SANCTIONS AND ORGANIZED CRIME INITIATIVE: 2024 SERIES

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A BLUNT TOOL FOR A DELICATE TASK

THE KIMBERLEY PROCESS AND ILLICIT MARKETS IN THE CENTRAL AFRICAN REPUBLIC

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MARCH 2024

ACKNOWLEDGEMENTS

The author would like to thank the experts and practitioners in Central African Republic and elsewhere who took the time to contribute their expertise to this report. Thanks are also extended to Lucia Bird Ruiz-Benitez de Lugo, Matt Herbert and Marcena Hunter for their valuable guidance and feedback.

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GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME

FROM VISION TO ACTION: A DECADE OF ANALYSIS, DISRUPTION AND RESILIENCE

The Global Initiative Against Transnational Organized Crime was founded in 2013. Its vision was to mobilize a global strategic approach to tackling organized crime by strengthening political commitment to address the challenge, building the analytical evidence base on organized crime, disrupting criminal economies and developing networks of resilience in affected communities. Ten years on, the threat of organized crime is greater than ever before and it is critical that we continue to take action by building a coordinated global response to meet the challenge.

EXECUTIVE SUMMARY

The past two decades have seen a substantial rise in awareness of how illicit economies intersect with instability and the many ways they can empower conflict actors. This has been most evident with regard to natural resources, particularly in the extractive sector. Investigations into 'conflict diamonds' that helped to finance rebel activity in Sierra Leone, Liberia and Angola in the 1990s and early 2000s galvanized both research and policymaking into conflict financing through natural resources. Both campaigners and researchers have maintained a strong focus on these issues since, with timber,[1] gold,[2] cobalt,[3] coltan,[4] charcoal[5] and oil[6] all scrutinized for the ways in which they intersect with armed groups, internal conflicts and cross-border criminality. Although extractives have been the dominant focus of many campaigns (and tend to attract higher levels of public attention given their link to consumer markets), more recent studies have highlighted the key roles that other markets and activities, such as cattle[7] and taxation through roadblocks,[8] play in armed group financing.

One type of effort that has been used to try and counter the exploitation of minerals sectors by conflict actors is trade regimes, which fall within the broader rubric of economic sanctions. Trade regimes in this context are designed to regulate the supply chains that furnish licit markets to make sure minerals that may have benefitted conflict actors are not purchased by or through the formal sector. One of the most famous examples of such a regime is the Kimberley Process, which aims to prevent conflict diamonds from reaching licit markets.

According to the Kimberley Process, conflict diamonds are 'rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments'.[9] This definition is a product of its time. The Kimberley Process came into force in 2003, in the wake of influential awareness-raising campaigns by NGOs such as Global Witness, which documented the extent of armed group financing from alluvial diamonds in conflict zones such as Angola and Sierra Leone.[10] At the time of its creation, the Kimberley Process was feted as a unique partnership between governments, civil society and the private sector.[11] It has also been credited (including by diamond industry sources) as having substantially reduced the proportion of conflict diamonds sold in the formal sector – reportedly reducing conflict diamonds as a share of all diamonds sold there from 4% to 1%.[12]

The prominence of conflict diamonds as a security issue has diminished in recent years. This is partly because contemporary rebel movements do not exploit or rely on alluvial diamonds to the same degree as their counterparts in Angola and Sierra Leone did in the past, a fact that some observers partially attribute to the Kimberley Process.[13] It is also because there is a perception that the Kimberley Process,

A dealer inspects diamonds in the Central African capital of Bangui. The Central African Republic is a major source of alluvial diamonds, which are exploited by armed groups. *© Siegfried Modola via Getty Images*

along with other diamond industry initiatives, has largely resolved the issue of conflict diamonds being sold to unknowing consumers in formal markets.[14]

However, the Kimberley Process and its impact has been controversial since its origin. Tensions between its stakeholders, and particularly between civil society organizations and state representatives, have resulted in ruptures. Intense disagreements were again evident in 2023 with the Kimberley Process Civil Society Coalition, a non-governmental observer organization, walking out of negotiations in November, lambasting the way the process has been politicized.[15] One of the core disagreements over the Kimberley Process is what exactly its purpose is, given that civil society, the diamond industry and member states – the three stakeholder groups that make up the institution – have diverging priorities. In the Central African Republic (CAR) in particular, where there is an extremely small formal diamond sector for the Kimberley Process to try and regulate, it must be questioned whether the trade regime is fit for purpose.[16]

The CAR is an important case study in this regard, in several respects. Its post-independence history has been vastly shaped by armed groups and rebel movements. Indeed, such groups have been responsible for several transitions of power in the country, and continue to influence the balance of politics and disrupt civilian life today. The CAR is also a significant source of alluvial diamonds, which have, among other commodities, been substantially exploited by armed groups.

Importantly, the CAR is also the site of large-scale illicit trade in minerals, including diamonds and gold. Illicit economies are a growing area of focus among conflict researchers and practitioners, as awareness develops of how they can undercut efforts for peace and security. This consciousness is increasingly evident in the language of sanctions regimes focused on the CAR, especially the UN's targeted sanctions programme. The preamble to the sanctions regime renewals in 2022 and 2023 contained new language on illicit economies, including a paragraph noting:

> Condemning cross-border criminal activities, such as arms trafficking, illicit trade, illegal exploitation, and trafficking of natural resources, including gold, diamonds, timber, and wildlife, as well as the illicit transfer, destabilizing accumulation and misuse of small arms and light weapons, that threaten the peace and stability of the CAR.[17]

This growing recognition of the destabilizing effects of illicit economies is positive. The extent to which existing sanctions in general, and trade regimes in particular, are able to reckon with illicit economies is debateable. In the CAR, where there is an extremely small formal diamond sector for the Kimberley Process to regulate, it must be questioned to what extent the trade regime is fit for purpose.

The year 2023 marked 10 years of the CAR having been suspended from the Kimberley Process, in order to stem trade in conflict diamonds from the country. This is an important moment to reflect on what effect(s) the Kimberley Process is creating in the CAR, whether its systems are grappling with the challenge of illicit networks, and how its impact aligns with broader goals of peace and security in the CAR.

This report seeks to assess the extent to which the Kimberley Process has shaped the CAR's diamond market, whether its suspension of the CAR has helped to sever the link between diamonds and conflict actors, how this has affected artisanal mining, and how illicit economies have adapted to, and been shaped by, the suspension. This report is part of a series of publications by the Global Initiative Against Transnational Organized Crime (GI-TOC) focused on targeted sanctions and their use against criminal actors. Two global policy reports consider the history of targeted sanctions and offer a framework of objectives for their use against criminal networks.[18] This report is one of a series of country case studies examining targeted sanctions in practice and the ways in which they have influenced, and been undercut by, illicit activity. The focus of this report is on the Kimberley Process trade regime, and as such it does not examine in detail other sanctions regimes in the CAR, including UN targeted sanctions.

Definitions

Conflict diamonds: 'Conflict diamonds means rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognized in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future.' [19]

Conflict financing: 'Conflict financing is defined here as activities or relationships that generate revenues for armed groups or parties to a conflict.' [20]

Illicit economies: 'Illicit economies include all markets in which there is illegality, whether that be in the sourcing or production, transport, sale or diversion of commodities from legal to illegal channels.' [21]

Sanctions regime: 'A series of sanctions issued under a discrete law, official directive, or security council resolution, focused on either a specific country or particular thematic issue.' [22]

Methodology

This was a qualitative research project that drew on a range of primary and secondary data. Fourteen long-form, remote interviews were conducted with various sources. These sources included former members of the UN Sanctions Committee and Panel of Experts, mining experts, journalists, civil society activists and private sector representatives. Academic and grey literature was reviewed, as were relevant sanctions reports and legislative documents. The work also draws on broader background research and analysis conducted by the GI-TOC on transnational organized crime and the related use of sanctions.

THE EVOLVING ROLE OF DIAMONDS IN THE CAR CONFLICT

The genesis of the current conflict in the CAR, in the late 1990s and 2000s, emerged at a time of heightened discourse around 'conflict minerals', and increasing international pressure to prevent armed groups from using natural resources to finance themselves.[23] The CAR was a prescient example of this concern, given armed groups' widespread use of diamonds and gold for revenue.[24] However, circumstances in the CAR have also repeatedly challenged the Kimberley Process's conceptualization of 'conflict diamonds'.

