Outlook & Priorities for the Angolan Chairmanship of the Kimberley Process in 2015

Instituto Angolano de Sistemas Eleitorais e Democracia
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Available also in Portuguese
I am pleased to present Angola's outlook and priorities for the Kimberley Process Certification Scheme in this report, together with supplementary information on Angola's diamond industry.

Angola's civil war was one of the decisive factors in the founding of the Kimberley Process, so becoming chair of this body has more significance for Angola than it may have for many other member states. As such, Angola believes it can make a significant contribution to the development of the Kimberley Process. Angola's aims during its tenure as chair of the Kimberley Process are set out in the next section.

One of Angola's priorities, both as chair of Kimberley Process and as a nation, is the implementation of the Washington Declaration to develop Artisanal and Small Scale Diamond Mining. The ASM sector is currently the largest by value of African artisanal production, although it represents less than one fifth of Angola's output.

In this report, Angola outlines the significant changes it has made in this sector. As the Kimberley Process Chair, we hope to demonstrate leadership in the ASM sector and improve its integration with the KP. As a nation, the new policies are a valuable contribution by the diamond sector to Angola's Poverty Reduction Programme and National Development Plan. Angola will report further on progress in this sector during its tenure in 2015.

Angola looks forward to working closely together with the industry and Civil Society to uphold the principles of the Kimberley Process and its continuing evolution as the global mechanism for combating illicit trading and smuggling of conflict diamonds.

More specifically we will continue to closely monitor the situation in the Central African Republic to ensure that rebel groups do not use diamonds in their bid to seize power from the elected Government. We will further support the return of Ivory Coast and Guinea-Conakry as full participating members of the Kimberley Process and the resumption of their exports of diamonds following recommendations set out by the experts of the United Nations and the Kimberley Process.

Last but not least we are happy to continue the lead taken by the current KP Chair 2014 to encourage Venezuela to come back as a full participating member of the KP after years of self-suspension.

Bernardo Francisco Campos
Vice - Chair
Kimberley Process Certification Scheme 2014

*Mission Statement*

To be in line with the Washington and Moscow declaration of the Kimberley Process Certification Scheme and to gather all interested parties to optimize the beneficial development impact of diamond mining to miners and their communities in Angola.

*Objectives*

- To promote wide participation in the mining process including governments, donors, industry and development organizations;
- To collect demographic and geographical data on Artisanal and Small-scale Mining areas;
- To maintain accurate and up-to-date information on production areas and mining licenses;
- To support conversion of mining sites to other economic uses and increased revenue for artisanal miners;
- To consider and promote best practices in the management and administration of Artisanal and Small-scale Diamond Mining areas;
- To strive to minimize health and safety threats towards the Artisanal and Small-scale Mining sector;
- To promote gender equity and strengthen efforts to guarantee women’s equal rights.

*Acknowledgements*

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Special word of thanks:
- to Christine Gordon for her in-depth research;
- to Wlacob Design Studio for the graphic design;
- to Peter Meeus for his assistance.

Without their hard work, this study would not have been possible.

Bernardo Francisco Campos.
Bernardo Francisco Campos, born 1959, Pungo Andongo, Province of Malanje, Angola.
1981 to 1986 Technical and Management positions at Diamang, later Endiama.
1991 Degree in Mining Engineering, at The University of Porto (Portugal).
1995 studied Geology and Diamond Exploration, at the University Moderna (Lisbon), and Masters Degree in Mining Planning, at the Superior Technical Institute of Lisbon. Thesis in 'Applying Geostatistics to Diamond Resources Evaluation of Alluvial Deposits'.
Member of the Restructuring Commission of SODIAM and of the Angolan Geological Institute (IGED). Member of the Interministerial Commission for the Protection of Diamond Resources and PLANAGEO.
1996 to 2000 Management positions in Mining Projects.
2001 to 2005 Member of Board of Directors of ENDIAMA. Participated in the creation of The Kimberley Process and the African Diamond Producers Association (ADPA).
2006 onwards Consultant to the President of Republic of Angola for Mining Issues.
2007 onwards President and CEO of Bauxite Angola, Kimberley Process Vice Chair, from January 2014.
I. Angola and the Kimberley Process

Renewed Civil War in Angola and the Genesis of the Kimberley Process

The Republic of Angola played a major role in the birth of the Kimberley Process, both as a country whose diamonds were used by the opposition group to fund the long civil war, from 1975 to 2002, and as an initiator of a certificate of origin system that was a precursor to the Kimberley Process Certificate. This is recognised in United Nations Security Council Resolution 1459 passed in January 2003, in which the Kimberley Process was finally approved by the International Community as the global regulator for conflict diamonds. This took place after the end of Angola’s civil war, so played no direct role in the ending of conflict diamonds for Angola.

Artisanal or informal mining had become the vector for conflict diamonds in Angola only a year after it first became a major phenomenon. Informal mining first erupted on a very large scale from September 1991, following the signing of the Bicesse Accords between the Government and UNITA and an agreement to hold the country’s first national elections. With the advent of peace in Angola at least 100,000 diggers, principally from then Zaire, flooded Angola’s 11 provinces, making it the richest source of diamonds in Angola, as well as occupying other areas of Lunda Norte.

The government of Angola passed a new diamond law; Law 30/91, in October 1991 which made it legal for Angolan citizens as individuals to possess and trade in diamonds acquired from areas outside mining concessions, and sell through government-recognised buying offices in an attempt to control the situation. Lazare Kaplan International was brought in by Endiama to buy diamonds from the informal sector, but this hardly affected the levels of smuggling. Such large scale smuggling, estimated in 1991 to be valued at USD250 million, caused a crisis for De Beers, who by Autumn 1992 were making public reports on the extent of illegal digging in Angola and the financial crisis resulting from that and, who in 1992, reported they had bought about USD350 million of smuggled Angolan diamonds. This crisis ended as abruptly as it had begun. In October 1992, after rejecting the results of United Nations sponsored elections, the opposition group Uniao Nacional para a Independencia Total de Angola (UNITA) returned to civil war and seized, among other areas, the richest mining area in Angola, the Cuanza Valley.

UNITA’s seizure of the Cuanza and much of the Lunda in 1992, effectively brought industrial scale diamond mining to a stop, except for the area around Lucapa. State controlled diamond mining remaining minimal for several years.

