nearly impossible in most countries at the moment. Beyond the export point, artisanally mined diamonds become indistinguishable from diamonds mined industrially and go through the same processing and trading mechanisms.

It is worth noting how the Kimberley Process Certification Scheme addressed the issue of mixing in diamond trading. In the KPCS, shipments or parcels of diamonds – all with the KP Certification – are mixed and re-sorted along every step of the supply chain. A warranty statement that a (newly sorted) parcel is conflict-free is re-issued with every trade along the supply chain, up to (but not including) the consumer. The KP is not a point of origin scheme for single diamonds or even parcels, it is a ‘conflict-free’ warranty that aims to differentiate legitimately traded diamonds from those entering the supply chain informally from conflict zones.

Significant in Product Composition (*Significant %*)

Diamonds are sold as a coherent product or as a visible part of jewelry pieces.

Issue/Source Geography (*Typically Relevant*)

While the geography is not a precise overlap, conflict metals are sources from many of the same unstable regions as diamonds.

Stage of Development, Maturity (*Full Implementation*)

Standards and regulations have been in place since 2003. In 2006, there was a review conducted of the process. Significant learning is possible, particularly given the issue and geographical overlap with conflict metals. One area of learning should be the effectiveness of a government certification system and whether it is effective when sanctions are necessary.

Nature of Governance (*Multiple Governments, With Multi-Sector Support*)

The Kimberley Process has members from government with industry and civil society participating as observers.

Standards Breadth or Focus (*Single Issue, With Company with Stakeholder Input*)

The standards and requirements for participating members address the issues of conflict and human rights abuses related to mining and trading in diamonds.

Nature of Standards/Program Development (*Multi-Sector Participation*)

Until recently, KP had significant support and buy-in from business leaders and civil society. Today the system is being criticized—which means that stakeholders are unhappy and that they are also campaigning to protect the KP system.

Approach to Verification (*First Party, with Mechanisms for Multi-Party Accountability*)

Member countries and those countries seeking certification self-report their compliance. They are then subject to reviews by working groups established by KP. In essence, the participating governments can agree to review member compliance if they so choose. This process is open to pressure from NGOs and other external actors.

Despite periodic review visits to ensure accuracy of reporting and monitoring, it is this self-reporting and review that critics highlight most for the failures of the KP.

Key Findings

The political will that led to the creation of KP was likely due to the direct threat to a core attribute of the diamond industry—the emotional and personal value that the public places on diamonds.

KP may represent the necessity of a government role in addressing fundamental issues of safety and human rights. The KP model, or a version of it, may be useful with regard to “conflict” metals issues. At the same time, as an agreement of governments, it is often difficult for governments to sanction one of their own, particularly using a consensus decision-making model. KP’s success is mixed in this regard.

KP is currently at a ripe moment for learning as to whether systems like this are viable—with NGOs and business leaders criticizing its lack of willingness to sanction clear violations. On the other hand, in criticizing KP, stakeholders are signaling the value they see in this type of institutional structure.