1993–2012: Prelude to the current crisis and dilemmas for the Kimberley Process

In the wake of its independence from France in 1960, the CAR's politics were volatile and characterized by multiple coups, authoritarian leadership and human rights abuses. However, in 1993, elections were held that ended the term of the incumbent military government of André Kolingba, electing Ange-Felix Patassé, a former prime minister under the former military leader and self-styled emperor Jean Bedel Bokassa. Despite several coup attempts, Patassé won a second election in 1999. This election, and Patassé remaining in post, would not have been possible without a combination of French military presence and an initial peacekeeping force: the UN Mission in the Central African Republic (MINURCA), a fusion of UN troops and troops from an inter-African stabilization force previously deployed at the request of Patassé in March 1998.[25]

In 2003, François Bozizé, Patassé's former army chief of staff, mobilized an insurgency and installed himself in power in Bangui, with substantial support and troops from neighbouring Chad. Bozizé's victory did not calm the situation in the CAR; shortly afterwards, the forerunners of the Séleka movement began mobilizing fighters into several armed groups. However, the change of power also presented a dilemma for the newly formed Kimberley Process.[26]

The CAR was an early and complex test for the Kimberley Process.[27] Bozizé's rebel forces had indeed exploited diamonds prior to taking Bangui in 2003. However, given that Bozizé had successfully captured Bangui and installed himself as president, he was no longer the leader of a 'rebel movement', and so the diamonds his troops had exploited – at least within the confines of the Kimberley Process definition – were no longer conflict diamonds.[28] The CAR was suspended from the Kimberley Process for two months as a temporary measure. Despite civil society pressure, the CAR was reinstated as a compliant member in June 2003 following a fact-finding mission from the Kimberley Process, which had received Bozizé's assurance that he would prioritize keeping conflict diamonds out of the export market.[29]

However, armed groups soon began coalescing to oppose Bozizé and continued to draw revenue from diamonds as they did so. These armed groups included the Army for the Restoration of the Republic and Democracy (ARPD) and the Union of Democratic Forces for Unity (UDFU). The UFDU presented a further challenge for the Kimberley Process. Despite signing an agreement with Bozizé to demobilize in 2007, they continued armed rebellion and profiteering from artisanal diamond mining in north-eastern CAR.[30] However, Bozizé remained keen to avoid suspension so as not to deprive his government of diamond export revenue, and continued to deny conflict diamonds were a problem in the country. Diamonds from across the CAR continued to be exported with no restrictions.[31]

A Séléka fighter near Bambari. Diamond and gold mining sites, being clusters of movement and economic activity, are highly prized by armed groups. © *Pacome Pabandji/AFP via Getty Images*

2013–2014: Séléka's takeover, sanctions and the Kimberley Process suspension

The dilemma for the Kimberley Process of what to do when a rebel group takes power resurfaced in 2013. Michel Djotodia emerged as leader of an armed group called the Union des Forces Democratiques pour le Rassemblement (UFDR) in 2009.[32] UFDR reportedly capitalized on Chadian frustration with Bozizé, this time for his attempts to undermine French and Chadian influence in the CAR through other military cooperation agreements, including with South Africa.[33] In December 2012, Djotodia restyled himself as the leader of a coalition of anti-Bozizé fighters called Séléka. Other armed groups joined Séléka, including those led by leaders who had been designated under the UN CAR sanctions regime, such as Abdoulaye Hissène and his Convention of Patriots for Justice and Peace (CPJP). A number of Chadian 'career rebels', mercenaries and local militias also joined Séléka. This disparate force advanced on Bangui in 2012, with Djotodia seizing power in March 2013.[34]

Djotodia, however, was unable to control the militias within Séléka, many of whom rampaged through Bangui and engaged in opportunistic violence and looting. Both this violence and Séléka's presence around the country spurred the creation of counter-militias, known as anti-balaka, who saw themselves as Christian southerners defending their communities from invading Muslim northerners, or 'foreigners'.

Although the Séléka group proved short-lived and unstable, formally disbanding in September 2013, commanders promptly leveraged their power to take lucrative positions in gold and diamond mining hubs. For example, Global Witness documented the story of 'General' Nama, a Séléka commander who took over a diamond *bureau d'achat* (buying house)[35] in south-western CAR in 2013, where he reportedly forced miners to sell diamonds to him at a fraction of their value. He also started issuing 'permits' for those wishing to mine in exchange for substantial payments.[36] Noureddine Adam, then head of intelligence for Séléka and a future target of UN sanctions, reportedly also asked Djotodia to standardize taxes on diamond mining to ensure Séléka received consistent diamond revenue from taxation.[37]

The CAR was first temporarily suspended from the Kimberley Process in May 2013 until the following plenary meeting, and then fully suspended in the wake of the plenary meeting that took place in June 2014. The resolution noted that international diamond shipments from the CAR had taken place during the temporary suspension, and thus the situation in the CAR threatened 'the integrity and credibility of the Kimberley Process Certification Scheme'.[38] The UN implemented its targeted sanctions regime and mandated a Panel of Experts, whose reports have made significant contributions to the knowledge base on armed groups, natural resources, diamonds and illicit economies in the CAR. The UN also set up a peacekeeping mission, the Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA), which was first deployed in 2014.[39]

The security situation throughout 2013 was degrading and Djotodia was eventually forced to step down as leader, officially disband Séléka and hand over control to a transitional government.[40] The transitional administration of Catherine Samba-Panza took over in January 2014. What remained of Séléka retreated northwards, threatened by anti-balaka militias.[41]

2014–2023: New armed groups, new presidents and new presences

Shortly after their expulsion from Bangui, new rebel groups began mobilizing around former Séléka commanders, as well as prominent anti-balaka leaders, all of them aiming to monopolize lucrative tracts of territory, and eventually access a degree of political power. All of these armed groups used checkpoints to tax civilians. Gold and diamond mining sites, being clusters of movement and economic activity, were highly prized by armed groups.[42] Even if they did not directly mine the diamonds or gold themselves, many groups sought to profit from the mines by taxing movement in and out of them.

Some tentative markers of stabilization emerged over the next three years. In 2015, the Bangui Forum – an event organized by the transitional government – assembled 700 leaders from various members of civil society, political groupings and the private sector, in order to discuss the future of governance in the CAR. The forum also led to a pledge from 10 former Séléka and anti-balaka groups to disband and commit to a disarmament, demobilization and reintegration (DDR) process.[43] A referendum on a new constitution was organized in December 2015, which passed and paved the way for elections. Faustin-Archange Touadéra was elected and sworn in as president in March 2016.[44]

The years 2015 and 2016 saw a partial lifting of the Kimberley Process suspension. In July 2015, the five sub-prefectures of Mbaïki, Gadzi, Boganangone, Boganda and Berberati in the south-west of the CAR were allowed to legally export diamonds, given the relative strength of state control in these areas.[45] Boda, Carnot and Nola, also in the south-west, were cleared to export in September 2016.[46] This was an unusual step for the Kimberley Process, which does not typically permit partial liftings of a suspension.[47] However, it was motivated by the recognition that diamond mining, particularly in south-western CAR, was critical to the local economy and to livelihoods. The process relied on an operational framework that was envisaged to apply stringent checks to diamonds being exported from government-controlled areas.[48] In practice, this did not simply pave the way for a reintroduction of the formal market, as this report will explain.[49]

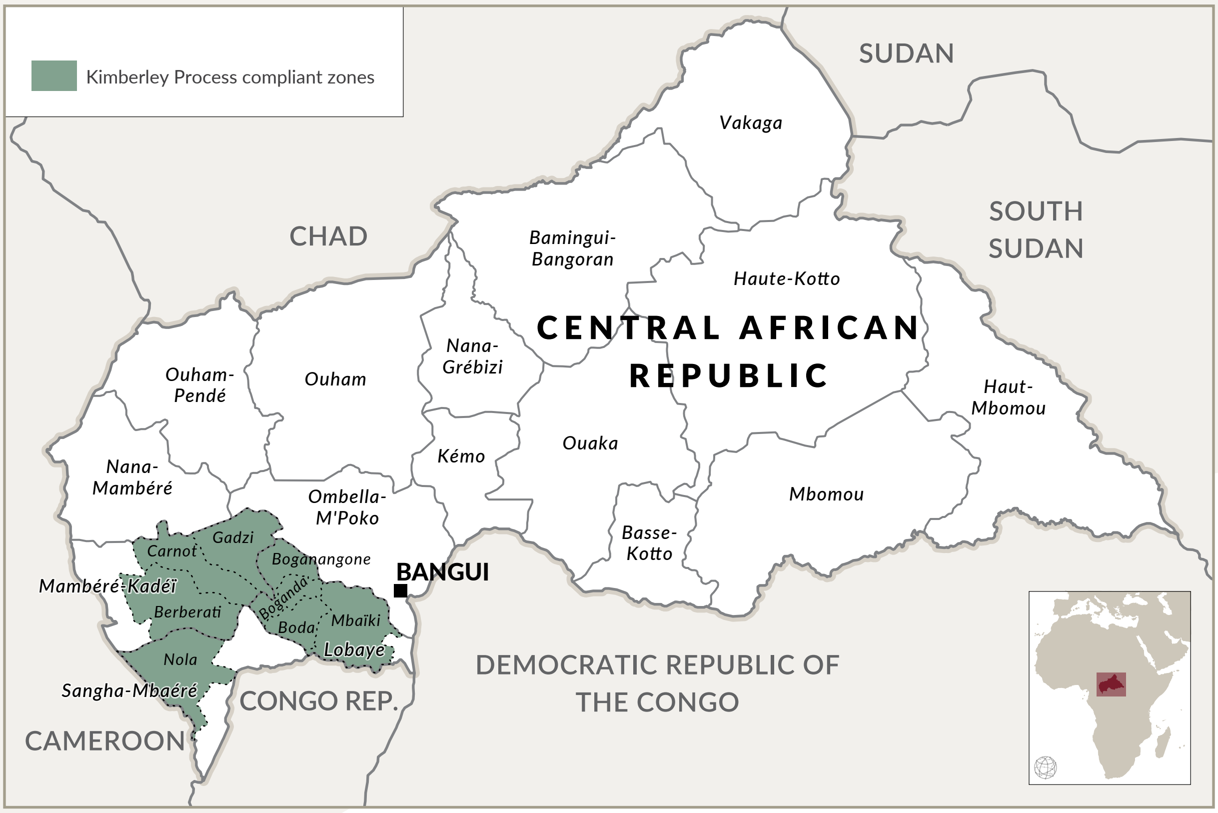

FIGURE 1 Kimberley Process compliant sub-prefectures in the Central African Republic.