In 1993 the United Nations had placed an embargo on the supply of arms to UNITA, judging that UNITA was largely responsible for the return to war. Further sanctions followed in 1997 on fuel supplies, travel and political representation.

The Lusaka Peace Accords in 1994 had brought about a temporary ceasefire and both formal and informal mining developed in Angola, as did UNITA’s mining. UNITA during the period 1992-1997 brought at least 300,000 diggers in from Zaire and issued licenses to mine and buy diamonds, enforcing high levels of control.

As UNITA withdrew from its main mines in the Cuanza Valley in early 1997, the fragile peace process began to unravel and a year later by mid 1998, diamond projects were again under attack by UNITA. In 1998, the United Nations, in pursuit of a peace settlement in Angola, took the unprecedented step of placing sanctions on UNITA’s diamond trading, albeit this was now much harder to trace 2.

1 Kimberley Process Participants are: Angola, Armenia, Australia, Bangladesh, Belarus, Botswana, Brazil, Cambodia, Cameroon, Canada, Central African Republic, China, Cote D’Ivoire, Democratic Republic of Congo, European Union, Ghana, Guinea, Guyana, India, Indonesia, Israel, Japan, Kazakhstan, Laos, Lebanon, Lesotho, Liberia, Malaysia, Mali, Mauritius, Mexico, Namibia, New Zealand, Norway, Panama, Republic of Congo, Russian Federation, Sierra Leone, Singapore, South Africa, South Korea, Sri Lanka, Swaziland, Switzerland, Tanzania, Thailand, Togo, Turkey, Ukraine, United Arab Emirates, United States of America, Venezuela, Vietnam, Zimbabwe.

2 Reported variously in “Financial Times” 12/5/92, “Independent” 14/10 /92 and others


4 Information on events from 1991 onwards was obtained through published sources, researcher’s field work and interviews in Angola between 1991-2000, and from copies of Angolan legislation

Mission And Vision:

Uphold the principles of the Kimberley Process and its continuing evolution, as the global mechanism for combating illicit trading and smuggling of conflict diamonds.

Support the continuing recognition of the Kimberley Process as a unique instrument of the United Nations to prevent conflict and promote peace, security and stability in the world.

Demonstrate leadership in the implementation of the Kimberley Process’ Washington Declaration in the context of a national diamond industry.

Committments:

Cooperate closely with the Vice-Chair of the KP 2015, for growth and consolidation of Kimberley Process Certification Scheme to maintain the credibility achieved over the last ten years, since the inception of the Scheme in 2003, with the aim of stemming any flow of conflict diamonds onto the international market.

Outlook:

Deal responsibly with current and future challenges for the benefit of producers and consumers, maintaining an open dialogue between the three pillars that make up the Kimberley Process; Governments, industry and civil society.

Angola’s priorities as Chair of the Kimberley Process:

• Monitor the situation in the Central African Republic, beset by ethnic and religious war, to ensure that rebel groups do not use diamonds in their bid to seize power from the elected government. It is advisable to maintain the suspension of diamond exports from the country until after the elections that will mark the end of the transitional government;

1. Angola and the Kimberley Process
and to develop a system of controls to facilitate the implementation of [the] resolution. The system of controls eventually developed was the Kimberley Process.

In December 2000, the United Nations General Assembly adopted Resolution A/RES/55/56, supporting the creation of an international certification scheme for rough diamonds, and this was supported by United Nations Security Council Resolution 1459 passed in January 2003. The primary objective was to prevent diamonds from funding rebel groups in civil wars, as in Angola and Sierra Leone.

In Angola, the existing controls export through a single diamond office, SODIAM, and a certificate of origin, were integrated into the Kimberley Process system.

Civil war in Angola led to almost a revolution in global rough trading, through the establishment of the Kimberley Process. Looking back, it is difficult to recall just what a major step forward the Kimberley Process represented at the time, in developing compliance in the diamond industry and diamond trading countries.

"In Angola, diamonds are a story of growth, a story of hope."

Eng. Carlos Sumbula

2. This Time for Africa

Africa’s diamond mining landscape is changing, generating funds for growth in nations.

Now, growth is the key to Africa’s diamond business.

In Angola, diamond miners are strongly driving the central point of Africa’s big diamond business that was once haunted by some of the severest civil wars that wrecked the continent, so that the overriding consequences of diamond sourcing is the empowerment of the African nations and African people. For them to obtain full benefits from their natural resources, it is imperative that both the diamonds and the diamond industry remain devoid of any reputation threat.

In Angola, the long-term policy emphasis has been on developing industrial scale mines. The Catoca kimberlite is the country’s principal source of diamond production, with two further kimberlite mines under development, and several projects mining secondary sources.

Now, with the new policies being implemented, the Artisanal and Alluvial Mining (ASM) sector is being seen as of positive benefit to the country’s diamond development for the first time, as well as a source of poverty reduction for the population. ASM is relatively a much smaller sector for Angola; in 2013, industrial scale diamond production was 7,923 thousand carats, and artisanal 679 thousand. An increase in artisanal diamonds reflects the effects of registering miners; more diamonds were being sold to SODIAM.

Within the Kimberley Process, and globally, the ASM sector has been negatively viewed, as a source of conflict diamonds, of diamond smuggling, of human rights violations, of uncontrolled mining and environmental damage. The sector also seems as being a ‘second-class’ source of diamonds, less well regulated and never able to meet the standards of, for example, the Responsible Jewelry Council.

One reason why the ASM sector can be successfully registered and managed is that Endiama EP, and all its subsidiaries are state-owned and able to work together to provide many of the solutions to improving the conditions of miners in the ASM sector. It is undoubtedly more difficult to co-ordinate a mixture of state-owned and privately owned agencies to achieve this end.

Leading the nation’s diamond growth is Luanda-based Endiama – headed by its chairman Eng. Antonio Carlos Sumbula – that controls the catoca mine through a joint venture with Russia and Brazil. "The growth of African nations is directly proportionate to the growth of its minerals, especially diamonds. Sustained mining is the only answer to a strong GDP in African countries, all of which comply with the Kimberley Process (KP) regulations," remarked Eng. Sumbula.

"As a pioneering Participant of the Kimberley Process and founder member of the Association of Diamond Producing Countries in Africa, I would like to take this opportunity to salute the 10th Anniversary of the establishment of the Kimberley Process whose main role in putting an end on armed conflict in Angola and other African countries should always be highlighted."

