

SPECIAL REPORT

# DIAMONDS WITHOUT MAPS

LIBERIA, THE UN, SANCTIONS AND  
THE KIMBERLEY PROCESS

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the **Diamonds** and  
**Human Security**  
Project

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MR. FAULKNER HAD WON THE UNEASY RESPECT OF EVERYONE IN LIBERIA...HE HAD SPENT ALL HIS MONEY...IN FIGHTING PRESIDENT AFTER PRESIDENT IN THE CAUSE OF REFORM. 'BUT NO,' MR. NELSON SAID... 'WE DON'T LIKE FAULKNER.' AFTER A WHILE HE FOUND ENOUGH VITALITY TO EXPLAIN, 'YOU SEE, HE HAS AN IDEA.'

'WHAT IDEA?' I ASKED. 'NOBODY KNOWS,' MR. NELSON SAID, 'BUT WE DON'T LIKE IT.'

– Graham Greene, *Journey Without Maps*.<sup>1</sup>

BEYOND THE DEPRAVATIONS [SIC] OF WAR AND DISPLACEMENT, THE LONG-TERM DESTRUCTION OF GOVERNMENT INFRASTRUCTURE HAS LEFT LIBERIANS CHRONICALLY UNHEALTHY, UNDER-NOURISHED AND POORLY EDUCATED. CITIZENS STRUGGLE DAY-BY-DAY AND HAVE LITTLE TIME OR ENERGY TO ATTEMPT ANY MEANINGFUL FORM OF CITIZEN PARTICIPATION IN THE POLITICAL LIFE OF THE COUNTRY. THE BRUTALITY WITH WHICH POLITICAL OPPOSITION OF ANY KIND HAS BEEN DEALT IN RECENT DECADES HAS MADE MOST CITIZENS FEARFUL OF PARTICIPATING IN THE POLITICAL PROCESS.

– *Liberia: Civil Society's Role in the Political Transition* <sup>2</sup>

## THE STUDY

*Diamonds Without Maps* is an Occasional Paper of Partnership Africa Canada's Diamonds and Human Security Project. The project aims to shed greater light on, and help to end, the trade in conflict diamonds. This paper follows several in the series on diamonds in West Africa.

Lansana Gberie spent three weeks in Liberia and Sierra Leone in April and May 2004 carrying out research for this paper. He traveled extensively in Liberia. PAC is grateful for the assistance he received from many officials in the Government of Liberia, the United Nations Mission in Liberia (UNMIL), the Center for Democratic Empowerment (CEDE) and others.

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The opinions in the paper are those of the author and the Project, and do not necessarily reflect the views of organizations supporting the project.

## INTRODUCTION

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Diamonds have been at the centre of West Africa's nightmare for more than a decade. They helped to pay for former President Charles Taylor's 14-year rampage in Liberia and for his military adventures in Sierra Leone, Guinea and Côte d'Ivoire. They were the engine of the Revolutionary United Front's horrific decade-long war in Sierra Leone. In the 1950s, Liberia became a major conduit for illicit diamonds from almost everywhere in Africa, and by the mid 1990s it had become the country of provenance for *billions* – not millions – of dollars worth of stolen gems.

...WHILE DIAMONDS REPRESENT A VERY SMALL PART OF LIBERIA'S POTENTIAL POST-WAR ECONOMY, THEY LOOM LARGE IN THE COUNTRY'S POLITICAL SCHEMA, AND THEY RETAIN THEIR ENORMOUS POTENTIAL FOR NATIONAL AND REGIONAL DESTABILIZATION.

Along with UNITA in Angola, Liberia literally *invented* blood diamonds. The wars in and around Liberia and Angola were the reason for the creation of the Kimberley Process and its worldwide certification system for rough diamonds. The diamond connection was one of the most prominent reasons for the creation of UN expert panels on Angola, Sierra Leone and Liberia, in order to determine how UN arms embargoes were being subverted. Diamonds have been the subject of UN Security Council resolutions for almost a decade. It was because

of the diamond-sustaining wars that there were, at the end of March 2004, more than 26,000 UN peacekeepers in Sierra Leone and Liberia, with a combined 2003-4 budget of \$1.1 *billion*.

Yet today, the Liberian diamond problem has been eclipsed by the business of peacekeeping, transition and reconstruction. The diamond industry was an afterthought in the Taylor government's last attempt at a five year development plan, occupying a quarter of a page in a 148 page document. And it is given even shorter shrift in the UN/World Bank *Joint Needs Assessment* of February 2004. There, the word "diamond" appears only once, under the heading "Forestry, Extractive Industries and Management of Natural Resources". And in a two-year proposed budget of \$488 million – most of it already subscribed by generous donors – not a single dollar was set aside to deal with diamonds. It is apparently assumed by many that the creation of new diamond legislation, largely copied from the laws of other countries, and the printing of a bright new Kimberley Certificate, are all that will be required to rehabilitate the Liberian diamond industry, allowing Liberia to become a member of the system that was designed to protect the world not just from the *idea* of blood diamonds, but more concretely from countries exactly like Liberia.