A new wave of geopolitical tensions began to impact the CAR's security and politics in 2017. Within the UN Security Council (UNSC), France attempted to respond to President Touadéra's criticism that the UN arms embargo was stifling the Forces Armés Centrafricaines (Central African Armed Forces, FACA), by diverting arms seized in Somalia (also under an arms embargo) to FACA. Russia vetoed the resolution, and so France encouraged the CAR regime to engage with Russia bilaterally to overcome their resistance. Instead, in October 2017, after a meeting between Central African and Russian delegations in the Russian city of Sochi, Russia volunteered military instructors from the Wagner mercenary group to boost the capacity of FACA, and also offered to facilitate weapons transfers to the CAR. Discrepancies between the stated role and number of Wagner instructors being deployed, and their numbers and activity in practice, became a persistent source of tension between Russia and the P3 (the United Kingdom, United States and France).[50]

Russia also brokered talks in Khartoum between Séléka and anti-balaka leaders. At the same time, an African Union-led peace agreement with 14 of the largest Central African armed groups was being negotiated.[51] Western states on the UNSC began expressing disquiet about Russia's unilateral actions in the CAR, which – according to UNSC records from 2019 – was resented by Russia, whose representatives felt they had not received due credit for their efforts.[52]

In the end, the African Union's peace agreement, known as the Khartoum Agreement, was signed in May 2019. However, it began to break down almost immediately, as armed group leaders jostled for greater influence and sought to retain their control over lucrative portions of the CAR's territory. Despite the setbacks, Touadéra's confidence was growing thanks to increasing support for his regime from Russia.

President Touadéra during a military parade celebrating the anniversary of the Central African Republic's independence. The country's post-independence history has been shaped by armed groups and rebel movements. © *Barbara Debout/AFP via Getty Images*

Wagner forces made attempts to persuade senior armed group leaders to back Touadéra's re-election in 2020, but these failed, and in January 2021 a new rebel coalition attacked Bangui. This was the Coalition des Patriotes pour le Changement (CPC), led by Francois Bozizé from his exile in Chad, and consisted chiefly of the UPC; Return, Reclamation, Rehabilitation (the 3R); and anti-balaka factions.

Fought off by FACA, Wagner, MINUSCA and Rwandan forces, the CPC retreated. However, the lull in CPC activity seen in 2021 proved temporary, with its component groups becoming more active in 2023, both in terms of clashes, but also in illicit activity, including more violent forms such as kidnap for ransom.[53] The 2020 CPC offensive led Wagner to adopt a more explicitly belligerent role in the CAR, which the group has maintained since. Wagner forces continued to undertake regular joint patrols with the FACA and became implicated in widespread human rights abuses.[54] They have also become increasingly engaged in a range of businesses in the CAR, particularly natural resource exploitation.

A former member of the UN Panel of Experts on the CAR said: 'Their [Wagner's] attitude is that they have put a lot of money into stabilizing the country and they are going to make it back by any means necessary. They want a monopoly.'[55]

The future of Wagner's role in the CAR became less certain in the wake of the death of their leader Yevgeny Prigozhin in August 2023. The Russian state has largely assumed control of Wagner's operations and, at an official level, rebranded the group as the Russian state's official Africa Corps. This, along with Wagner's known role in exploiting CAR's diamonds, has triggered further debate on whether the Kimberley Process was fit for purpose in the CAR, this time focusing on the role of natural resources – including diamonds – in financing the Russian state, enabling sanctions evasion.[56] As at the time of writing, the Kimberley Process continued to exclude state actors from its definition of conflict diamonds.

UNDERSTANDING THE PURPOSE OF SANCTIONS REGIMES: SANCTIONS, TRADE REGIMES AND THE KIMBERLEY PROCESS

Although sanctions regimes are often framed in maximalist terms, and announced with language that suggests profound ambition, the expectations of those creating the regimes are often more modest in practice.[57] Influence, rather than control, is often the aim.

Recent work by the GI-TOC on sanctions regimes noted a growing focus on illicit economies and criminal actors since the turn of the century, including within sanctions regimes nominally focused on conflict.[58] This GI-TOC research developed an analytical framework for analyzing the impact of sanctions at two distinct levels: 1) the strategic goal of sanctions regimes or linked sets of designations (disrupting, shaping and revealing); and 2) the designation objectives of individual listings (coercion, constraint and signalling) (see Figure 2).

Notably, this framework diverges from traditional analytical approaches to assessing the impact of UNSC targeted country-focussed sanctions regimes, which have predominantly concentrated on conflict or state actors, and have retained a focus on coercing, constraining and signalling at a regime-level.[59]

Applying this framework to trade-based regimes – in the case of this report, the Kimberley Process and the workings of the Kimberley Process Certification Scheme[60] – the relevant level for analyzing impact on illicit markets is that of strategic goals since specific targets are not designated. The Kimberley Process Certification Scheme is described as 'the core of [the trade regime] [...] under which States implement safeguards on shipments of rough diamonds and certify them as "conflict free"'.[61]

The strapline objective of the Kimberley Process, as described on its website, is 'preventing the flow of conflict diamonds'.[62] Given that illicit economies are an essential component of the 'flow' of conflict diamonds, at least in the case of the CAR, it can be read that the strategic goals of the Kimberley

Process are to shape the diamond economy and disrupt those parts of it that finance conflict actors. Although the direct target of the Kimberley Process and its certification scheme is the licit diamond market, this has significant ramifications for its illicit corollary. It is against these strategic goals that the effectiveness of the Kimberley Process in the CAR is weighed. This being said, different stakeholders within the Kimberley Process have different objectives, and in practice, these less strategic objectives may be winning out.

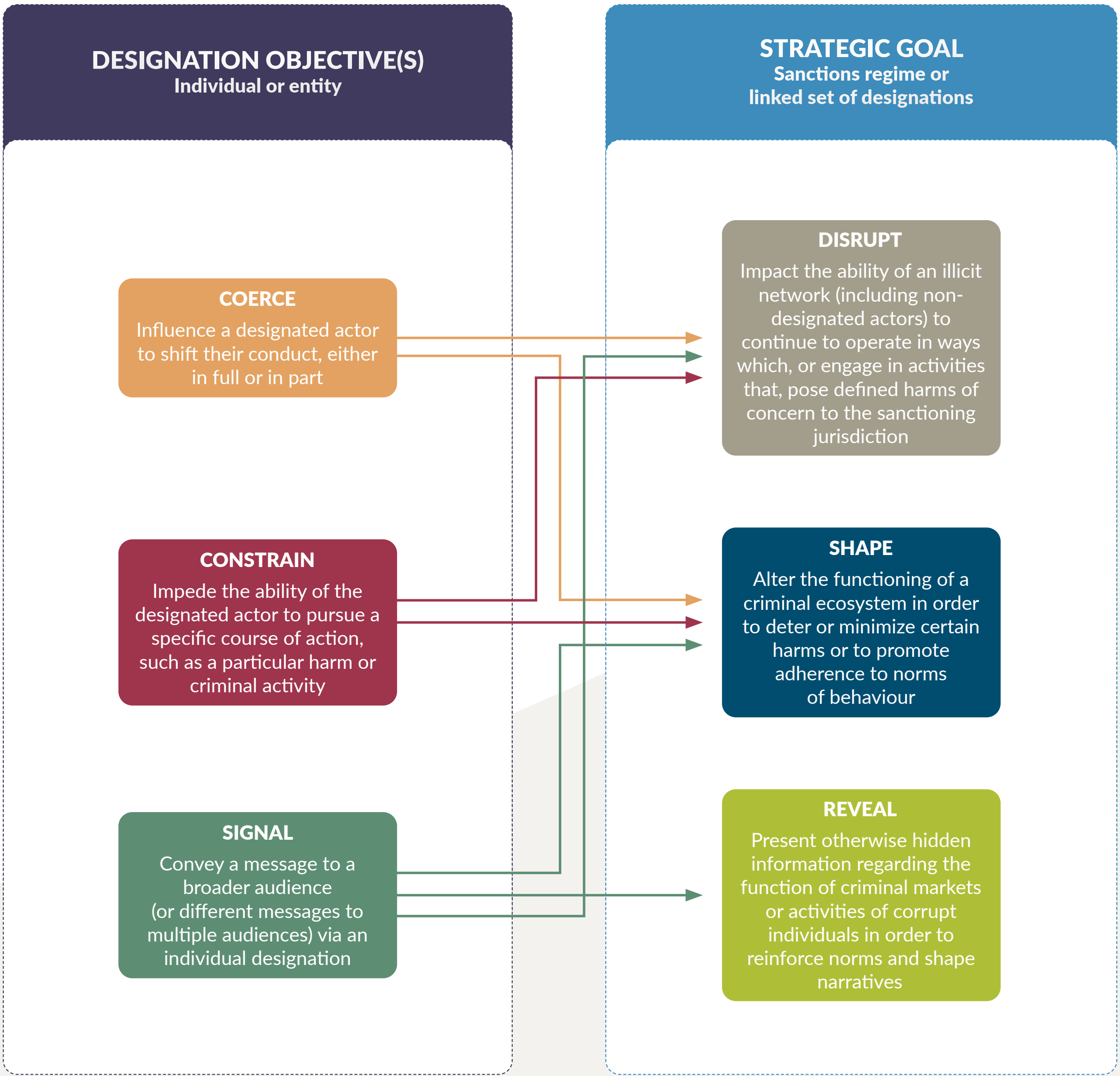

FIGURE 2 Designation objectives and strategic goals of sanctions.