Eng. Manuel Domingos Vicente, Vice President of Angola, at the ADCC June 2013
### Annual Rough Diamond Summary: 2013

<table>
<thead>
<tr>
<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>9,360,469.88</td>
<td>1,277,644,487.07</td>
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<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>12,461,834.32</td>
<td>2,234,813,337.20</td>
</tr>
</tbody>
</table>

### KPC Counts

- **Import**: 0
- **Export**: 175

### Annual Rough Diamond Summary: 2012

<table>
<thead>
<tr>
<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>8,330,997.20</td>
<td>1,110,222,942.05</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>TBC</td>
<td>TBC</td>
</tr>
</tbody>
</table>

### KPC Counts

- **Import**: 0
- **Export**: 146

### Annual Rough Diamond Summary: 2011

<table>
<thead>
<tr>
<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
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<tbody>
<tr>
<td>Production</td>
<td>8,328,518.96</td>
<td>1,162,625,477.64</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>8,563,568.33</td>
<td>1,149,702,849.86</td>
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</table>

### KPC Counts

- **Import**: 0
- **Export**: 156

### Annual Rough Diamond Summary: 2010

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<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
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<td>Production</td>
<td>8,362,139.06</td>
<td>976,318,204.86</td>
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<td>Import</td>
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<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>7,170,727.93</td>
<td>824,376,765.41</td>
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### KPC Counts

- **Import**: 0
- **Export**: 137

### Annual Rough Diamond Summary: 2009

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<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
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<td>Production</td>
<td>9,238,270.96</td>
<td>804,094,820.79</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>9,709,105.65</td>
<td>791,100,316.60</td>
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</table>

### KPC Counts

- **Import**: 0
- **Export**: 146

### Annual Rough Diamond Summary: 2008

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<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>8,906,974.26</td>
<td>1,209,789,970.30</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>7,389,133.63</td>
<td>995,408,419.35</td>
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</table>

### KPC Counts

- **Import**: 0
- **Export**: 185

### Annual Rough Diamond Summary: 2007

<table>
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<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>9,701,708.71</td>
<td>1,271,955,353.15</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>8,520,485.75</td>
<td>1,129,774,806.55</td>
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### KPC Counts

- **Import**: 0
- **Export**: 174

### Annual Rough Diamond Summary: 2006

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<th>Volume (cts)</th>
<th>Value (USD)</th>
<th>USD /ct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>9,175,060.73</td>
<td>1,132,514,825.77</td>
</tr>
<tr>
<td>Import</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Export</td>
<td>9,175,060.73</td>
<td>1,132,478,825.77</td>
</tr>
</tbody>
</table>

### KPC Counts

- **Import**: 0
- **Export**: 175

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One of the first KP Certificates issued by the Republic of Angola in 2003.
Among those were UN High Commissioner for Human Rights Navi Pillay who had visited Angola ten years after it gained independence and said Angola had – indisputably – made a great deal of progress in the ten years since the end of the conflict in 2002, aided by abundant natural resources, especially oil and diamonds. The High Commissioner was happy with the government’s investment in important infrastructure including schools, medical facilities, major housing projects, water and electrical supplies, improved prisons, and thousands of kilometers of roads. “Work continues to remove the many thousands of landmines which continue to blight so much of the country’s beautiful, fertile and remarkably unpopulated interior,” said Pillay.

After several meetings in April 2013 with government officials, including President dos Santos, Pillay said she was convinced that in the immediate aftermath of the war there was a need to prioritize infrastructure, and construction of roads, bridges and buildings and that these were important for the Angolan government. “I fully recognize that the Government must free up land to carry out construction projects necessary for the further development of a modern, prosperous economy,” said Pillay.

She talked of progress of a new nation, her voice reflecting Angola’s efforts to adhere to global norms in all spheres of life.

“Now, Angola has a new Constitution which is strong on human rights, and a redesigned Constitutional Court to ensure it is observed. The Government is also bringing in new laws to strengthen protection guaranteed by the Constitution. It has made impressive progress on women’s rights, in particular, with the enactment of the Law on the Participation of Women in Political Life leading to 34% of today’s Parliamentarians being women; and an important new Law against domestic violence enacted two years ago,” she said.

And it was then during her visit, she highlighted what was often misconstrued as deaths in diamond mines. She said she accepted irregular entry of tens of thousands of migrants into Angola every year, many of them seeking to dig illegally for diamonds, was causing major problems for the Government which has a right to set limits to migration and to regulate a key industry.

“It also has a right to deport irregular migrants, but must do so humanely and in full compliance with international human rights laws and standards. I support efforts to tackle this extremely complex and difficult issue at a regional level, and have agreed to raise the issue of closer cooperation by the DRC, from where around 80% of the migrants entering Angola originate,” she added.

She said despite the sensitive nature of some of the topics she raised, Pillay found the President and his ministers very engaged, and the discussions were extremely constructive.

“My impression is that the Government of Angola is genuinely committed to improving human rights,” said Pillay.

“Angola is very determined to strongly eradicate any violation of human rights which directly would be linked to the production of diamonds.”

- Hon. Dr. Rui Mangueira
3. Illegal Immigration and Human Rights Commitment

At the Angolan Diamond Centenary Conference in Luanda, Hon. Dr. Rui Mangueira, Minister of Justice and Human Rights of Angola announced that the Government of Angola was very clear on the country’s intentions: “Angola is very determined to strongly eradicate any violation of human rights which directly would be linked to the production of diamonds.” The eviction of illegal workers coming to search diamonds on Angolan territory is a delicate exercise but can and will in no way compromise our living up to the high standards on the compliance with fundamental human rights,” said Dr. Mangueira. 7

He highlighted how Endiama, one of biggest stakeholders of the Catoca mines, has helped shape the economic fortunes of Angola with USD20 billion plus oil reserves and annual diamond sales of USD1.2 billion. Thanks to Endiama, there are no bailouts from Angola, but massive and canny investments across the world. Angola – once plundered for more than 300 years for its slaves and natural resources – is now effectively buying up a big slice of the world business.

Since the establishment of the Kimberley Process the Republic of Angola has been the subject of 2 Review Missions. In none of the Review Mission Reports any fact, direct or indirect, linked to violence around the artisanal diamond mining sector has been mentioned. The last report of 2009 has recommended the Government of Angola for its positive contribution to the living standards of the people of the country and this following increased revenues from diamond mining activities.