This paper argues that while diamonds represent a very small part of Liberia's potential postwar economy, they loom large in the country's political schema, and they retain their enormous potential for national and regional destabilization. Liberia's re-entry into the global diamond trade must be managed professionally and with great caution. The United Nations Security Council, UNMIL, the National Transitional Government



of Liberia, and the Kimberley Process all bear great responsibility in this matter. With care and thought, diamonds could become the source of legitimate income for many thousands of Liberian citizens, and Liberia could become a respected member of the Kimberley Process. However, a casual, *pro forma* approach to this issue could set the stage for future destabilization, undermining massive investments in peace-making and reconstruction, not just in Liberia but elsewhere in the region.

## HISTORICAL OVERVIEW

After many years of devastating warfare – beginning with armed rebel incursions on Christmas Eve in 1989 – Liberia may now be on the road to peace and stability. Charles Taylor, who started

the war and then ruled the devastated country after rigged elections in 1997, was forced into exile in Nigeria in August 2003 with an international arrest warrant hanging over his head. This happened shortly after he was charged with war crimes by the UN-backed Special Court for Sierra Leone. A huge UN force, 15,000 strong, has now been deployed in the country, and disarmament of Liberia's estimated 45,000 militia,<sup>3</sup> suspended after a false start in December 2003, recommenced in April 2004. These are good reasons for cautious optimism.

The challenges, however, are extraordinarily daunting, and it will require many years of a sustained international presence and international support to get Liberia on its feet again. By some estimates, the war may have killed as many as 200,000 Liberians<sup>4</sup>, more in proportion

to its population of three million than that of Poles killed during the Second World War. Hundreds of thousands more Liberians fled the country, including a large number of the country's already small educated and professional class. Up to 450,000 Liberians were still refugees living in neighbouring countries almost a year after the end of hostilities.<sup>5</sup> Almost every Liberian has experienced some kind of displacement or dislocation, and there is hardly any Liberian who does not know someone who was killed by the war. The country's infrastructure, including public buildings and other facilities, is in shambles.

LIBERIA'S RE-ENTRY INTO THE GLOBAL DIAMOND TRADE MUST BE MANAGED PROFESSIONALLY AND WITH GREAT CAUTION. THE UNITED NATIONS SECURITY COUNCIL, UNMIL, THE NATIONAL TRANSITIONAL GOVERNMENT OF LIBERIA, AND THE KIMBERLEY PROCESS ALL BEAR GREAT RESPONSIBILITY IN THIS MATTER.

Liberia, founded by freed American slaves in 1822, has had a difficult existence. Until 1980, it was ruled by a corrupt and self-serving Americo-Liberian elite, who reduced the indigenous population to near-subservience. A bloody military coup in 1980 ended the long dominance of this elite. Led by Master-Sergeant Samuel Kanyon Doe, the coup did not signal any genuine popular or indigenous mobilization. Amos Sawyer, Liberia's best known intellectual, has reflected that although the coup-makers "were all from indigenous ethnic backgrounds, only a few had lived and grown up in their communal areas and been socialized in indigenous values." As a

result, "many of them partook of the subculture of the urban unemployed and reflected the characteristic suspicion and opportunism typical of that group...Two impulses seemed to dominate [the coup-makers'] behaviour. The first was the impulse to rule in a brutal and tyrannical manner with the liberal use of the machine gun; the second was to satisfy personal greed by raids not only on the public treasury but, with the use of the gun, on people in the society."<sup>6</sup>

Doe's regime was one of psychotic brutality, murder and ethnic purges.<sup>7</sup> The country imploded into civil war in 1989 after one of Doe's former officials, Charles Ghankay Taylor – who had fled Liberia after being charged with stealing \$900,000 from the state – launched a violent incursion aimed at overthrowing Doe. The insurrection quickly devolved into ethnic purges, vandalism and pillage on a large scale, leading to the creation of West Africa's first modern warlord-type economy and the spread of violence into neighbouring countries.<sup>8</sup> Plunder of the region's rich primary resources – timber and rubber at first, and later diamonds – became the bedrock of Taylor's warlord insurgency. In January 2000, Partnership Africa Canada (PAC) published a study which placed responsibility for Sierra Leone's decade-long war on Taylor, who mentored, supported and managed the nihilistic Revolutionary United Front (RUF) guerrillas, looting Sierra Leone's diamond resources for his own personal and political ends. The report noted that Liberia had "become a major entrepot for diamonds, guns, money laundering, terror and other forms of organized crime. The astoundingly high levels of its diamond exports bear no relationship to its own limited resource base."<sup>9</sup> A subsequent UN investigation the same year

amplified PAC's findings, and recommended comprehensive sanctions on Liberia, including a ban on its diamonds and timber exports, as well as travel ban on senior Liberian government officials, including President Taylor.<sup>10</sup>

## Two Phases

Liberians distinguish two phases in Taylor's civil war. The first phase involved the fighting that started in 1989 and ended, after more than a dozen broken peace agreements, with the elections that brought Taylor to power in 1997. The second phase began in 2001, after the emergence of Liberians United for Reconciliation and Democracy (LURD), which was created from remnants of die-hard anti-Taylor factions. LURD received active support from Guinea, which had repelled Taylor-supported armed incursions into the country's diamond-rich southeastern forest regions in 2000. Then, in September 2002, widespread violence broke out in Côte d'Ivoire after a failed coup, and three rebel factions emerged soon after. Two of them, operating in western parts of the country bordering Liberia, comprised mainly ex-RUF and Liberian soldiers. In reaction, the Ivorian authorities armed and supported a faction of LURD called the Movement for Democracy and Elections in Liberia, MODEL. By July 2003, these rebel forces – LURD and MODEL – were besieging Monrovia. With the country once again facing a humanitarian catastrophe, the Economic Community of West African States (ECOWAS) initiated talks in Accra, bringing together the rebel leaders and President Taylor. A "Comprehensive Peace Agreement" was signed in August 2003. The Agreement, "gravely concerned about the...civil war...[which has led] to loss of innumerable lives, wanton destruction of our