SOURCE: Matt Herbert and Lucia Bird Ruiz-Benitez de Lugo, Hard targets: Identifying a framework of objectives for targeted sanctions on illicit economies, GI-TOC, December 2023, https://globalinitiative.net/analysis/sanctions-organized-crime

Buyers look over diamonds in Tshikapa, south-west Democratic Republic of the Congo. Conflict minerals legislation has aimed to create a 'conflict-free' supply chain rather than create conditions for peace in the source country. © *Lynsey Addario via Getty Images Reportage*

Trade regimes focused on conflict minerals are often accompanied by high expectations of what they will be able to do to advance peace and security. This is partly because of the often crucial role of pressure groups and NGOs in their creation. Trade regimes aimed at preventing conflict minerals from entering the licit supply chain – for example, the US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2012 – were in large part the result of campaign efforts.[63] These campaigns often implied that 'cutting off' a conflict actor's source of financing could facilitate peace-making, or at least limit their ability to keep fighting.[64] However, financially inhibiting a conflict actor is not a substitute for addressing the root causes of conflict, and expectations of what such trade regimes can achieve should be grounded accordingly.[65]

Moreover, the primary aim of the legislation that came of these campaigns was not to create conditions for peace in the source country (e.g. in the case of Dodd-Frank, the Democratic Republic of the Congo – DRC).[66] Instead, the legislation was designed to create a 'conflict-free' supply chain. Conceptually, this was intended to present obstacles to conflict parties – or their allies – liquidating minerals into profits that could be invested in the conflict. Some analyses suggest that this approach makes Western consumers – rather than citizens of conflict-affected countries – the main beneficiaries. Indeed, the full name of the Dodd Frank act suggests this with the words 'consumer protection'.[67]

Defining conflict diamonds: objectives and conflict within the Kimberley Process

In the case of the Kimberley Process, tracing its objectives is complex, given its 'tripartite' structure. The diamond industry and civil society groups are described as 'integral parts' of the Kimberley Process,[68] and can attend plenary meetings as recognized 'observers', although only member states have voting rights.[69] Although the Kimberley Process was hailed as a unique partnership between states, civil society and the private sector, in practice power within it is unbalanced and tilted in the interests of its current 59 member states.[70]

The process came into being in 2003 in Kimberley, South Africa, in the wake of a UN General Assembly resolution calling for a certification scheme for rough diamonds, in order to limit the sale of conflict diamonds. Notably, the diamond industry was supportive of the establishment of such a system in order to pre-empt consumer concern around conflict diamonds, which industry players feared would lead to a boycott.[71] Likewise, as later stated in the Kimberley Process Core Document, states had an interest in preserving the integrity and reputation of the legitimate diamond trade, since that trade 'makes a critical contribution to the economies of many of the producing, processing, exporting, and importing states, especially developing states'.[72] This brought both sets of interests into line with civil society campaigners focused on the issue of conflict diamonds – particularly NGOs such as Global Witness and Partnership Africa Canada, which had investigated the links between diamonds and armed conflict and were demanding greater regulation of the formal diamond trade.[73]

A meeting of diamond producing and trading states in Kimberley, South Africa, home to the world's largest diamond mine, in 2000, marked the beginning of the Kimberley Process. *© DeAgostini via Getty Images*

There is no decision-making body within the Kimberley Process framework, other than each member state being able to cast a single vote.[74] Moreover, the governance of the Kimberley Process emphasizes the need for consensus on any resolution.[75] The advantage of such a structure, it was argued, was to maximize the number of compliant member states.[76] In practice, in the words of a civil society expert who has been part of the Kimberley Process Monitoring Team in the CAR, it inevitably 'biases towards the status quo', since consensus is extremely hard to establish, and change is therefore elusive.[77] (However, consensus has also helped to keep certain restrictions in place, and was an important factor in blocking a proposed increase in the number of Kimberley Process compliant sub-prefectures in CAR.)[78]

This structure also means that both industry and civil society rely on member states' votes to advance their interests. The diamond industry created the World Diamond Council in 2000 to represent its interests during the creation of a diamond certification scheme, and then later within the Kimberley Process structure.[79] Civil society's role is limited to monitoring and the contribution of expert knowledge. Neither civil society nor industry have voting rights.[80]

A key conflict between the three sets of stakeholders party to the Kimberley Process, and in particular between member states and NGOs, lies in the definition of conflict diamonds, which remains the same as when it was founded. This definition states that only diamonds that are financing the activities of 'rebel movements' qualify as conflict diamonds. Interestingly, rebel movements are not one of the defined terms in the definitions section of the Kimberley Process Core Document, although the definition of conflict diamonds indicates that rebel groups are those 'aimed at undermining legitimate governments'.[81] Likewise, however, there is no definition of what represents a 'legitimate government'. The definition of conflict diamonds does not therefore apply to, for instance, states involved in conflict and human rights abuses, even if diamonds are contributing to their war effort.

A diamond processing plant in Zimbabwe's diamond-rich Marange region. Zimbabwe was allowed to remain a Kimberley Process member despite documentation of human rights abuses in the Marange mines. *© Jekesai Njikizana/AFP via Getty Images*

The Kimberley Process also does not regulate ethical standards around diamond production. The controversy in 2011 over Zimbabwe's Marange diamond mines (in which Zimbabwe was allowed to remain a Kimberley Process member despite documentation of human rights abuses in the mines), led to the departure of Global Witness from the Kimberley Process, despite the organization having been a founding partner.[82] Such conflicts between NGOs and member states continued in 2023, with NGOs urging member states to expand the definition of conflict diamonds to include state actors, with Russia's ability to use diamond revenues from the CAR to fund its invasion of Ukraine being the most prescient example.[83]

The Marange diamond controversy: a point of no return for the Kimberley Process's credibility with civil society

In 2008, ZANU-PF military violently took control of the Marange diamond fields in Zimbabwe after a police operation to crack down on illegal mining led to instability and violence. The army operation to retake control of Marange in November 2008 led to at least 107 deaths, according to Human Rights Watch, which documented corpses being taken from the diamond fields to the local mortuary. Other sources report more than 200 people killed. Likewise, several dozen cases of beatings and torture were also uncovered during the operation. After seizing control of the mines, the army was documented using forced labour, including child labour, in diamond mining. Human Rights Watch called for Zimbabwe's suspension from the Kimberley Process, given that Marange diamonds were being exported with lawful certificates. However, Human Rights Watch acknowledged in this demand that human rights concerns were 'implicit' in the language of the Kimberley Process, rather than a formal standard.

In late 2009, Zimbabwe agreed to a number of reforms to ensure that their exports would not be suspended under the Kimberley Process, a so-called Joint Work Plan. In practice, the military retained control of Marange. More strikingly, in November 2011, the Kimberley Process accepted a new deal with Zimbabwe that would not only allow it to continue exporting certified diamonds, but would also – according to Global Witness – strip Zimbabwean civil society observers in Marange of their official status as Kimberley Process Local Focal Points. In December 2011, Global Witness left its official observer position within the Kimberley Process in protest at the decision, and other civil society organizations condemned the decision to continue to permit Zimbabwean exports. This marked a major rupture in the still strained relationship between civil society organizations and the other parties to the Kimberley Process. ■

In practice, the Kimberley Process does not directly target the illicit trade in diamonds, and only indirectly seeks to 'shape' the illicit diamond market. Indeed, there is no mention of either criminal networks or the illicit trade in diamonds in the core document.[84] The Kimberley Process's power lies in compelling its member states to produce legislation and to implement conditions to ensure that conflict diamonds are not exported from their territory. It requires member states to create an exporting authority that will issue certificates of origin and ensure that diamonds are transported within and out of the country in tamper-proof containers.[85] In the core document, such a certificate is described as: 'a forgery resistant document with a particular format which identifies a shipment of rough diamonds as being in compliance with the requirements of the Certification Scheme'.[86]

Theoretically, the workings of the Kimberley Process should help to limit the smuggling and illicit trade of rough diamonds. If a member state experiences conflict and it emerges that rebel groups attempting to overthrow a 'legitimate government' are profiting from a country's diamonds, then that country will be suspended from trading under the Kimberley Process.

However, the Kimberley Process does not regulate illicit trade per se. For instance, from 2005, Venezuela habitually failed to issue Kimberley Process certificates for its diamonds, seemingly because of the decline of state capacity and corruption. This meant that a vast proportion of Venezuelan diamonds were smuggled into Guyana and sold there.[87] However, given that these do not represent conflict diamonds, Venezuela has not been suspended, although it did 'voluntarily withdraw' from the Kimberley Process in 2008 over the controversy.[88] In practice, there is also confusion among stakeholders (including some law enforcement bodies), with assumptions that the Kimberley Process does, in fact, regulate illicit trade in diamonds.[89]

There are two key motivations for diamond-producing states to continue to comply with the Kimberley Process.[90] The first is to protect the reputation and viability of their diamond exports, given the growing norms of compliance within the diamond industry and the need to avoid tainting the symbolism of diamonds in the eyes of consumers. The second is to maximize their diamond revenues by making it more difficult for rebel groups, or illicit actors more broadly, to sell uncertified diamonds.[91]

Despite the growing challenges to the Kimberley Process's credibility from NGOs, many member states remain reluctant to expand the definition of conflict diamonds and the remit of the Kimberley Process to include a broader range of ethical violations. This is particularly true of diamond-producing countries, which fear their exports may be put at risk.[92] Russia is the latest subject of controversy within the civil society contingent of the Kimberley Process, with NGOs arguing that Russia should not be able to use its diamond revenues to fund the invasion of Ukraine. This exemplifies the risks of retaining a very narrow conception of 'rebel movements' as the only actors that supposedly profit from conflict diamonds, particularly in a global environment where hybrid threat actors are increasingly common and where those hybrid threat actors have criminal tendencies.[93]

As a result of these competing agendas within the Kimberley Process framework, it is perhaps more accurate to say that its 'strategic objectives' – preventing the 'flow' of conflict diamonds, which, by extension, requires shaping and disrupting the illicit diamond trade – are what it is expected to achieve by the UN, civil society and others concerned by the links between conflict and the diamond trade. However, as the case of the CAR will demonstrate again, state and industrial interests – such as protecting the reputation of the diamond market or safeguarding diamond revenues – are much better served by the current Kimberley Process framework than its strategic objectives are.