Further, the 2009 Report explicitly says: “At present Angola’s investment climate is favorable. There is peace and freedom of movement of the country’s people, services and judicial protection of private investments and legal guarantees to protect reinvestments and repatriation of financial assets.”

Peter Meeus, Chairman of the Dubai Diamond Exchange, recently has put it as follows: “Angola is not the only country in the world facing problems of illegal immigration. Some Western countries have exactly the same issues and are after 20 years still struggling on how to solve the problem.”

One of the major problems in artisanal mining is the presence of a very large number of illegal migrants, principally from the Democratic Republic of Congo, who comprise about 80% of the diamond diggers. Immigration is economic, from poorer countries to richer countries.

The cross border issues with the DRC are complex. It is thought that at least 500,000 miners from the DRC have entered Angola since the diamond rush of the early 1990’s. in 2003-4, Operation ‘Brilhante’ forcibly expelled 256,417 illegal migrants form the diamond areas. The numbers indicate the scale of problems.

New attitudes are emerging towards the ASM sector. The use of voluntary repatriation rather than forced removals across the border is a clear indicator of changing policies.

At least 60,000 DRC nationals left Angola voluntarily during a four-week period in 2013, after being informed they could leave with an amnesty or be expelled. A further 8,517 DRC nationals were expelled in the period to September, together with 144 West Africans. There were no reports or evidence provided of human rights violations, according to diplomats interviewed in Luanda in 2011. The repatriation process was regarded as well managed.

Diamond buying in Angola uses methods that are longstanding and industry wide in countries that produce artisanal diamonds, rather than specific to Angola. International diamond companies with government contracts provide the working capital to buy diamonds; their sub-offices operate in the field, and the diamonds are bought from miners by the middlemen, the ‘Patrocinadors’, who may work with particular buyers. This latter group supplies the miners they buy from with equipment, food and necessities, and sell the diamond production to the sub-offices.

The methods of organization of the ASM sector and diamond buying from the miners has been criticized as a human rights problem, since the diggers are frequently tied to a single Patrocinador, and may get a very low value for their diamonds, once the supplied goods have been paid for. These goods, food medical, supplies and equipment are supplied to registered miners at normal costs, through Endertrade, which begins to remove the control of the Patrocinadors and improves working conditions for miners.

Importantly, Angola is now looking to implement the Voluntary Principles on Security and Human Rights, in collaboration with the Embassy of the United Kingdom in Angola. The issues of the operations of security companies in mining concessions are addressed for the first time in the Mining Code. Mining companies must publish internal regulations about surveillance, security and control applicable in the restricted zones and these must be approved by the Ministry. Corporate Social Responsibility for mining companies is set out in the Mining Code. The Ministry together with Endiama is responsible for ensuring compliance and support to communities.

The new law allows for some movement of people and goods through on public roads through protection zones of mining concessions and states that mine roads in mined out areas should be made available for public use, unlike the previous more restrictive law it replaces.

It also sets out clearly the compensation that communities should receive if their livelihoods are affected, or they are displaced by mining activities. The holders of mining rights are obliged to “construct decent housing, never inferior to that possessed by the people dislocated” and “construct social and community infrastructure...in conditions that are at least equivalent to those that had existed in the dislocated communities.”

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7 Speech of Hon Dr Rui Mangueira at the ADCC 2013
8 Interview with Ministry of Geology and Mines Luanda 29/10/13
The Church in Angola - Interview with Archbishop Imbamba

The Archbishop of Saurimo and Chancellor of The Catholic University of Angola Dom Manuel Imbamba was involved in co-ordinating the voluntary departure from Angola of over 70,000 illegal migrants back to the DRC in April 2013.

The process by which the miners left began at the end of 2012. It started with public declarations by local authorities in the mining areas, explaining an amnesty by which the migrants could leave with their money and goods, and with assistance to return to the DRC. The Archbishop said it was a sensitive situation, since people had families on both sides of the border, and there was a clear need to protect their human rights and dignity, while persuading the illicit migrants to leave.

Don Jose Manuel Imbamba was able to talk to local people to help bring about the voluntary departures; he appealed to both the migrants and their families in Angola. He and the team from Endiamia the Provincial Government, and the ministries involved travelled across the Province, to Lucapa, Cuango, N’Zaji and Cambulo, talking to the miners and the communities. They also talked to the police and security companies about the need to protect human rights and dignity.

Asked why the DRC migrants had agreed to leave, when they were managing to make a living in Angola, the Archbishop said “the miners understood that they were there mining illegally and were sensitised to make them aware that controls on illegal migrants were getting stronger because so much money was leaving the country. People realised it was better to leave, since they were acting criminally.”

The returnees were mainly young men, but some women and children were also present with the miners. They were provided with transport to the border, medical support and food and were allowed to keep their goods and money. The Archbishop noted that the border at Dundo has been very important in improving relations because it allows people on both sides of the border to come and go legally and maintains family relationships.

The Archbishop said the Lundas are very complex, with many forces at work. The first need there is to take development to communities there and provide jobs for people. Asked about the the Cuango and Cafunfo areas, the Archbishop said they are "explosive and complex. The remaining illicit miners and immigrants from DRC are mainly found there."

“There are some very isolated, hard to reach communities; and this can create a kind of ghetto; in which communities are cut off from development. Communities need to feel that something is being done to improve their conditions, with increases in provision of health services, and schools.”

The work that has been done by the Anglican Authorities in order to deport irregular immigrants in full compliance with international human rights laws and standards, should be praised.

-Archbishop Dom Manuel Imbamba

He noted in particular the effects on young people “the first thing is to remove from the minds of young people that diamonds are everything. They can obtain money but they spend it, there is no culture of saving. Education is needed.”

The Archbishop also wants to see an increase in corporate social responsibility, with the mining companies and their security companies engaging more with local communities and improving relationships.

Asked by the press, the Archbishop said, “I have said publicly that our borders are literally invaded illegally.” Allowing the influx of illegal immigrants can create shocks with local communities resulting in problems in human rights and marginalization.

The Archbishop’s point of view is that “the work that has been done by the Angolan Authorities in order to deport irregular immigrants is in full compliance with international human rights laws and standards, and should be praised.”

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“The scale of the problem is one no other African country has had to face in its diamond fields. Lunda Norte is the third biggest province in Angola, and by itself has a 770 km border with the DRC, much of it riverine. Lunda Norte is contiguous with the provinces of Katanga, Bandundu and Kasai Occidental. The Governor of Lunda Norte, Ernesto Muanga, commented that the combined population of these three provinces alone was 47 million, greater than the entire 20 million population of Angola.”

