

Civil Society Speech at the Brisbane plenary
December 10, 2017

Honorable Chair of the Kimberley Process,

Honorable Vice-Chair,

Dear Presidents of the different working groups,

Dear Government representatives here, dear representatives of participating countries,

Distinguished Members of the World Diamond Council,

Dear Observers, dear guests of KP Chair,

Dear friends and colleagues,

Ladies and gentlemen.

Once again on behalf of the civil society coalition, I would like to thank the President for the warm welcome we have received here in Brisbane.

Ladies and gentlemen.

On the eve of this plenary, the civil society coalition feels the need to highlight the significance of forthcoming talks not only to the KP as a multilateral forum but also as a mechanism to combat conflict diamonds and further good governance.

I stand before you today as part of the third pillar of what was once a trailblazing multilateral stakeholder forum. That forum was tasked with a dual purpose: to prevent the flow of conflict diamonds and reassure consumers of the same. The KP civil society coalition's role in achieving this comes from its strong contribution to supporting technical implementation in artisanal producer states –highlighted in the African Regional approach and our

members' work in their respective countries. However, crucially, it also comes from its unique and indispensable role in guaranteeing KP credibility by acting as the mechanism's watchdog. Here, its combination of southern hemisphere members close to ASM communities and northern hemisphere members closer to consumers is key to translating such messaging. It is only by openly and critically highlighting KP failings and suggesting areas for improvement that civil society can reassure consumers that the KP's mechanism can indeed deliver. In the words of our hospitable Australian Chair, it is this continuing consumer confidence that "underpins the value that people place in your wonderful product".

Guaranteeing credibility for today's intelligent consumer requires maintaining the civil society credibility. Such actors must be able to operate with independence and integrity, as well as having both the drive, capacity and experience to do the work. We must be free from influence or interference so that we can focus on compliance. It is for this reason that coalition members actively avoid political or commercial ties, putting in place requirements that funding be fully respectful of the need to be critical. Any discussion of a multi-donor trust fund must hold this principle at its core. Funding should not be used to instrumentalise or control civil society for commercial or political ends. Despite this, recent events within the KP appear to represent attempts to do precisely that. Indeed, partisan industry funding has been accompanied by attempts to undermine civil society independence and diminish its role in the KP by trying to bring new members on board as a kind of parallel civil society. The Coalition maintains its right to determine its own membership so as to ensure that it can guarantee the character and capacity of its constituents as worthy of credibility vis-à-vis the outside world.

The Civil Society Coalition represents the organizations and people we work with. We are not here as an individual but we work together as a Coalition. The KP is not a matter of personality worship but a collective and inclusive effort to advance the governance of the diamond sector. The Coalition remains open to any civil society organization in accordance with internal rules and procedures.

At the Africa Diamond Conference in Brussels last month industry representatives highlighted that consumer demand for responsible diamonds is becoming ever pressing – this at a time when diamonds are losing their share of the luxury goods market. Whilst the establishment of the Diamond Producers Association seeks to reinvigorate demand for diamonds through generic marketing, NGOs and others will continue to highlight the involvement of diamonds not only in continuing conflict, but also other innocuous activities such as human rights abuse, undervaluation, money laundering, fraud and terrorism financing.

The KP must wake up to and deal with these issues. The repeated self-congratulatory use of often dated and misleading statistics on KP achievements – such as the reduction of conflict stones to 0.2% of global trade – keeps the KP dangerously numb to its inefficacy and has come to represent a public lie. That statistic was formulated in 2006, drawing on 2004 KP participant figures to conclude that those diamonds then under UN embargo amounted to approximately 0.2% of world production by volume. Not only is this figure long overdue reassessment but it also requires formulation of a percentage by value to provide a clearer insight on KP efficiency. UN experts estimated that the Central African Republic, lost US\$24 million to diamond smuggling between May 2013 and late 2014 alone. Indeed, before a 2008 government shakedown of traders, the CAR's stones ranked 6th in value globally, falling to 10th following a subsequent growth in illicit trading. It is precisely these high value stones that find their way into jewellery stores in the US, Europe, India, China and beyond. No one currently truly knows the volume or value of production in rebel-held eastern CAR, where the most valuable stones are said to be sourced. These stones nevertheless continue to access the legal pipeline through illicit networks, keeping conflict production thriving.

Quite aside from being a conduit for conflict stones, illicit trading enables other practices threatening international peace and security – namely, money laundering, terrorism financing and criminality. It also holds back genuine efforts to secure development, good governance and enhance livelihoods

through the diamond sector by facilitating undervaluation and theft. As early as 2000, a senior diamond consultant estimated illicit rough stones to constitute around 20 per cent of the worldwide trade. Since the epic rise in the use of tax havens as trading hubs, that figure can be expected to have risen substantially, especially if, once again viewed by reference to value. This makes for a questionable supply chain – and certainly not one that works in favour of achieving Sustainable development goals, unless this issue is addressed.

In June the KP Civil Society Coalition outlined some concrete reforms necessary to address the key issues of KP efficacy and relevance. These included: embedding the tripartite structure by raising operational standards and protecting civil society space; reinforcing internal controls, especially through information sharing and enforcement cooperation; reinforcing the Washington declaration and improving Peer Review.

We welcome the initiative to establish a permanent KP secretariat – though must caution that such an entity must likewise maintain its independence and integrity. We also welcome discussion on a MDTF as well as valuation. However, we are concerned that most of the key issues that go to the heart of KP compliance and scope have yet to be concretely or explicitly accorded space in forthcoming discussions. We only hope that this situation will be remedied quickly.

With these words, I want to thank you for your kind attention.