HOW HAS THE KIMBERLEY PROCESS SHAPED ILLICIT TRADE IN CENTRAL AFRICAN DIAMONDS AND GOLD?

The Kimberley Process suspensions, coupled with an increasingly centralized state export control system, have helped to award a substantial advantage to illicit diamond smuggling networks since the 2013 crisis erupted. Since the Kimberley Process suspension that same year, the CAR's formal trade in diamonds has been slashed, and illicit trade has substantially increased. The CAR declared 365 917 carats of diamonds in exports in 2012.[94] By contrast, in 2022, 118 044 carats were exported.[95] Although this represents a cumulative increase since the suspension was partially lifted in 2016, during which time only 10 653 carats were exported formally,[96] it remains a loss of almost two-thirds of state diamond revenue compared to before the suspension. This section explores the different ways the Kimberley Process has influenced the CAR diamond trade since 2013, as well as some of its unintended consequences.

Licit diamond exports decrease and the illicit market share grows

The suspension of the CAR from the Kimberley Process, followed by the gradual imposition of new Kimberley Process protocols in 2015 to allow partial trading in diamonds, has increased the complexity of the licit export system. It must be acknowledged that the Kimberley Process is not the only force at work in the increasingly complex diamond export process in the CAR; political factors are also at play. Today, Wagner is also apparently attempting to centralize the state's diamond export control process in order to maximize its access to the diamond supply chain. As a former member of the Panel of Experts described:

> For both gold and diamonds, theoretically everything sold legally needs to be processed in Bangui. It's centralized – you have to sell through the government office in Bangui. Which is crazy, because many of the richest areas for mining are a matter of minutes from the Chad, Cameroon or Sudan

> borders, but several hours or even days from Bangui depending on insecurity, roads and so on. So obviously it's far more simple and lucrative to sell across the border. My recommendation to the government would normally be to decentralize the export offices – to have some in major border towns. But Wagner wants them to create a single office (*guichet unique*), and it looks as though the government alone has not had the political vision to try something else.

According to an investigation by All Eyes on Wagner, the Wagner group reportedly has its own connected diamond trading company in the CAR called Diamville.[97] As a result of its political connections, it may benefit from such centralization by being able to select the stones of its choice and export them on favourable terms.

Demonstrators march in support of Russia's presence in the Central African Republic. The brazen relationship between the Wagner group and the Russian state triggered debate on whether the Kimberley Process was fit for purpose in the Central African Republic. *© Barbara Debout/AFP via Getty Images*

How, then, did the illicit market manage to acquire such a substantial share of diamonds after 2013? Diamond smuggling out of the CAR naturally existed before the Kimberley Process suspension. However, the formal export process appeared to capture a much larger share of the Central African diamonds that were mined artisanally prior to suspension in 2013, which was up to 80% of the total diamonds mined in the country.[98] There are various factors that explain this. Understandings of why diamond smuggling dramatically increased after 2013 in the CAR benefits from a closer look at the artisanal mining process and the players involved, not only for diamonds but also for gold. Along with a rise in diamond smuggling in the wake of the Kimberley Process suspension, a rapid rise in gold mining was also observed.

Diamonds had been the dominant mineral mined and traded in the CAR prior to the 2013 crisis, while gold mining had been a more marginal activity.[99] This speaks to the sophistication and complexity of the diamond trading networks before 2013, since rough diamonds are a complex commodity to sell and their value is only acquired through being sent abroad for cutting and polishing. A mining expert, who works for an international development contractor in the CAR on artisanal mining rights, explained the key differences:

> Diamonds are crazy to sell, and there will be no money to pay for it in the field. No one has the money to pay for a 10-carat diamond in the bush. Artisanal miners for diamonds use relationship of trust. They can work for four months without retrieving a single piece. They have to trust someone who's willing to spend his money so artisanal miners can dig for weeks. An artisanal miner keeping a rough diamond has no value, unless your middleman can come and take it, sell it, and then you share.[100]

In sum, selling diamonds typically requires trusted networks, making them a somewhat risky commodity for artisanal miners to deal in. As a result, a key component of a sustainable artisanal diamond mining network is a pre-financier who is willing to safeguard miners' basic needs and invest in the equipment for a dig.

Although there has been very little activity from major international diamond companies in the CAR, there were well-connected, agile Central African diamond buying houses, including Badica and Sodiam, that had been active in diamond producing areas long before the crisis and the Kimberley Process suspension.[101] Their connections with artisanal mining communities, and their role in pre-financing, allowed them to capture a majority of the diamonds available for the licit market. Exact proportions cannot be ventured, but a civil society expert estimated that only around 10%–20% of diamonds in CAR were smuggled out prior to 2013, largely because of the relative strength and connectivity of the buying houses.[102] Some experts believe the proportion of smuggled stones was less than 10%.[103] There are also pre-financing networks active in cities such as Berberati that sell the stones on to the illicit market rather than the formal one.[104] Pre-financiers, including those who sell to smuggling networks, allegedly include civil servants and officials.[105]

Depending on the costs being fronted and the agreement that the pre-financier has with the miners, the pre-financier may then share a portion of the revenue from the diamonds with the miners. However, since diamonds must be sold on the international market to be cut and polished, the sale itself is also a long process. The relationship of trust between the pre-financier and the miners is thus essential.[106]

The 2013 crisis severely damaged these networks of trust that underpinned the diamond trade in the CAR. Many Muslim diamond buyers were displaced to Cameroon during the violence by anti-balaka.[107] Badica, one of the best connected buying houses, was sanctioned by the UN in 2015 for buying diamonds from areas controlled by armed groups.[108] These actors, along with local elites, were those who had pre-financed most diamond mining in western CAR. Although it was not the only factor, the Kimberley Process suspension in 2015 further damaged these pre-financing networks and relationships of trust around diamond mining. A crash in licit demand for Central African diamonds diminished the power of pre-financing networks and the capital they could invest in mining.[109]

Badica, one of the best connected buying houses in the Central African Republic, was sanctioned by the United Nations in 2015 for buying diamonds from areas controlled by armed groups. *© Miguel Medina/ AFP via Getty Images*

Similarly, the mining process for diamonds in the CAR has its own challenges. Diamonds in the CAR are all alluvial,[110] with 80% of these being high-value, gem-quality stones.[111] The CAR's diamond deposits are mostly located in the west around the towns of Carnot and Berberati and in the centre-east (particularly in Sam Ouandja), with smaller deposits also scattered in the north-east. Alluvial diamond deposits can be spread across vast geographic areas, embedded in deposits of sand and clay soils, meaning that the diamonds will not necessarily be clustered together.[112] This means there is a strong possibility of miners digging for weeks or even months in a small area and only finding very small quantities of diamonds or no diamonds at all. Again, this makes the role of pre-financiers critical since someone must offset the risk on the chance of a reward.[113]

Badica: a case study of targeted sanctions

There has been a case of UN sanctions against a diamond firm, that of Bureau d'achat des diamands de Centrafrique (Badica) and its Antwerp-based Belgian sister company, Kardiam. Badica and Kardiam were sanctioned by the UN in August 2015 when investigations by Belgian authorities and the UN Panel of Experts found that diamonds believed to be from mines controlled by armed groups in Bria and Sam-Ouandja had arrived in Antwerp. The diamonds seized by Belgian authorities in Antwerp were rough diamonds that, according to the Kimberley Process certificate accompanying them, had originated in the DRC but been exported via Dubai.[114] Investigators believed that Badica associates had, in fact, purchased them from Séléka-controlled areas and smuggled them out via the DRC and Dubai.[115] Ultimately, Badica and Kardiam were sanctioned purely under UN targeted sanctions, due to their purchases of diamonds that would have financed armed group activity.[116]

There are several interesting implications to draw from this case. First, the Badica example reflects the role of evidence availability in sanctioning. All former members of the Panel of Experts interviewed for this study concurred that Badica was not the only company to have bought minerals from armed groups, but rather that it was the only case where the burden of proof was sufficiently high. Reflecting on the case, a former member of the Panel of Experts said: 'Badica still believes [their listing] was unfair. I thought it was fair as they genuinely were buying diamonds from rebels. They were not the only ones doing this by any means, just the biggest ones.'[117]

However, even sanctioning a single company can help to achieve the designation objectives of targeted sanctions (in this case, signalling and behaviour change). The designation signals to other companies the norm and the consequences of violating it. The designation or threat of designation also led to behaviour change, from both Badica and Sodiam. The same former member of the Panel of Experts said of Badica:

> They were finally delisted, but only in 2021. They agreed to all the commitments we recommended, they agreed to do more CSR [corporate social responsibility], more due diligence training. For Badica, it was years before they were delisted, and not because they weren't trying. I saw the report they compiled about their plans for better compliance, and it was good. So why weren't they delisted faster? Partly because the Security Council thinks that delisting should be linked to progress on the ground, which isn't really the case as far as this goes with Badica. And civil society in the US was also against rapid delisting.[118]

Although the case of Badica has since been resolved and the firm delisted, it also raises important questions around sanctions, the role of the private sector in conflict zones, and how illicit economies may fill the vacuum left. The Badica example shows the limits of the Kimberley Process, in that, once a country is suspended, there is little that it can do as an institution to pursue offenders other than encouraging licit dealing through a functional operational framework. However, it does also point to how targeted sanctions can play a complementary role to suspension by motivating compliance and limiting the flows of private capital to armed groups, particularly where delisting processes can operate effectively. The additional risk, however, is making the CAR or other countries under sanctions regimes undesirable from the perspective of licit businesses, which leaves illicit economies as the only means for trade. The example shows that imprecise instruments such as a Kimberley Process suspension must be accompanied by enforcement mechanisms that are more agile and more targeted. ■

