

Diamond Development Initiative International

Project Description

The Diamond Development Initiative International (DDII) was founded by key actors who had a role in initiating and enacting [Kimberley Process](#) (KP). Their objective was to go beyond KP's regulatory conflict prevention mechanism, to take a developmental approach to artisanal and small-scale diamond mining with a focus on individuals who were at the core of conflicts, and sometimes preyed upon and used as forced labor. The poverty, vulnerability, and working conditions of artisanal diamond miners had not changed despite the advent of the KP. The structure of the diamond industry meant that diamond beneficiation typically occurred outside of the source country. By addressing their problems, DDII aims to bring about change that will reduce chaos and instability in the artisanal diamond fields. DDII is working towards establishing *Development Diamond Standards*, where "development diamonds" are envisioned to be those that will be produced responsibly, safely, with respect of human and communities' rights, in conflict-free zones, with beneficiation to communities and payment of fair prices to miners.

DDII is thus, a long-term investment in conflict prevention and sustainable development and is an important complement to the KP. DDII is governed by a multi-sector board and organized as a non-profit.

Project Summary

DDII was formed in 2005 at a meeting of representatives from the United Nations, national governments, US and UK international development aid agencies, NGOs and the diamond industry. DDII was governed through a Coordinating Group until June 2007, when a Board of Directors and an Advisory Group took over. In January 2008, DDII, Dorothee Gizenga was appointed to be the organization's first Executive Director.

DDII seeks to comprehensively address the issues faced by the artisanal diamond mining sector so that the miners and their communities can reap the benefits of the legitimate diamond trade. These issues include promoting formalization of diamond mining, economic value and benefit, environmental practices including restoration, and compliance with rights. As the project advances, mechanisms will be developed to promote supply chain transparency.

The work of DDII consists of a) site based projects where best practices are developed and tested and evidence is provided that communities can benefit from diamond mining and production, and b) the development of best practice standards, criteria and policies. DDII is also currently leading a global multi-sector working group that is developing a first set of development diamond standards.

DDII is particularly interesting as it relates to conflict metals due to the geopolitical, geographic and supply chain similarities. It is fairly unique in its effort to work on a project basis in

challenging political contexts and its focus on a mine-to-market product. Project examples can be found [here](#).

Nature of Supply Chain, Products and Issues

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

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

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

Analysis

Supply Chain Complexity–Steps (*Complex*)

The supply chain is typically complex due to the number of transactions and the opaque quality of many of these transactions. However, a number of actors have taken steps to decrease supply chain complexity with fewer steps from mine to product.

Formalization of Sector (*Informal*)

The ASM sector that DDII seeks to address is typically less formalized than the large scale mining sector, particularly in regions with weak or unstable governments. Thus, the supply chain complexities can actually increase in the ASM sector.

Material Processing, Coherence (*Coherent and Incoherent*)

While diamonds maintain their physical coherence, tracing artisanally produced diamonds from mine to export is nearly impossible in most countries at the moment. Beyond the export point,

artisanally mined diamonds become indistinguishable from diamonds mined industrially and go through the same processing and trading mechanisms.

Significant in Product Composition (*Significant %*)

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

Issue/Source Geography (*Typically Relevant*)

While the geography is not a precise overlap, conflict metals are sources from many of the same unstable regions as diamonds. In fact, DDII is scoping project work in DRC.

Stage of Development, Maturity (*Early Operational*)

DDII has active project work in the alluvial diamond mining sector in Africa, including guidelines for companies and development organizations in Sierra Leone and is beginning work on standards development.

Nature of Governance (*Multi-Sector*)

DDII is governed by a multi-sector board and a much broader, multi-sector advisory group.

Standards Breadth or Focus (*Multi-Issue: Environmental and Social Objectives*)

The criteria for participating DDII sites address a range of social and environmental issues. Sites also demonstrate community or economic added value.

Nature of Standards/Program Development (*Multi-sector Development*)

DDII has achieved a significant degree of credibility on a complex issue set. Interested stakeholders have been generally supportive in their input and DDII has organized a multi-sector [group](#) for standards development.

Approach to Verification (*Not Yet Applicable*)

NA—DDII serves to verify the effectiveness of its project partners but there is not yet a set of standards, or sites, against which to certify. When that does occur, DDII is committed to working to achieve third party verification.

Key Findings

DDII provides EICC-GeSI with an example of how a responsible mining program could be organized in unstable or conflict-prone regions in a manner that demonstrates a) that minerals are not fueling conflict, b) shows value community and economic benefit, and c) has the potential to create a chain-of-custody.

DDII standards development is an interesting model for EICC-GeSI to monitor or consider. DDII's geographic reach correlates in an interesting and potentially useful way to where conflict metals issues are taking place. Thus, they are likely to include provisions on conflict zones.

DDII's site focused approach could be applied to specific ASM sources for target metals in the electronics sector leading to potentially positive, site based case-studies and trials.

However, the economics and corporate dynamics in the diamond sector and in the electronics sector are likely to be different. There is typically greater added value, post mining, for diamonds. There is greater vertical integration. Diamonds are also a coherent marketable product throughout their life-cycle.

Further, DDII is a grassroots, localized approach and will take time to manifest to the point where significant product enters the market. It is unlikely that electronics products lend themselves to the same product marketing opportunities—the community sourcing story—that appears to be attractive to jewelry designers and retailers. It is more difficult to imagine this occurring related to small percentages of gold or tantalum in a cell phone. On the other hand, an “ethical inside” strategy might work, where electronics companies seek to increase the percentage of the product that is responsibly sources, over time.