THE ISSUE IS WHETHER NIGERIA, AS A MEMBER OF THE UNITED NATIONS, A MEMBER OF INTERPOL WHICH HAS ISSUED THE ARREST WARRANT FOR TAYLOR, AND A MEMBER OF THE MANAGEMENT COMMITTEE OF THE SPECIAL COURT FOR SIERRA LEONE, SHOULD SURRENDER TAYLOR TO THE COURT THAT HAS INDICTED HIM.

infrastructure and properties, and massive displacement of our people," announced an immediate cessation of hostilities and provided for the setting up of an interim coalition government – comprising LURD, MODEL, remnants of Taylor's government and civil society. Taylor relinquished power on 11 August, and went into exile in Nigeria. A National Transitional Government of Liberia (NTGL), under the presidency of businessman Gyude Bryant, was established, and a UN peacekeeping force – the United Nations Mission in Liberia (UNMIL) – began to deploy on 1 October, 2003.

## The National Transitional Government of Liberia

On paper, the NTGL looks like an unwieldy coalition of former enemies. The Defence Minister, Daniel Chea, held the same position under Taylor; the Minister of Labour, J. Laveli Supuwood, a University of Detroit-trained lawyer, is a former Taylor protégé who loudly broke up with Taylor, becoming his enemy and joining LURD. MODEL members hold important ministerial positions as well (e.g. the foreign ministry). In fact, there is little rancour among these former "enemies". The only real schism in the country now appears to exist

between the leaders of these factions, holding comfortable positions in Monrovia, and their impoverished and derelict combatants, desperate to disarm in order to earn the paltry sums handed out to them by UNMIL in exchange for weapons. The civil war, in other words, was largely a mercenary and opportunistic enterprise, having no ideological and little ethnic basis.<sup>11</sup>

In still other words, Liberia's politics have not changed much since the English writer Graham Greene visited in the early 1930s and wrote a travel book describing a Byzantine configuration that confuses more than it enlightens. "Liberian politics were like a crap game played with loaded dice," Greene wrote. "There was a kind of unwritten law that the President could take two terms of office and then he had to let another man in to pick the spoils. It was a question of *letting*...the newspapers were his; most important of all, he printed and distributed the ballot papers. When King returned in 1928 he had a majority over his opponent...of 600,000, although the whole electoral role amounted to less than 15,000."<sup>12</sup> When Greene encountered the President, "Africa, lovely, vivid and composed, slipped away, and one was left with... an affable manner and rhetoric, lots of rhetoric... 'Once elected, [the President said], and in charge of the machine...why then, I'm boss of the whole show.'"<sup>13</sup>

The main difference today is that the "boss of the whole show" is not really the affable President Bryant, but Jacques Paul Klein, the UN Secretary General's Special Representative and political head of UNMIL. The NTGL has no money, no army, and it controls no territory: it is a symbolic arrangement to give local colour to the transition

process set out in the Accra Agreement, a place marker to see the country through the disarmament process and into general elections set for October 2005. Klein – and to some extent American Ambassador John Blaney (the US is Liberia's biggest bilateral donor) – dominate the political scene. The Liberian political class is fragmented and disorganized, with at least 16 presidential aspirants waiting to contest the forthcoming elections. The most important of these is Ellen Johnson-Sirleaf, a veteran politician who heads the Unity Party. Johnson-Sirleaf is currently head of the Accra-created Governance Reform Commission (GRC). Acutely aware of this fragmentation, Johnson-Sirleaf and other political leaders are working towards stronger political coalitions ahead of the elections.<sup>14</sup> This may yet work. Liberia has a vibrant civil society. There are at least 29 newspapers in the country, all of them, however, small-scale publications with circulations of not more than 500 per issue, owned and edited by the proprietors themselves, and all of them based in Monrovia. There are also many human rights and other political organizations. Despite, or perhaps because of the diversity, Liberia could emerge from the civil war with a more transparent and accountable government than ever before.

## LIBERIAN DIAMONDS

Diamonds were discovered in Liberia just before World War I, but it was not until 1925 that the giant British-owned Consolidated African Selection Trust (CAST) sent in prospectors. They reported no finding worthy of commercial enterprise. In 1933, the Holland Syndicate reported diamond occurrences in the Koengbong area,



close to the Sierra Leone border. The Holland Syndicate spent about £40,000 on prospecting, and in 1934 offered to sell its concessions to CAST. A skeptical CAST instead offered to work the diamond mines with the Holland Syndicate on a profit-sharing basis, and an agreement was struck. A Government mining company operating at about the same time reported only \$365 worth of diamond exports in 1936/7. CAST left the country after failure to reach agreement with the Liberian government on mining issues.<sup>15</sup> It was not until the 1950s that diamond dealers began to move into Liberia, largely because of the huge finds in neighbouring Sierra Leone and Guinea. In 1957, over one million carats of diamonds were officially exported from Liberia, a large proportion of these undoubtedly smuggled from Sierra Leone and Guinea. One of Liberia's attractions to smugglers was its use of the US dollar as its national currency. At a time when the currencies of many other African countries were unconvertible, Liberia offered a ready source of hard currency to smugglers. After the authorities in Sierra Leone instituted tighter controls on diamond mining activity in the 1960s and 1970s, Liberian diamond exports fluctuated, and on average the country exported only small amounts of diamonds, a large proportion of them low-value industrials. By the mid-1980s, prospectors had all but given up on Liberia as a diamond producer of commercial viability.