The Kimberley Process suspension of the CAR, along with the damage wrought to these networks, opened a niche for diamond smugglers to increasingly buy directly from miners. This more direct form of purchasing reportedly convinced some diamond miners that diamond collection and pre-financing networks had engaged in price-fixing.[119] This further diminished the trust diamond miners had in their former buyers, further encouraging direct selling to smugglers. Smugglers were able to give a better price to miners – which may have contributed to their suspicions of 'price fixing' by former buyers – but they were not shouldering the cost of pre-financing. Naturally, this led to less investment in diamond mining.[120] Further damage to the diamond sector came from the 2020 drop in global demand for diamonds due to the COVID-19 pandemic.[121]

As early as 2014, however, the growing role of illicit activity in diamonds was clear. The International Peace Information Service noted that this fall in price and demand had not stopped illicit diamond mining, selling or exporting. The report suggested that:

> legitimate central African traders appear to have suffered from the loss in trade occasioned by the [Kimberley Process] ban more than armed groups. [...] [T]he continued ability of illegal traders, including armed groups, to access the world market through illicit networks has enabled them to seize the market share formerly belonging to legal traders, whose hands are tied by [Kimberley Process] suspension.[122]

Increasing the resilience of illicit markets

Although the 2016 partial lifting of the Kimberley Process suspension, which allowed export of formally processed stones from diamond producing provinces in south-western CAR, re-opened part of the diamond market in principle, in practice it has been difficult for the formal sector to recapture trade from illicit networks. Ad hoc buying of diamonds by illicit networks, particularly in and around the Cameroonian border, remains rife. As a former member of the UN Panel of Experts noted:

> In Bouar [a major city in Nana-Mambéré, western CAR], I can find hundreds of dealers looking to buy. You have Cameroonians, Nigerians, everyone. In practice, what most illicit sellers will do is sell 10%–20% at the official exporting office in Bangui and then the rest over the border.[123]

Garoua-Boulaï, a key trade hub in Cameroon on the CAR border, is also frequented by diamond buyers looking for stones.[124] Even though large parts of western CAR are now eligible for legal export under the Kimberley Process, the relative simplicity of the illicit sale remains attractive. Given the lower prices fetched for Central African diamonds since the country was first suspended in 2013 (seemingly caused in part by a reduction in demand due to the perceived risk of sanction), Cameroonian buyers have been known to travel to areas controlled by armed groups to take advantage of the low prices.[125]

This is not to suggest that there has been no recovery of the formal diamond sector. As previously mentioned, formal exports from the compliant sub-prefectures have increased in value each year since 2016 and have, according to data provided by the CAR Ministry of Mines and Geology, grown tenfold in terms of the number of carats exported between 2016 and 2022.[126] The suspension lifting, and the eventual delisting, of the buying house Badica in 2021 has allowed for the redevelopment of some pre-financing and collection networks.[127]

Even as the formal market has begun to recover, however, estimates of the values of diamonds smuggled out of the CAR between 2016 and 2020 run between US$183 million and US$240 million.[128] As described, the Kimberley Process is not the only factor sustaining the illicit diamond market. However, its enduring restrictions against exporting diamonds from outside of south-western CAR, and the protocols it demands for exports from compliant zones, have undoubtedly played a role in sustaining the illicit market.

In order to export formally from compliant zones of the CAR, a number of steps must be taken. It is typically buying houses or professional buyers or collectors who will acquire the stones from diamond mining networks. These buyers or collectors must then take the stones to the local sub-prefecture's office, where they will be sealed in bags.[129] Prior to 2019, they would have then been sent to Bangui for inspection by the Kimberley Process Monitoring Team for the CAR. However, logistical challenges and resource shortages on the Monitoring Team led to long delays, with parcels sometimes waiting between one and three months for inspection and export.[130] This limited the cashflow of buying houses, encouraging them to only sell a portion of their diamonds through the licit stream.[131] Such delays inevitably discouraged use of the formal export system.[132]

In 2019, a new operational framework was developed for the CAR, which would see the Monitoring Team use images to inspect parcels of diamonds after they had already been exported.[133] The images would, theoretically, allow the Monitoring Team to verify that the parcels had indeed come from western CAR, as opposed to the still non-compliant eastern diamond zones, through an examination of the diamond parcel's 'footprint'. A footprint is the term for the general characteristics you would expect to see in a parcel of diamonds from a compliant region – for instance, a particular assortment of sizes of stones, and colour and clarity characteristic of the area.[134]

The border post of Garoua-Boulaï, connecting Bangui to Douala in Cameroon. Ad hoc buying of diamonds by illicit networks remains rife in the border region. © *Daniel Beloumou Olomo/AFP via Getty Images*

However, according to a civil society expert who has worked on the CAR Monitoring Team, this is an extremely ineffective verification system. Image quality is often too poor for an adequate assessment, and there have been suspicions that the footprint criteria are known to smugglers and that the smugglers may be replicating what such a footprint would be expected to show. Moreover, the images and the accompanying paperwork are often sent to the Monitoring Team several months late. In practice, according to the expert, this means there is little or nothing the Monitoring Team will be able to do to stop the sale of a suspicious parcel, since it will have already been exported and the stones will have been dispersed into the market without a functional paper trail.[135] The subsequent journey that rough diamonds take from the CAR will be covered in the next section.

In the estimation of this expert and former member of the Monitoring Team, the current operational framework is a compromise that satisfies no one. It cannot credibly safeguard the licit supply chain from being contaminated with conflict diamonds. However, according to the expert, the Central African government is unwilling to try and observe the current restrictions, and wishes for a total lifting of the suspension. Maintaining the partial suspension, and an ineffective inspection process, is a political compromise, the idea being 'to have some restrictions, so as not to completely open the front door to diamonds from the east where there are still mines controlled by rebels'.[136]

There is thus very little evidence to suggest that the Kimberley Process in the CAR is meeting the strategic objectives of 'disrupting' the illicit trade in (conflict) diamonds, or 'shaping' the diamond economy in any positive sense. Rising licit exports may be referred to as an indication of success,[137] along with a growth and consolidation of formal diamond buying and prefinancing networks. However, the fact remains that smuggling of diamonds from the CAR is far higher, and state diamond revenue is far lower, than it was before suspension.

A rise in artisanal gold mining

In another unintended development, the 2013 suspension helped to galvanize a rise in gold mining in the CAR.[138] Gold is, in many ways, a simpler commodity for miners to deal in. Upon finding a seam of gold, or fillon, miners can be reasonably confident of a return on their efforts, since they simply need to follow the seam and extract the gold.[139] Although gold is predominantly exported from the CAR, it is also recognized tender locally and an asset that retains value, which also eases dealing in it. This can lower the risk for artisanal miners, and makes it theoretically possible for a poorly connected artisanal miner to profit from the gold trade, although pre-financing networks are often a feature of the gold trade as well. In a period of upheaval, it appears that this became a more attractive prospect for artisanal miners. As a mining expert working for a development contractor put it:

> With gold, the trade is easy. You don't have to go out of your community to make value from gold. You can trade it with a man at the shop. You can trade your gold to the Chinese guy who's selling motorcycles, or if you want to get these headphones, telephone, video recorders, anything fun. A woman can keep gold – maybe two grams – somewhere as security. So when she is falling sick, she will give it to the kid who speeds you to hospital, and gold will be the pay.[140]

The 2020 surge in the price of gold was another important factor behind the much higher levels of gold exports from the CAR that are seen today. According to a mining expert working on artisanal mining rights in the CAR,[141] in the first quarter of 2023, five times as many carats of gold as carats of diamonds were mined in the CAR.[142] A former member of the Panel of Experts described the shift as such:

> It has shifted from one extractive sector to another. In the Central African Republic, the main mineral was diamond, and because of the restrictions, people shifted to gold. Gold has become more important. With the attention on the conflict financing from diamonds, much of the activity shifted to gold. So, probably in terms of overall conflict financing, there's probably not a reduction, it's just a shift from diamonds to gold.[143]

Suspension from the Kimberley Process in 2013 helped galvanize a rise in gold mining in the Central African Republic. © *Thierry Bresilion/ Anadolu Agency via Getty Images*

Shaping diamond smuggling and laundering

In the context of the partial Kimberley Process suspension, there are three main approaches that diamond smugglers can take. The first is to try and insert their non-compliant diamonds into the licit supply chain for export approved by the Kimberley Process. The second and most common approach is to smuggle them to a neighbouring transit country (typically Cameroon), and from there, to launder them at international trading hubs or falsify their origins with Kimberley Process certificates. The third option is to fly them out of the region directly to a laundering hub. At the laundering hubs, they will either be re-sorted into 'mixed origin' diamond parcels or cut and polished so that Kimberley Process restrictions no longer apply. After an overview of the role of laundering hubs, the three approaches to smuggling a diamond out of the CAR will be briefly discussed.

The role of laundering hubs

A 'laundering hub', as it will be referred to here, is a global diamond trading centre that is known to have been used to 'launder' smuggled or conflict diamonds by falsifying their origins, by making their origins untraceable, or by cutting and polishing the diamonds for resale. In the latter case, the rules of the Kimberley Process no longer apply, since the scheme only concerns rough diamonds. In the former two cases, key weaknesses of the Kimberley Process Certification Scheme come into play.