When the DRC nationals returned, Muangala commented on the agreement with Western Kasai: “this is the first registered voluntary withdrawal, of 68,400 illegal immigrants, mostly from DRC. Our Congolese counterpart informed us recently that their data points to more than 90,000 DRC citizens who voluntarily left the territory of Lunda Norte.”

There have been major longstanding problems of border breaches. Muangala commented that the DRC was also a conduit for West African diamond buyers and diggers, from Mauretania, Senegal, Guinea, Mali. A co-operation agreement was reached between the governors of the three DRC Provinces and Lunda Norte, that West African buyers would not be allowed to pass into Angola unless they had work permits for Angola. Muangala noted this policy is working well. This also minimises the risk of Ebola spreading to Angola from West Africa – at present there are no reported cases.

Mualango explained that the border had been opened to allow people access to their relatives on both sides of the border, and for access to food markets in Angola, and the road to the border has been rebuilt. New border posts have been set up in both countries, to manage the flow of people.

The border is open for access local markets for two days a week, Wednesdays and Saturdays. Access to either country is by laissez-passé or safe conducts. This has the effect of reducing illegal border crossings in the Dundo area, albeit migrants seeking to enter to mine diamonds are said to not cross at border posts.

Although diamond mining is the principal economic activity in the province, Mualanga also spoke about the major agricultural project at Cacanda, which is improving food security in the Lundas and an increase in farming in general, with credits available from Central Government for farmers.

Cacanda is a large agri-business venture, producing up to 70,000 eggs each day for sale across Angola, fruit and vegetables from greenhouses, and high quality meat from its slaughterhouses, in a modern production facility. Cacanda supplies Endiamia’s diamond mines, supermarkets, and also contributes to Lunda Norte’s food security.

Lunda Norte and Democratic Republic of Congo Border.

In Lunda Norte, the voluntary repatriations of DRC nationals in 2013, and the opening of the border near Dundo, represent a major policy change by Angola, following a decade of forced, violent, repatriations of hundreds of thousands of illegal migrant diamond diggers back to the DRC.

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11 Interview with Governor of Lunda Norte Province Ernesto Mualanga, Dundo 18/09/14
12 Jornal de Angola, 04-07-2013. Interview with Ernesto Mualanga, Governor of Lunda Norte Province
13 Visit to border posts near Dundo 19/9/14
14 Visit to Cacanda, Lunda Norte, 19/09/14.
4. Diamond-Driven Economy

Angola tends to have an international image outside mining circles as a largely artisanal producer but is not. Angola produces 88.9 percent of its industrially mined diamonds from primary deposits; three kimberlite pipes, Catoca in Lunda Sul, and Camutwe and Luo in Lunda Norte.

Angola’s priority is to be a large industrial producer, with public and private sector companies in joint ventures, as at present. The focus is on exploring the primary deposits – kimberlites. But the ASM sector outperformed the industrial scale alluvial mines last year, attesting to its importance to Angola’s future as a diamond producer.

Endiama’s department of geology explained that mining secondary (alluvial and eluvial) deposits is becoming more difficult, there are increasing levels of overburden and this is a problem due to the high costs of removing the topsoil. Such mining is now focused more on Calonda formation gravels, which are 25 – 40 metres below the surface.

Thanks to diamonds and oil, Angola experienced a double digit growth in GDP annually in the period 2002–2008, which has helped the nation acquire the unique status of Africa’s second highest diamond producer, the second largest oil producer in sub-Saharan Africa and the third biggest economy, after South Africa and Nigeria, in the continent of Africa. In the last five of these years, average annual growth was at 17% which more than doubled the size of the economy.

It is not uncommon for countries that come out of a civil war to grow at very high rates. The growth seen in the period 2002–2008 may thus reflect the end of the civil war in 2002.

Is Angola likely to continue growing at these fast rates, and perhaps catch up to the largest economies in the region in a few years’ time? In the longer perspective, it is important to note that Angola – boosted by diamonds and oil – is trying hard to meet its fundamental structural challenges to growth and development. The success of Angola’s well-received National Development Plan 2013–2017 and the Poverty Reduction Programme will consolidate the infrastructure developments of the post-war years, if successfully implemented. After all, global research shows resource-rich countries have routine trouble converting resources into development.

The fact the Angolan economy is the most concentrated in sub-Saharan Africa also makes growth vulnerable. The profitability of the oil sector renders diversification difficult in any economy. But Angola is making a sincere effort.

5. A Triple-A Mine

Angola’s most advanced mine is the massive Catoca pipe near Saurimo, which has been developed to global mining standards.15 This is the fourth largest kimberlite pipe in the world, owned by a consortium of international mining interests, including Endiama, the state mining company of Angola; (32.8% ownership); Alrosa of Russia (32.8%); China Sonangol International (18%) and Odebrecht of Brazil (16.4%).

Catoca is by far the largest diamond producer in Angola, mining 86% of the carats produced by volume, and 63% of the country’s output in value - over six million carats. In 2013, Catoca’s sold diamonds values at US$594 million, as a result of the increase in the average price to 89.68 USD per carat in 2013. The mine’s net profit in 2013 was US$100 million. However, costs also increased by US$ 45 million in part due to salary increases for some categories of workers.

A further cost last year was in removing additional overburden. Kimberlite mines by their nature are high-volume operations, producing overall lower value diamonds than those found in secondary deposits but requiring much greater technical resources and investment in what is a giant earth-moving and rock-crushing operation.

Catoca is looking at developing new mining prospects...

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15 Information on Catoca mine from Annual Report 2013.
in Angola. The Tchuzo Kimberlite, 50 km from Catoca, is the latest project agreed for development, with a life of about 15 years and development costs of over US$200 million. During 2013, Catoca continued geological prospecting works in the Gambo, Luaxe, Gango, Quituba, Tchialua, Luanque and Vulege concessions. These works account for part of Catoca’s increase in costs in 2013 but are essential for the company’s strategic vision in replenishing diamond reserves.