All mining activity in Liberia is artisanal. The diamond reserves are entirely alluvial although a Canadian company, Mano River Resources, which has had a 5-year presence in Liberia, recently announced that deposits of kimberlite exist in western Liberia, close to the border

with Sierra Leone. In May 2004 the company announced that it had acquired a reconnaissance license from the Liberian government covering the area. The previous month, Vancouver-based Diamond Fields International Ltd. announced that it had obtained "two reconnaissance licenses in Liberia, one of which is a diamond prospect, the other a gold prospect." The concession area covers an area of "approximately 2000 km<sup>2</sup>" in Nimba County, in the northwest of Liberia. The area is host to extensive artisanal alluvial mining, but Diamond Fields says that the company will "focus on kimberlite exploration."<sup>16</sup>

THE MAIN REASON WHY THE SANCTIONS ISSUE, SO APPARENTLY CLEAR-CUT, REMAINS SO SENSITIVE...HAS TO DO WITH LIBERIA'S LONG HISTORY OF DEALING IN STOLEN DIAMONDS FROM ITS NEIGHBOURS, A PHENOMENON THAT FAR PREDATED TAYLOR. IT ALSO HAS TO DO WITH THE CAPACITY OF LIBERIA TO MEET THE MINIMUM REQUIREMENTS OF THE KIMBERLEY PROCESS CERTIFICATION SCHEME.

One of the more controversial mining ventures in Liberia in recent years has been famed American televangelist Pat Robertson's Freedom Gold Ltd. and its relationship with Charles Taylor. The company signed a "Mineral Development Agreement" with Taylor's government in April 1999, under which the company was to "mine, sell, export and explore minerals" (diamonds and gold) in Liberia, and give a three per cent royalty to the Liberian government. The Liberian Legislature refused to ratify the agreement,<sup>17</sup>

IN THE FIRST QUARTER OF 2001, DIAMOND OUTPUT INCREASED AGAIN BY 78.5 PERCENT OVER THE CORRESPONDING QUARTER OF 2000. BUT THESE ARE STILL TINY AMOUNTS, INSIGNIFICANT IN COMPARISON WITH SIERRA LEONE, WHICH ITSELF HAS A SMALL DIAMOND INDUSTRY BY WORLD STANDARDS.

but the venture proceeded nevertheless. Freedom Gold started a diamond mining venture in south-eastern Liberia the following year. It subsequently emerged that the company's deal with Taylor included a 10 per cent ownership by the President, excluding royalties and rental fees.<sup>18</sup> Robertson was apparently so pleased with the arrangement that when, after Taylor's 2003 indictment, U.S. President George W. Bush (for whom Robertson reserves strong admiration and support) called on Taylor to resign, Robertson berated the American President, accusing him of "undermining a Christian Baptist President [Taylor is loudly Baptist] to bring in Muslim rebels."<sup>19</sup> Freedom Gold remains a registered company in Liberia.

Diamond speculation and premature announcements of success by junior mining firms have marked the industry everywhere for more than a century. The most valuable known diamond occurrences in Liberia are found in the western and northwestern regions (Grand Cape Mount, Gbarpolu – formerly Lower Lofa, and Lofa Counties). Of the twenty mining districts in Liberia, thirteen are located in these regions. Despite billions of dollars in Belgian diamond imports with a Liberian provenance during the

1990s, official Liberian diamond exports have never been high. The best estimates of Liberian production capacity seldom exceed \$10 million per annum, and this figure has never, in fact, been reached. Compared with other countries, Liberian diamonds are of relatively low quality: 40 per cent gem quality, compared with 70 per cent in Sierra Leone and 80 per cent in Guinea. Official Liberian diamond exports in 1999 totaled 8,500 carats. The Ministry of Lands, Mines and Energy estimates that this figure represented only 10 – 15 percent of what actually left the country that year.

But the total would still have been small. In 2000, diamond production increased to 22,112 carats, representing a 162.1 percent rise over 1999. In the first quarter of 2001, diamond output increased again by 78.5 percent over the corresponding quarter of 2000. But these are still tiny amounts, insignificant in comparison with Sierra Leone, which itself has a small diamond industry by world standards. Since May 2001, after UN sanctions were imposed on Liberian diamonds, there has been no official export of diamonds from Liberia, and Central Bank statistics indicate no transactions. Curiously, even though Liberia was officially exporting no diamonds, there were, in 2002, still three diamond exporters in the country: MARS Diamonds, the Empire Diamond Company, and Diandorra Minerals. In addition to these, there were twelve recognized diamond brokers and ten diamond broker agents operating in the country.<sup>20</sup>

According to the "Act Adopting a New Minerals and Mining Law," passed on 3 April 2000, in order to obtain a mining license in Liberia, an

applicant must apply to the Minister of Lands, Mines and Energy, and pay a fee of US\$10,000 to work a mining plot of 100 square kilometers. The applicant must also pay a surface rental fee of US\$6,776, an income tax of 35 per cent, and an employees' withholding tax. The Minerals and Mining Law of Liberia requires that anyone who wishes to engage in the buying and selling of diamonds, whether for local resale or for export, must apply to the Minister of Lands, Mines and Energy to obtain a permit and a license. Only Liberians are authorized by law to engage in the buying and resale of diamonds on the local market. But foreigners and Liberians who have the capacity to buy diamonds for the export market may do so once they meet the stipulated requirements. A diamond buyer for the local market is required to pay an annual license fee of US\$750; an exporter US\$14,000, plus three per cent of the appraised value as royalty. Further, the individual or company must have a bank guarantee of not less than US\$50,000.