A Kimberley Process certificate is, in fact, only valid for a single 'transaction' that a diamond goes through between its extraction from the mine and being cut and polished.[144] If a certificate is issued for a diamond in the CAR, but the diamond is then sold to an intermediary buyer in the United Arab Emirates (UAE), the buyer in the UAE is not obliged to pass the original Central African certificate along with the diamond when they sell it on, for instance to a Belgian buyer in Antwerp.[145] Although some diamond companies demand stricter standards and comply with higher standards of origin certification, these are voluntary rather than mandated by the Kimberley Process.[146]

Moreover, diamonds can also be re-sorted at these laundering hubs, into 'mixed origin' parcels. Mixed origin parcels are naturally not exclusively used by launderers; they are permitted under the Kimberley Process, reportedly as a concession to the diamond industry. Since jewellers have preferences for particular types of stones, it is easier from a business perspective to sell parcels of these selected types of diamonds, even if they come from different countries.[147] However, there is effectively no oversight of the process of making mixed parcels. Since the original Kimberley Process certificates do not need to accompany the diamonds beyond the first stage of their journey, a mixed parcel can be filled with smuggled stones that were not issued with certificates in the first place.[148]

Although any diamond trading centre may be used by illicit actors as a laundering hub, Dubai is the most widely used of them, and particularly for the abuse of mixed origin parcels. Illicit sorting offices in Dubai will typically insert stones that have been smuggled into the UAE into mixed origin parcels, which may contain other stones that have legitimate certificates.[149] According to a former member of the UN Panel of Experts on CAR, diamond traders in Antwerp have reportedly identified undeclared diamonds that are originally from CAR in mixed parcels exported from Dubai. These were occasionally accompanied by a forged Kimberley Process certificate – something that was, for a time, available from certain illicit traders in Dubai.[150] An alternative tactic is to cut and polish the smuggled stone so that no paperwork is technically required to sell it on. India is reportedly the most common destination for smuggled stones to be cut and polished in.[151]

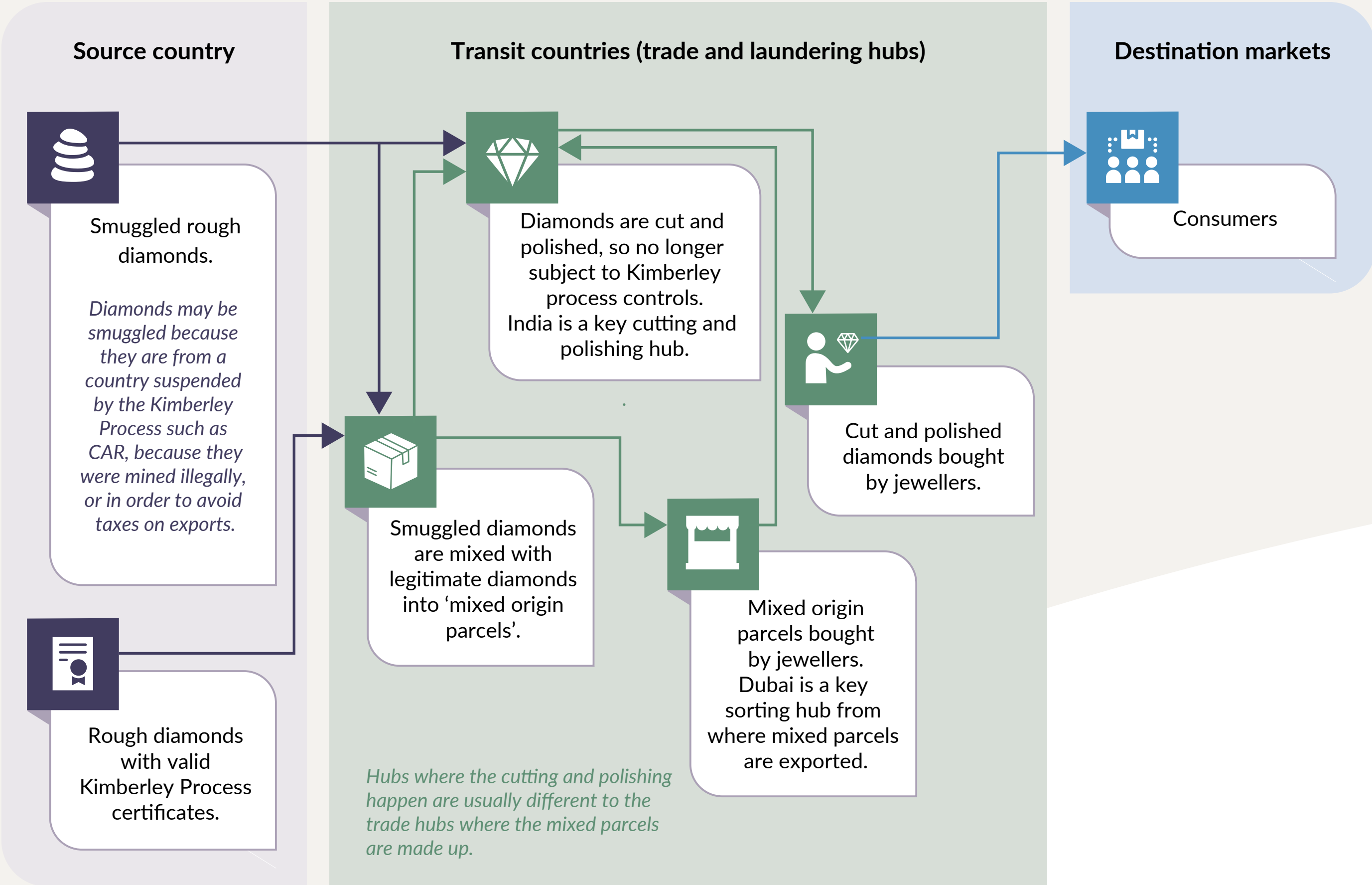

FIGURE 3 The typical laundering process for smuggled diamonds.

Approach 1: Entry of non-compliant diamonds into the Kimberley-compliant supply chain

As described in the discussion of the operational framework, there are still weaknesses in the Kimberley Process's validation system that could be exploited now that part of the CAR is able to formally export. Observers have highlighted the risk that stones from non-compliant areas could be mixed with stones from compliant areas and then taken to the sub-prefecture's office in the compliant area. (According to a former member of the Panel of Experts, certain officials in Bangui have periodically encouraged this practice.[152]) At the sub-prefecture's office, the diamonds are put in bags and sealed, then taken to Bangui for verification and export.[153] However, if stones from non-compliant zones are mixed with compliant stones prior to the bags being sealed, it would be extremely difficult to distinguish them, particularly now that the Monitoring Team relies on (reportedly poor quality) digital imagery of 'footprints' for their inspections.[154] Given that diamond buyers are the first point of contact with miners and their intermediaries, and it is they who bring the diamonds to the sub-prefecture's office or to the control centre in Bangui for export, they might easily be able to obtain stones from non-compliant zones and mix them prior to sealing.

Although infiltration of non-compliant diamonds into the licit export system is not thought to be the most common approach to smuggling,[155] there are reasons to believe that the supply chain approved by the Kimberley Process is being abused. There is an extensive problem of trying to register and manage licit buyers, another factor that disrupts the Kimberley Process Operational Framework. Only licensed artisanal miners or mining cooperatives are meant to be able to sell to formal exporters. However, the issue of fake cooperatives has been a hindrance, and the production registry system has been unreliable since prior to the suspension, creating loopholes that can be used to bring non-compliant stones into the export chain.[156]

Approach 2: Smuggling via a transit country

If the diamonds are smuggled out of the CAR to a neighbouring country without passing through a sub-prefecture's office (the export process still thought to be far more common), it is possible to pass them off as having originated in that neighbouring country. Cameroon, the DRC and the Republic of Congo have all been known to be used by diamond smugglers as transit countries, and in some cases they have managed to obtain Kimberley Process certificates from these countries for smuggled stones, since each is also a diamond producer.[157] The Republic of Congo was, in fact, suspended from the Kimberley Process in 2004 because Kimberley Process Certificates of Origin were being regularly issued to diamonds that had been smuggled there from the DRC or the CAR.[158] Sudan, and especially the Darfurian capital Nyala, is also a regular point of sale for diamonds mined in Sam Ouandja, a Central African town close to the border with Sudan.[159]

Cameroon in particular is the major transit point for smuggled Central African diamonds. Some observers estimate that up to 90% of diamonds and gold smuggled from the CAR transit through Cameroon.[160] One factor that may sustain this is the relocation of a number of Central African diamond buyers to Cameroon during the crisis, as well as a new wave of Cameroonian buyers based in eastern Cameroonian urban centres such as Bertoua.[161] However, obtaining a Cameroonian Kimberley Process certificate is not as common as it is for smugglers to then take the stones to a laundering hub (typically Dubai) or to India for cutting and polishing.[162]

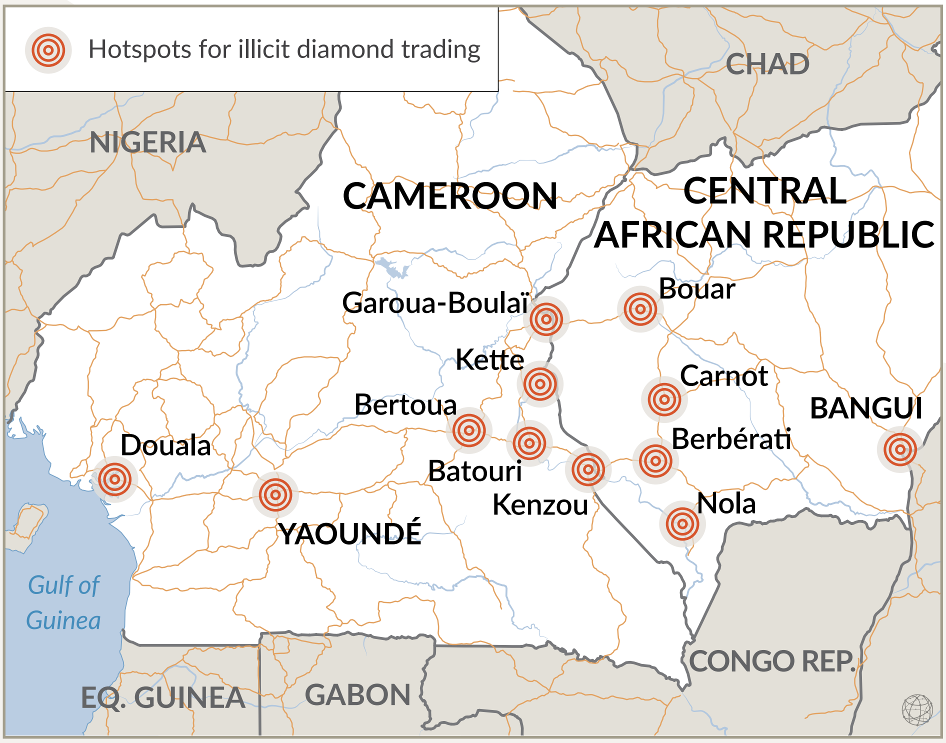

FIGURE 4 Illicit diamond trading hotspots in south-western Central African Republic and eastern Cameroon.