Catoca also invests extensively in social projects. The latest project Catoca’s housing project which will deliver 220 affordable homes to workers at Catoca. 60 houses were also delivered to the Housing Cooperative MwondoWala. This is good quality, affordable housing for Catoca workers and their families. The company has arranged lower-cost loans with a bank for the workers. The loans reduce income taxpayable.16

6. Artisanal Mining in Angola

From Garimpeiro to professional ASM mining: Angola’s implementation of Washington Declaration

This introduction to the implementation of the Washington Declaration in Angola looks at the institutional organisation of the registration process, capacity for Washington Declaration implementation examined to date, and the newly introduced policy of registering larger groups of miners. This first report supplements the reports of the WGAAP on progress in implementation and briefly positions the ASM sector in relation to Angola’s National Development Plan 2013 - 2017.

All Angola’s institutional stakeholders in the process have been interviewed, to produce an overview. Further reports are anticipated, which will examine the current situation of artisanal and small-scale quasi-industrial mining in Angola through fieldwork and any available data, as well as continuing progress in implementing the policies.

Paulo MVika, chair of the KP Working Group on Artisanal and Alluvial Production of the KP, that produced the document, noted that a quarter of the world’s diamond production comes from artisanal and small scale (ASM) sources; these are almost entirely mined in Africa. The Declaration noted that “economic security, formal recognition and sustainable development of ASM actors are...recognised as necessary tools to bring rough diamonds into legitimate chains of custody.”

Angola has in the Mining Code and in the registration of miners moved towards implementing the policy goals defined in the document; to lower fees and increase accessibility of mining licenses, and strengthen property rights. There is also increased capacity development and recognition for the major issues of improving social conditions and financial and other support for the ASM sector.

In the first phase of implementation, the focus is on registering and formalising Artisanal and Small Scale mining in Angola, and improving basic conditions for these miners, with the aim of creating a professionalised small-scale mining sector. 17

Policy goals of Washington Declaration on integrating development of Artisanal and Small Scale Mining with Kimberley Process implementation.

A. Improve Formulation of Artisanal Mining

• Lower Fees and Increase Accessibility of Mining Licenses
• Enhance Data Collection and Analysis
• Strengthen Property Rights
• Financial Transparency and Good Governance
• Empower Artisanal Miners to Engage with Buyers and Investors
• Expand Access to Mining Inputs

B. Improve Social Conditions in ASM Communities

• Support Complementary Livelihoods in ASM Communities
• Working Capital and Organization
• Mitigate Environmental Damage
• Harmonization of Legal Frameworks
• Occupational Health and Worker Safety

The Artisanal and Small Scale Mining Sector in Angola.

A quarter of the world’s diamonds are produced by artisanal miners in Africa and Latin America, according to Paulo MVika, chair of the KP WGAAP. Angola is currently the largest artisan producer by value, although second to the DRC in the number of carats produced. The ASM sector is significantly smaller than the industrial mining sector in Angola, but is still sizeable in comparison with other African counties.

Angola’s ASM sector is considerably different in profile to that in other African countries studied,18 in that while there is family group mining, there are also very large groups of miners – 800 diggers is the largest registered to date, but anecdotal evidence says that groups can consist of up to 1,000 men.

A second but major issue that differentiates Angola has been the predominance in the sector of very large numbers of illegal economic migrants from the DRC digging diamonds in Angola. These were thought to be about 90 percent of the diggers in the past. Angola’s border with the DRC is about 2,770 km long, much of it rivers, which considerably limits the capacity to control borders. It is thought that at least 350,000 miners from the DRC entered Angola since the diamond rush of the early 1990’s. In 2005-04, Operation ‘Brilhante’ forcibly expelled 256,417 illegal migrants from the diamond areas. The numbers indicate the scale of the problems.

Registration and legalization of the migrant group was not possible unless they obtained legal rights to be in Angola, and the majority did not. The presence of so many miners from the DRC has obviously seriously impeded any attempts to regulate the sector.

As we have shown, the conditions under which artisanal mining developed in Angola were driven in considerable part by war and external players and post-conflict recovery is long in coming in the Lundas. However, since the end of the war, it can be said that many more Angolan nationals have moved into diamond digging as it has become safe to do so, and given the low level of employment possibilities outside subsistence agriculture and small trading outside the towns and cities.

There is at present no accessible and reliable data available to assess overall numbers in the sector; figures have been mooted ranging between 53,000 and 100,000. What can be said with certainty is that there are many fewer illicit migrant diggers, from a high figure of at least 350,000. This change is also reflected in the voluntary departure of between 70,000 – 90,000 DRC nationals from Lunda Norte last year.

Although artisan mining was legal, since the Diamond Law of 1994, no regulations existed for the sector until 2009. The sector was legitimised by allowing legal trading in diamonds.

<table>
<thead>
<tr>
<th>Artisanal Production 2013, selected African Countries*</th>
<th>Country</th>
<th>Carats</th>
<th>Value US$</th>
<th>Av carat US$</th>
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<tbody>
<tr>
<td>Angola**</td>
<td>678,866.15</td>
<td>$206,473,890.33</td>
<td>$304.14</td>
<td></td>
</tr>
<tr>
<td>Guinea</td>
<td>202,365.00</td>
<td>$33,720,673.60</td>
<td>$166.63</td>
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</tr>
<tr>
<td>Liberia</td>
<td>53,699.16</td>
<td>$9,689,742.14</td>
<td>$182.50</td>
<td></td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>608,955.55</td>
<td>$134,482,656.63</td>
<td>$219.95</td>
<td></td>
</tr>
</tbody>
</table>

* Figures except Angola from Kimberley Process Annual Global Summary 2013  
** Angola figures from SODIAM  
***Democratic Republic of Congo is only principally artisanal, but there is no available current breakdown between artisanal and industrial diamond mining. Guinea was a primarily artisanal producer in 2013.

Progress in Registering the ASM Sector.

Angola has been registering both artisanal miners, with Senha Mineria’s (mining passes) and since early 2014, small-scale mining groups. Effort has been put into publicising the availability of registration and its benefits. A media campaign, including leaflets, radio and television programmes was carried out across the country to explain registration and its benefits. Teams also held face to face discussions with miners and local authorities in the mining areas.

16 Visit to Catoca Housing Project September 19, 2014  
17 Interview with SODIAM  
18 In “A Farmer’s Best Friend? Artisanal Diamond Mining And Rural Change In West And Central Africa” Van Borkelaen and Vissenberg, Academia Press, Press of Academia Press, Ghent Belgium
discussions about the process of registration, which is negotiated, not enforced. The awards of Senhas to miners are publicised, with officials from Endiama, Ministry of Geology and Mines, the Provincial Government and the traditional authorities all present for the handover. The registration programme for Artisan Miners was initiated in 2009 soon after the regulations for the ASM Sector were put in place. Registration teams began making contact with the traditional authorities in the mining areas, the Sobas, together with the provincial authorities, to explain the registration processes and outcomes. The first Senhas were issued in 2011, after prolonged negotiations explaining the benefits of registration.