These numbers are important, because they show that if Liberia was actually able to export its full annual potential of \$10 million worth of diamonds – ten times the volume of recent years – the government revenue would still remain small. The three per cent export tax would yield only \$300,000, and other fees might generate an additional \$200,000. This has serious implications for the country's ability to establish and pay for a Kimberley-compliant certification system.

Prior to the war, the diamond trade was dominated (in numbers of players) by ethnic Mandingo elements who held large claims and who also

accounted for the large majority of those involved in buying and selling. But Lebanese traders, with better credit facilities and more contacts, controlled much of the trade, buying gems from miners and *Marakas* and reselling to buyers abroad, mainly in Europe. A significant quantity of stones was smuggled out. Under the Taylor regime, the President of Liberia officially controlled the diamond trade. A Strategic Commodities Law granted the President full authority to negotiate and approve any treaty or agreement on behalf of the Liberian government. All finds from mining operations had to be reported to the local mining agent. The Inspector General of Mines was the most important single Liberian involved in the trade. All finds had to receive his approbation either directly or indirectly through sub-agents before they could be sold. Additionally all mines were required to surrender a certain percent of their finds and in some cases they were confiscated by the Inspector General, who reported directly to the President. Under this arrangement, the Ministry of Lands and Mines played only a marginal role in the export of diamonds.

Today, the Ministry, like other government institutions, is badly degraded. A large number of its employees fled during the war or were killed. The new Minister, Jonathan Mason, is a geologist with a sound understanding of mining issues and the challenges his ministry faces in simply trying to revamp the bureaucracy. He thinks that it will take three to six months after the disarmament before the government can put legislation and effective control mechanisms in place with reasonable oversight and Kimberley Process-compliant diamond mining activities.<sup>21</sup>

THE UN SECURITY COUNCIL SHOULD EXTEND THE EMBARGO ON LIBERIAN DIAMONDS UNTIL THE COUNTRY IS FULLY ABLE TO IMPLEMENT A KIMBERLEY PROCESS CERTIFICATION SYSTEM. THE NTGL SHOULD ENDORSE THIS POSITION IN ORDER TO DEMONSTRATE ITS GOOD FAITH IN ESTABLISHING ADEQUATE CONTROLS.

## UN SANCTIONS

An issue of great sensitivity and concern to all Liberians, irrespective of political affiliation, is the UN sanctions imposed on the country at the height of Taylor's power in 2001. The sanctions, as noted above, were recommended in late 2000 by a UN Panel of Experts which investigated Liberia's links to the Revolutionary United Front (RUF) of Sierra Leone. The Panel established that these links were premised on illegal diamond and weapons deals between President Taylor and the RUF, as well as the criminal exploitation of Liberia's own forest resources. The UN Security Council imposed an embargo on Liberia's diamond exports, a travel ban on senior Liberian officials and their families, including Taylor, and a ban on the importation of weapons. After three annual reviews, the sanctions remained in place. A fourth review mission by a seven-man UN Panel arrived in Liberia in April 2004 and spent two weeks in the country.

The cash-strapped NTGL is eager to have the sanctions lifted, even though it has no control over territories that are, in effect, covered by the sanctions, like the diamond mining areas of Nimba County. *The Analyst*, one of Liberia's

better dailies, has been more ambivalent. While noting, in an editorial, that "conditions in the country are so stringent that no Liberian is willing to endure another year of a sanction regime that has all but nailed down the intended target" (a reference to Taylor's forced resignation), it preferred to "look forward not to a situation whereby the sanctions will be summarily lifted out of empathy without putting into place safety nets necessary for the protection of Liberia's forest and mineral resources." Though "desperate at the moment," the paper concluded, the Liberian people "still crave for a secure future."<sup>22</sup>

The main reason why the issue – apparently clear-cut – remains so sensitive, particularly with respect to diamonds, has to do with Liberia's long history of dealing in stolen diamonds from its neighbours, a phenomenon that far predated Taylor. It also has to do with the capacity of Liberia to meet the minimum requirements of the Kimberley Process Certification Scheme and whether or not it will be allowed to trade its diamonds internationally with other participants.

### The Security Council and the Kimberley Process

In March 2001, the United Nations Security Council placed an embargo on the export of diamonds from Liberia, agreeing that "all States shall take the necessary measures to prevent the direct or indirect import of all rough diamonds from Liberia, whether or not such diamonds originated in Liberia."<sup>23</sup> The embargo was extended, and was reviewed again in 2003, at which time the Security Council added a ban on the export of Liberian timber. It extended the ban on diamonds through May 2004, and

## THE KIMBERLEY PROCESS

The Kimberley Process Certification Scheme (KPCS) for rough diamonds came into effect on January 1, 2003. More than 40 countries and the European Community are members. Under the terms of this agreement, each participating country agrees to issue a certificate to accompany any rough diamonds being exported from its territory, certifying that the diamonds are conflict-free. Each country must therefore be able to track the diamonds being offered for export back to the place where they were mined, or to the point of import. All importing countries agree not to allow any rough diamonds into their territory without an approved KPCS certificate of origin.