SOURCE: GI-TOC, Mapping illicit hubs in West Africa, https://wea.globalinitiative.net/illicit-hub-mapping

Approach 3: Smuggling by air

There have also been cases of diamonds being taken out of the CAR by air, rather than smuggled overland before being laundered. Indeed, light aircraft are thought to be a frequent means of smuggling gold and diamonds out of the CAR for organized criminal networks.[163] One notable case in 2021 involved Portuguese peacekeepers attached to MINUSCA, who were able to smuggle gold, diamonds and drugs in military aircraft, which flew unchecked from Bangui to Lisbon.[164] It appears the criminal network involved was the brainchild of a Portuguese soldier who had been stationed with MINUSCA in the CAR in 2017 and 2018. After returning to Portugal, he enlisted Portuguese MINUSCA troops still in the CAR as couriers, who would bring the diamonds and gold back to Lisbon.[165] They appeared to have succeeded in selling some of the diamonds directly in Antwerp, and received payments via a network of bank accounts and cryptocurrency.[166] Although details of the Portuguese connection in Antwerp are scarce, the implication is that they found a way to bypass the need for a Kimberley Process certificate of any kind by finding buyers in Antwerp willing to purchase illicit stones, and then cut and polish them or launder them into mixed parcels.[167]

Conflict financing

Finally, it is worth considering how armed groups currently manage to profit from conflict diamonds and whether there is scope in the CAR for the Kimberley Process to disrupt this. Séléka showed itself to be highly adaptable when it came to extracting revenue from the mines – either through parastatal attempts to levy taxes, or simply through forcing miners to sell their wares at the prices that Séléka dictated.[168] Now that Séléka no longer exists or exercises quasi-state control, simpler variations of these methods tend to be used by the armed groups. There is also the crudest option, which is simply to use force to rob miners of their minerals. Although it is hard to say how widespread this is, it is known to happen. For example, according to the 2023 Panel of Experts Report, senior cadres in Bria belonging to the Popular Front for the Rebirth of the Central African Republic (FPRC) robbed stones and cash from a number of diamond traders in the sub-prefecture.[169]

However, the most common mode of armed groups obtaining financing is to levy taxes on minerals, or on activity or movement around mineral extraction.[170] A former member of the UN Panel of Experts described the various forms these taxes might take:

> They can be obtained by armed groups at source in a number of ways. Maybe they put taxes on the mine – including the larger area that the mine is in, where they tax everything going through it. This means taxes on the miners themselves going in, but also beer, food and everything. An armed group leader will have guys who are monitoring the situation and who are bringing him what he wants, be that a cut of the gold etc. Maybe they will issue taxes according to the size of your mining pit if you are a miner, or maybe they will tax on production, and take 5% or 10%.[171]

There may be particular arrangements struck on roads leading to mining areas, in which a mining team may share a particular portion of their profit, for example, as payment. A mining expert working for a development contractor on artisanal mining in the CAR said:

> It does not matter whether you've got anything or not, you pay a certain fee, maybe 500 CFA francs, which is basically, what, less than a dollar? Or weekly that we know you're working every week for you to continue operating this mine site, you pay US$50 as a team or more, or we have a representative, any kind of quantities that you have produced, we shall share with you. In all these cases, the artisanal miner has no choice.[172]

Artisanal mining should not be mistaken for being the only type of business that brings revenue to armed groups. If an armed group exercises control over elements of a territory, anyone in that area may be coerced to comply with their demands. All types of business, including international business, is left with little choice but to comply with armed group rules if they are to continue operating. Experts interviewed for this project cited the controversy of Castel, the French brewery company and its sugar-producing subsidiary in the CAR, SUCAF, which was reportedly cooperating with and paying UPC fighters in order to keep its sugar refinery in Bambari working.[173] (Castel has denied the allegations.[174])

Given that artisanal mines are clusters of activity and movement, for rebels they are also a logical site around which to concentrate roadblocks. Roadblocks are arguably the most widespread and most prolific variation of armed group financing (although security forces, including allegedly Wagner, also make widespread use of roadblocks to extract taxes).[175] Roadblocks illustrate some of the challenges of using sanctions or trade regimes to counter armed group financing.[176] It is not only miners or transporters of minerals who must pay, but also those trading in more mundane commodities, such as cattle or agricultural produce, or simply road transport services. As the mining expert summarized: 'The roadblocks do not select whether you are carrying gold or diamonds or bananas. All pay.'[177]

Thus, although the Kimberley Process may have been set up to limit rebel groups' ability to finance their activities with rough diamonds, the CAR is a case study of the flexibility of armed group financing. Given that they are not uniquely dependent on diamonds as a commodity, and can 'tax' all manner of goods and activities (including the boom in gold mining), evidence from the CAR does not suggest that trade regimes will reduce armed group activity in and of themselves.

CONCLUSION

Can the Kimberley Process be said to be achieving its strategic objective of 'preventing the flow of conflict diamonds'? And can it be said to have shaped or disrupted illicit economies in a strategic sense, so as to safeguard diamond revenue for the CAR's government, and to limit avenues for the sale of conflict diamonds? As has been described, the Kimberley Process appears to have been a very important factor in shaping illicit economies in the CAR, although not in a targeted sense. Indeed, although it has shaped the conditions in which illicit economies must operate, it has – far from disrupting them – helped to increase the illicit market's share. Another unintended 'shaping' effect appears to have been galvanizing a rise in gold mining as an alternative to diamonds (even if there has since been a substantial recovery in diamond mining, driven by both licit and illicit commerce).

Affecting illicit trade is not a stated objective of the Kimberley Process. The Kimberley Process can only act directly through the suspension and (partial) reinstatement of countries, and indirectly through increasing the efficiency and efficacy of their operational frameworks. Given this, it serves only as a very blunt instrument for 'shaping' illicit economies, lacking the ability to specifically target the links between illicit economies and conflict. In the case of the CAR, the decade between 2013 and 2023 suggests that illicit diamond trading networks have been among the main beneficiaries of the Kimberley Process suspension. Similarly, the current operational framework is highly unsatisfactory in a regulatory sense, and cannot be considered effective protection against contamination of the licit supply chain by conflict diamonds.

As other sanctioning bodies, including the UN, are increasingly aware, illicit economies can be destabilizing and can undermine broader peace and security objectives. While the Kimberley Process alone cannot be expected to advance such goals, and must be seen as one 'tool' among many options, its role within that 'toolbox' – and its negative effects – must be considered more rigorously. Targeted sanctions can, in some cases, play a complementary role, as in the case of the sanctions against Badica, which can be said to have led to a change in the company's behaviour.

The broader risks of depriving artisanal miners in the CAR of a licit market, or of making that market less accessible, must be weighed carefully against the benefits that Kimberley Process restrictions can offer.

Prospectors pan for gold and diamonds near Gaga, Central African Republic. The Kimberley Process has been credited with reducing the proportion of conflict diamonds sold in the formal sector, but its real impact has been controversial. © *Goran Tomasevic/Reuters*

Recommendations

Temporary buying programmes for miners in non-compliant zones: Some mining communities within non-compliant Kimberley Process zones may be able to sell their products without financing armed groups. For example, if armed groups are predominantly targeting and taxing roads in the area rather than the mine itself, it may be possible for buyers to collect their minerals by air, or to set up secured stockpiles. The Kimberley Process suspension does not forbid purchasing from non-compliant zones, only export. Offering mining communities a licit market for their minerals during the suspension, wherever it is possible without financing armed groups, would help to prevent damage to trading networks that serve the licit sector. Public-private partnerships, or prefinancing arrangements by private companies, may be feasible in this regard, and greater formalization of artisanal mining networks will help open up such options.

Greater strategic clarity and complementarity: The Kimberley Process at present has little power to positively shape the environments in which its regimes are active. There must be recognition of the limits that trade regimes have, particularly in the face of illicit economies, and there must also be recognition that trade regimes can inadvertently bolster illicit economies. Strategic assessments of what effect trade regimes are likely to have in particular places should precede their implementation. Where it is clear there will be shortcomings or adverse consequences, other complementary tools (including targeted sanctions) should be put in place. It will also be important to consider whether such complementary measures will be able to satisfactorily offset potential harms.

Maintaining the Kimberley Process certification across a diamond's entire trajectory: At present, there are significant challenges for authorities to both verify a Kimberley Process certification and to trace a diamond's journey beyond a single transaction. Kimberley Process certificates are not standardized across member states, meaning that information is inconsistent between state regimes and that customs or other authorities may not be aware what a particular country's valid certificate looks like. Similarly, the Kimberley Process must aim to digitize the certification process so that a particular diamond's multiple transactions can be traced and its origin known throughout. There is currently severe exploitation of parcels of mixed origin taking place. Certificates should be made to accompany all diamonds placed in parcels of mixed origin.

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