In order to decrease barriers to registration, the registered miners pay no fees for registration, royalties for concession areas nor sales tax on diamonds sold, although all these are envisaged in the 2009 law. The costs are currently being borne by Endiama and Sociedade de Comercialização de Diamantes de Angola (SODIAM, Endiama’s diamond trading subsidiary) as part of Angola’s Poverty Reduction Programme. Taxes on diamonds are paid by the buying offices.

**Senha Mineria.**

Artisan mining was defined in the 2009 Regulations for Artisan Mining and the 2010 Mining Code as small extended family groups of up to 6 miners, a lead miner and five others. Artisan mining is defined as unsalaried, and does not use mechanized resources or industrial mining technology. Instead, the diggers may use shovels, machetes, colanders or sieves, basins, buckets and ancillary equipment.

19 Information from Endiama’s marketing department
20 Interview with an ASM Sector registration team, Luanda
21 Decreto n. 53/09 ‘Aprova o Regulamento de Exploração Artesanal de Diamantes. 22/09/09
22 Angolan Mining Code. ANIP English Translation of Law Nº 31/11 of September 23, 2011

The Senha Mineria or mining pass is the system for registering groups of up to six Artisan miners; a lead miner and up to five associates. To be registered for a Senha, the applicant must be an Angolan national over 18 years of age and resident for over 10 years in the artisan mining area. The applicant must present proof of identity issued by the local Provincial Administration, and proof of residence. This latter must be also attested by the Sobas, the traditional authorities of the area.

Artisan mining was envisaged as a supplementary activity to other forms of employment, such as small-scale farming. Artisan mining was expected to be the main mode of ASM activity in Angola, once the sector was registered and migrant diggers from the DRC were no longer the majority of miners. The Ministry of Mines carried out studies in several countries prior to producing the regulations, and
companies are a very important part of the potential for successfully turning garimpeiros into professional miners. The miners are being provided with mining equipment, building materials, safety wear, tents, food and other supplies through Endiama’s logistical company, Endittrade. Endittrade said they supply goods at low cost where possible, which are ordered through Endittrade and paid for on delivery. Endittrade have extensive experience of supplying goods in the Lundas, delivering to mining towns and villages, as well as to the mining projects.24

In the concession area, SODIAM is planning to build mine facilities and living accommodation for single men. SODIAM or one of its partner buying companies manages an on-site diamond buying post. A medical post will be set up by Endiama’s Sagrada Esperanza clinic, and banking facilities provided. Security is or will be provided by Endiama’s joint venture security company, Alfa 5.

The Patrocinador is registered as the person legally responsible for the Coopertivo; all the miners in the group are registered individually and receive credentials. Applicants must be Angolan nationals or foreign nationals but located in existing mining concessions may be released. The Mining Code allows for an application to carry out such semi-industrial mining, but the Code will also be amended to include this type of small-scale mining.

The Patrocinador is registered as the person legally responsible for the Coopertivo; all the miners in the group are registered individually and receive credentials. Applicants must be Angolan nationals or foreign nationals with work and residence permits. As with the Senhas, residence in the area of registration must be attested by the traditional authorities, and identity documents produced.

The ASM Mining Concessions.

Endiama’s Department of Geology is the body that identifies areas that can be released for artisan and small scale mining.25 The criteria for offering concession areas for ASM mining are:

• Areas that have been identified for diamond prospecting or mining, but where there are no investors. In this case, diggers in the area may ask to be legalized, as in Mexico.
• Areas not economically viable for industrial scale mining, but located in existing mining concessions may be released for ASM mining if the concession holder agrees.

Minering concessions for holders of Senha Mineros are awarded for a period of one year, renewably, in an area between 1-3 hectares. For co-operativos, a three year license is awarded for an area of 200km2. The exception to this is in areas which the diggers have identified, on which no data exists. These are awarded for one year, to determine whether the area is best mined as an industrial project.

From Artisan to Small Scale Mining.

What was found on the ground in Angola was that much of the mining was not in fact seasonal artisan mining, as defined in the regulations, but small-scale industrial work. Angola now wants to introduce small-scale mining as the main mode of mining for the ASM sector, since the artisan model has limited applicability. This will produce a professional, supported, small mining sector, help increase employment in the mining areas and takes into account the actualities there.

Dredges and small boat/raft based mining fall into the small-scale category due to the equipment used. Over 140 dredges had been registered by July 2014, the majority operated by groups of 2-3 men. On a much larger scale, groups of up to 800 miners led by a Patrocinador; the sponsor are now being registered. This policy is expected to make a substantial contribution to poverty reduction.

The new policy of registering these larger groups began in May 2014. The groups registered to date are a mixture of single men and men with families in the area. Equipment used includes dredges, handmade lavarias (washing plants), and motor pumps.

The co-operativos will become professional mining groups, supported by Endiama, whose group companies will provide the materials and equipment for the miners, as well as buying the diamonds. Since the co-operative pilot projects have only been in place for a matter of months, this support is in the process of being set up. Endiama’s group

23 Interview 11/09/14 Luanda, Dr Miguel Paulino Augusto de Almeida, at the time, National Director of Mining, Ministry of Geology and Mines Angola, now Secretary of State for Mining.
24 Interview with Endittrade directors, Luanda, 11/09/14
25 Interview with Endiama’s Department of Geology Luanda 08/09/14

At present the systems are paper based and approved by four bodies. The CSD is the responsible for the issuing of credentials to ASM sector diamond miners and buyers, following a check on their documentation and criminal records.

The CSD has an extremely wide-ranging remit in the diamond sector;26 they are effectively Angola’s national diamond police!The CSD carried out anti-smuggling initiatives. It is responsible for the security and transport of diamonds and money between the sites and the Luanda offices, and that all monies for the buying of diamonds comes via the banking system.

The Ministry of Geology and Mines approves and signs all ASM Sector mining rights and agrees concession areas recommended by Endiama.27 The Ministry’s National Directorate of Mining works directly with Endiama in developing the law and policies on the artisan sector.