Given the large volume of diamonds being traded across borders, it was also deemed necessary to produce trade and production statistics which could be compared from time to time in order to ensure that the volumes leaving one country match those entering another. This has so far proven difficult in practice. A further verification problem exists: monitoring, which must be universal in order to be effective, remains an *ad hoc*, voluntary arrangement in the KPCS.

called on the government of Liberia “to establish an effective Certificate of Origin regime for Liberian rough diamonds that is transparent, internationally verifiable and fully compatible with the Kimberley Process.”<sup>24</sup>

With the advent of a peace agreement and the establishment of a transitional government in Liberia, in December 2003, the Security Council reiterated the ban on Liberian diamonds and restated its call on the government to establish a certificate of origin regime “with a view to joining the Kimberley Process”. The new resolution expressed a readiness to terminate the ban on diamonds when the Committee overseeing Liberian affairs, “taking into account expert advice, decides that Liberia has established a transparent, effective and internationally verifiable Certificate of Origin regime for Liberian rough diamonds.” It “encouraged” the National Transitional Government of Liberia to take

steps to join the Kimberley Process as soon as possible.<sup>25</sup>

There are, however, several problems that must be overcome in resolving the problem of Liberia and diamonds:

- The Kimberley Process cannot entertain an application for membership from a country operating under a UN embargo. Technically, the embargo must be lifted before KPCS membership can be entertained.
- The KPCS requires that a potential participant be willing and able to meet the system’s minimum standards for the regulation of rough diamonds. The ability to meet these standards includes the promulgation of appropriate legislation and regulations and the issuance of a Kimberley process certificate with agreed security features.

## LIBERIA & KIMBERLEY: WHO WILL PAY?

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Liberia has, at the best of times, never exported more than \$10 million per annum worth of its own diamonds. In the late 1990s, the value was as low as one million dollars a year. Even using the higher figure, a three per cent export tax (which is typical of diamond exporting countries) will not yield more than \$300,000 in revenue. This, plus exploration, mining and export licenses might conceivably yield revenue of \$500,000 per annum, less than what it would cost to run an effective Kimberley-compliant system.

The NTGL/UN/World Bank *Joint Needs Assessment* of February 2004 spoke about the need for “regulations with respect to forestry and other natural resources”, but mentioned diamonds – one of the most prominent engines of West Africa’s disastrous wars – precisely once. And under the heading of “forestry, extractive industries and management of natural resources”, it allocated \$8.7 million over two years out of a total of \$487.7 million, all of it to the forestry sector.

While Liberia may well be able to produce an acceptable certificate and appropriate legislation in the near future, the question arises as to whether or not the legislation can actually be enforced, and whether or not a Kimberley system can be paid for.

## THE WILD CARD: CHARLES TAYLOR

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In June 2003, while attending ECOWAS-brokered talks in Accra, Charles Taylor was indicted by the UN-backed Special Court for Sierra Leone for “bearing the greatest responsibility” for war crimes committed during Sierra Leone’s decade-long conflict. The 17 charges include murder, sexual slavery, rape and the use of child soldiers. Taylor was said to have traded arms for diamonds with the RUF – which he had himself helped create – reaping profits while strengthening the group. In announcing the indictment, the

Court’s prosecutor David Crane said: “My office was given an international mandate by the UN to follow the evidence impartially wherever it leads. It has led unequivocally to Taylor.”<sup>26</sup>

Taylor was not handed over to the Court, however. A deal brokered by West African leaders allowed Taylor to go into exile in Nigeria instead. An international arrest warrant for him remains outstanding, and the US Congress has posted a \$2 million reward for anyone who hands Taylor over to the Court.

The idea that Taylor might be prevented from facing the Court is unconscionable. Nigerian President Olusegun Obasanjo has stated that he will surrender Taylor to Liberia if asked to do so by the Liberian government.<sup>27</sup> The issue is not whether Nigeria should surrender Taylor to *Liberia*, or whether Nigeria needs the permission of Liberia to meet its international obligations. The issue is whether Nigeria, as a member of

the United Nations, a Member of Interpol which has issued the arrest warrant for Taylor, and a Member of the Management Committee of the Special Court for Sierra Leone, should surrender Taylor to the Court that has indicted him. On May 1, 2004, the Presidents of Guinea and Côte d'Ivoire called for Nigeria to do precisely this, as have Amnesty International, Human Rights Watch and many other human rights organizations.

In one of his final speeches as President of Liberia, Taylor said, "God willing, I shall return." Those who know him have little doubt that given the time and the resources, he will try.

## CONCLUSIONS

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Liberia is at a "crossroad."<sup>28</sup> Over a decade of brutal warfare has left the country in a state of great decrepitude. Poverty and despair permeate the society; the educational system is in shambles. The University of Liberia was vandalized several times during the war, and at the time of writing it remained closed for lack of funds. There is no electricity or running water. Many buildings, both private and public in Monrovia, were vandalized or torched. Beyond Monrovia, conditions are infinitely worse. Simply rebuilding what was destroyed during the war will require an enormous investment of money and technical skills, two things acutely lacking in Liberia at present.

In this situation, the issue of UN sanctions, imposed on the country as a result of the criminality of a hated leader, is a sensitive one. There are good reasons why the sanctions should be lifted now. Charles Taylor's government, the original target of the sanctions, is no longer in

power; there is a new, more acceptable government in place which, though weak and lacking in resources, is supported by the international community and one of the largest UN peace-keeping forces in the world. Sanctions or no sanctions, illicit diamond mining has continued in Liberia (though on a small scale) and it will escalate once disarmament has been completed. As long as sanctions exist, and as long as Liberia is kept out of the Kimberley Process, its diamonds will simply be smuggled into the international system. And while diamonds will never provide the government with significant revenue, they do represent a means of income to the families of the thousands of people who could or do dig for them. Additionally, there is an issue of optics. The government is undoubtedly keen to see the lifting of sanctions as soon as possible, as a mark of its own legitimacy.

There are strong arguments for caution, however. Liberia has a long history of trading in stolen gems from its neighbours, and proper governmental and independent oversight is needed to ensure that this does not happen in future. Also necessary is a realistic estimate of Liberia's production capacity. This has been complicated in the past by bogus or unverifiable claims from mining companies and even government officials. The 2000 government announcement of a major find at Paynesville and the subsequent but brief episode of mining fever is a good example.<sup>29</sup>

Underlying all these problems is the absence of the most basic levels of governance in the country at present. Many mining areas are still occupied by one rebel faction or the other. Much of the country inland is divided between MODEL or LURD, even though UNMIL deployment has

created some sense of official Liberian presence. The Armed Forces of Liberia (AFL), which was essentially the personal army of Taylor, self-destructed shortly after Taylor's ouster, and some of its members have organized themselves into bands of armed robbers who occasionally terrorize Monrovia. The NTGL is lacking in a defence force, and the police force is a badly downgraded institution, decrepit in both appearance and ability.

WHILE LIBERIA MAY WELL BE ABLE TO PRODUCE AN ACCEPTABLE CERTIFICATE AND APPROPRIATE LEGISLATION IN THE NEAR FUTURE, THE QUESTION ARISES AS TO WHETHER OR NOT THE LEGISLATION CAN ACTUALLY BE ENFORCED, AND WHETHER OR NOT A KIMBERLEY SYSTEM CAN BE PAID FOR.

## RECOMMENDATIONS

- 1. Surrender Charles Taylor:** The UN Security Council should request the Government of Nigeria to surrender Charles Taylor to the Special Court in Sierra Leone. Taylor's continuing ability to evade justice, apparently with the tacit approval of the Security Council, sends a very bad message to the Sierra Leoneans, Liberians and others who have suffered at his hands. The NTGL should also request that Taylor be brought to justice.
- 2. Retain the Diamond Embargo:** The UN Security Council should extend the embargo on Liberian diamonds until the country is fully able to implement a Kimberley Process certification system. The NTGL should endorse this position in order to demonstrate its good faith in establishing adequate controls.\*
- 3. A Role for the Kimberley Process:** The UN Security Council should ask the Kimberley Process, on the request of the Government of Liberia, to review any proposed Government of Liberia system *once it is fully in place*, with a view to making a recommendation on Liberian participation in the KPCS and a final removal of UN sanctions.
- 4. Cost:** Assuming an end to rebel occupation of the diamond areas, the 50 year history of diamond smuggling into Liberia will only be countered by an *effective* regulatory system. This will cost as much as \$500,000 per annum, as much as Liberia will earn from diamond revenues, or more. Donors must be found in the short and medium term to meet the cost of any new regulatory system. If Liberia is left to its own devices on this matter, it will fail (see text box, page 12).
- 5. Capping:** Managing an eventual KP certification system in Liberia will be complex. A return to the free-for-all approach of the past, with the temptations that accompany lax management and a high-value commodity, risks a return to the destabilization that has plagued Liberia, its neighbours and the West African diamond economy. This cannot be

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\* One short-term alternative might be to have Liberian diamonds certified by Sierra Leone's Government Gold and Diamond Office (GGDO), which has an effective Kimberley Process system in place, and to have the taxes remitted to the Liberian government. Sierra Leone government officials were, in April 2004, willing to consider this option, but it has obvious political drawbacks for the Government of Liberia.



allowed to happen. One way of encouraging the Liberian diamond trade, but keeping it within appropriate parameters, is to limit Liberian diamond exports to the country's known diamond resource base, both in the volume and the value of diamonds to be exported.

When it has control over the diamond areas and has created appropriate legislation and a certificate of origin, the Government of Liberia should invite a KP Review Mission to study its ability to comply with KPCS standards (as noted in Recommendation 3, above), **and to set upper limits, by volume and value, on the export of diamonds.** This limit could be reviewed whenever a significant change in the country's mining capacity has occurred. Without such a "capping" arrangement, Liberia could well become prey once again to those who would use its name and its territory to launder diamonds from other countries.

6. **A Role for ECOWAS:** Like security, diamonds have become a regional issue in West Africa. The problems extend not just to Liberia's immediate neighbours, Guinea, Sierra Leone and Côte d'Ivoire, but to countries further afield, including Burkina Faso and Gambia. Nigeria, which has borne the weight of the regional peacekeeping effort, has a major stake in ensuring that the region's diamond resources are well managed, for the benefit of the citizens of the countries in which they are mined. While ECOWAS has played an important role in ending the conflicts, it has dealt so far mainly with symptoms rather than causes. ECOWAS should consider the possibility of a deeper engagement in the economic

drivers of conflict, with a view to ensuring good management of natural resources – such as diamonds – throughout the region.

## NOTES

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- <sup>1</sup> Graham Greene, *Journey Without Maps: A Travel Book* (London: William Heineman Ltd., 1936), 231-232.
- <sup>2</sup> *Liberia: Civil Society's Role in the Political Transition* (Prepared by the National Democratic Institute for International Affairs, NDI, January 2004), 13.
- <sup>3</sup> This is the new "working figure" estimated by the UN mission in the country, UNMIL. Before the start of disarmament last year, UNMIL estimated the number of combatants to be disarmed at 38,000. UN officials complain that faction leaders have been unable to present solid figures for their troop strengths. The first attempted demobilization in December last year quickly turned into chaos, after the militias, desperate for the cash incentive to hand in their weapons (an initial \$150 for each combatant to be followed by another \$150 several months after), stormed Monrovia. At least 8 people were killed in ensuing melee. In the event, the UN paid 12,000 soldiers but received only 8,000 weapons.
- <sup>4</sup> Author Stephen Ellis suggest a lower number, estimating 60,000 to 80,000 deaths between 1989 and 1997. To these must be added the casualties of the following 6 years, however.
- <sup>5</sup> Interview with Jacques Paul Klein, the UN Secretary General's Special Representative and the political head of UNMIL. Monrovia, April 2004.

- <sup>6</sup> Amos Sawyer, *The Emergence of Autocracy in Liberia: Tragedy and Challenge* (San Francisco, Calif.: ICS Press, 1992), 293-294.
- <sup>7</sup> For a detailed account of Doe's atrocities, see Bill Berkeley, *Liberia: A Promised Betrayed* (New York: Lawyers Committee for Human Rights, 1986).
- <sup>8</sup> Stephen Ellis' *The Mask of Anarchy: The Destruction of Liberia and the Religious Dimension of an African Civil War* (London: Hurst and Co., 1999), provides a detailed and insightful account of the conflict.
- <sup>9</sup> Ian Smillie, Lansana Gberie and Ralph Hazleton, *The Heart of the Matter: Sierra Leone, Diamonds and Human Security* (Ottawa: Partnership Africa Canada, 2000).
- <sup>10</sup> *Report of the Panel of Experts Appointed Pursuant to UN Security Council Resolution 1306 (2000), Paragraph 19 In Relation To Sierra Leone*, December 2000
- <sup>11</sup> Interview with Conmany Wesseh, a prominent civil society and human rights campaigner, now a member of NTGL Parliament as a representative of all of Liberia's civil society organizations.
- <sup>12</sup> Greene, *Journey Without Maps*, 122.
- <sup>13</sup> *Ibid.*, 121.
- <sup>14</sup> Interview with Ellen Johnson-Sirleaf. Monrovia, April 2004.
- <sup>15</sup> For more historical background, see Peter Greenhalgh, *West African Diamonds 1919-1983: An Economic History*, (Manchester University Press, 1985)
- <sup>16</sup> See [www.diamondfields.com/s/Home.asp](http://www.diamondfields.com/s/Home.asp)
- <sup>17</sup> See [www.theperspective.org/patroberson\\_taylor.html](http://www.theperspective.org/patroberson_taylor.html)
- <sup>18</sup> Colbert King, "Pat Robertson: His Deal in Liberia," *Washington Post*, 20 October 2001; page A27.
- <sup>19</sup> See [www.cbsnews.com/stories/2003/07/11/national/main562915.shtml](http://www.cbsnews.com/stories/2003/07/11/national/main562915.shtml)
- <sup>20</sup> *Ibid*, pg. 77.
- <sup>21</sup> Monrovia Interview, April 2004.
- <sup>22</sup> Editorial, "Welcome, Sanction Committee," *The Analyst*, April 22, 2004.
- <sup>23</sup> Security Council Resolution 1343 (2001)
- <sup>24</sup> Security Council Resolution 1478 (2003)
- <sup>25</sup> Security Council Resolution 1521 (2003)
- <sup>26</sup> Clarence Roy-Macaulay, "Sierra Leone Court Indicts Liberian Leader," *The Guardian*, June 4, 2003.
- <sup>27</sup> Glenn McKenzie, "Nigeria will Surrender Taylor for Trial," *Associated Press*, 25 November 2003.
- <sup>28</sup> This is the title of a pamphlet issued by the Catholic Bishops of Liberia which averred that the "mal-development of our country and our 'free enterprise' economic system contributed immensely to the state of our affairs today." See The Catholic Bishops of Liberia, *Liberia at Cross Roads: Hopes and Challenges* (Monrovia, January 4 2004).
- <sup>29</sup> The site is just outside Monrovia, and was a showcase of mining activity for the Taylor government just before UN sanctions were imposed. The government was eager to take UN investigators to the place, in order, no doubt, to demonstrate a higher Liberian diamond mining capacity than was actually the case. The place is now derelict, and there is little evidence that diamonds in any quantity were found there.



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