The objectives of the Ministry, its organization and responsibilities were reformulated under Decree 176/14, in July this year.28 In relation to the ASM sector the Ministry has specific responsibility for some areas that are key provisions of the Washington Declaration, developing trainers and implementing training and human development across the mining sector, and promoting the improvement of working conditions in the sector, particularly in the areas of safety, hygiene and health. Environmental issues and mines inspections are also in the Ministry’s remit. In key areas of the Washington Declaration, therefore, the legal basis for implementation exists but capacity has to be built to carry out the provisions.

26 Interview with CSD in Luanda and Decreto No 86/03 of 2/10/03 “Aprovo o Regulamento do Corpo do Segurança de Diamantes”
27 Interview, 11/09/14 Dr Miguel Paulino Augusto de Almeida, the time, National Director of Mining, Ministry of Geology and Mines Angola, now Secretary of State for Mining
28 Decreto Presidencial N.º 176/14 - Presidente Da República, Diário Da República 2º Série N.º 137 De 25 De Julho De 2014, Estatuto/organico do Ministerio da Geologia e Minas
Angola’s diamond industry should show growth of a million carats during 2014, to about 9.5 million carats, against 8.6 million carats in 2013.19 A part of any increase in carats this year will come from improved diamond capture from the ASM sector, rather than increased production, according to SODIAM. 20

In June 2013, at the international conference in Luanda marking the 100th anniversary of the first discovery of diamonds in Angola, Eng. Sumbula affirmed that the country has enormous diamondiferous potential that has still to be located and quantified. Out of more than a thousand kimberlite pipes that had been identified, currently only three are being exploited.

At present only about 40% of Angola’s diamond deposits have geological data, mainly in the Lunda and Malange. 21 Fourteen of Angola’s eighteen provinces are now known to be diamondiferous. Prospecting across the country is a priority.

Endiama last year signed a joint development agreement with Russian diamond miner Alrosa, who are studying the “DNA code” of Angola’s diamonds; the principal sources of diamonds from the Cuango in particular, to discover their origins. Alrosa now has prospecting rights for three concessions in the Cuango region. In the past two years, Endiama carried out geological studies in Angola and concluded that just 10% of the alluvial diamonds examined were from known kimberlites. Former Alrosa president Fyodor Andreev speaking at the joint development agreement signing ceremony in Luanda in June 2013, referred to the geological studies that had been carried out and highlighted that they indicated that Angola’s diamond potential could be huge, which has long been considered the case by geologists.

The Ministry of Geology and Mines is also developing its prospecting capacity through PLANAGEO, developing a Geological Institute, with regional centres in Saurimo and Malange, and intends to undertake prospection of the whole country. This is not solely focused on diamonds; Angola has considerable other mineral reserves, including gold and iron ore.

The Angolan government wants to see the country’s diamond production increase, as well as local polishing of the stones increasing and the creation of a jewelry industry. This growth target is seen as achievable and as increasing the national income and boosting development, but not being sufficiently large to undermine diamond prices.

Two more kimberlites are expected to start up, according to Antonio Freitas, an Endiama spokesman. 22 The Tchiuzo kimberlite in Lunda Sul province has been approved for development by Catoca and the Chiri kimberlite in Lunda Norte is looking for joint venture partners.

There were seven active industrial scale projects operating during 2013, producing 11.3 of Angola’s diamonds by value. 23 International diamond miners are active in Angola as well as Angolan companies, in partnership with Endiama. Endiama does not insist on majority ownership nor on management and operational control of the joint venture. The Lulo kimberlite project is a partnership between Australian junior Lucapa Diamond Company and Endiama, which is managed and operated by the Australian enterprise.

The diamond business has helped Angola - despite oil price volatility - push in both fiscal and monetary reforms to improve the exchange rate system, improved public financial management, the maintenance of a sound banking system, and fiscal transparency.

All diamonds mined in Angola are sold through Endiama’s subsidiary company Sociedade de Comercialização de Angola (Sodiam). The government continues to see Endiama and Sodiam as having fundamental roles in the sustainable development of the diamond sector – not least in terms of collecting and processing company and commercial information.

8. Poverty Reduction

In 2013, Angola started its National Development Plan, an immensely detailed multi-sectoral programme to develop the country and implement poverty reduction nationally.

The National Development is headed and overseen by the Ministry of Planning and Territorial Administration. In the context of Angola’s diamond industry, Endiama as a public company is responsible for developing the diamond sector, in conjunction with the Ministry of geology Mines and Industry Registering the ASM sector, as a viable mining sector in its own right is a part of that responsibility. In 2002, the poverty rate in Angola, which had just emerged from the civil war, was 70%. With slow, yet steady economic growth – thanks to oil and diamonds – it was reduced from 70% to 37% from 2002 to 2008 which in the last 5 years is heading towards 20%.

An important question is how government’s reliance on diamond and oil affects political incentives to diversify the economy. Business environment indicators for the country – thanks to these two sectors – are improving and investment is boosted by education and institutional growth.

This is an encouraging sign. A decade ago this would have seemed like fantasy.

Today Angola is the third biggest economy in sub-Saharan Africa, having expanded by an average of 15% between 2002 and 2008. Despite a subsequent slowdown, growth is predicted to rebound to between 8% and 10% this year.

Eventually, everybody recognizes the importance of the overall growth rate of the Angolan economy because their experience shows growth reduces poverty much faster than expected, especially in mineral-rich countries.

“An economic super power like the U.S. needs almost 8 years to implement the basic medical insurance for part of its population, then one should comprehend what an amazing job the Republic of Angola is doing to improve the social conditions of its citizens in a similar period of time, but this after three decades of conflict and warfare,” Peter Meeus, Chairman of the Dubai Diamond Exchange stated during the Angolan Diamond Centenary Conference in June 2013.

All is in line with President Dos Santos’ strategic objectives for his country to diversify mineral production, increase State revenues, reduce poverty and improve the living conditions of the people through the creation of jobs as well as through social investments in the mining districts.

Table: Macroeconomic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>3.9</td>
<td>7.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Real GDP per capita growth (%)</td>
<td>1.1</td>
<td>5.2</td>
<td>5.5</td>
</tr>
<tr>
<td>CPI inflation (%)</td>
<td>13.5</td>
<td>10.3</td>
<td>8.7</td>
</tr>
<tr>
<td>Budget balance % GDP</td>
<td>10.2</td>
<td>7.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Current account % GDP</td>
<td>9.6</td>
<td>8.2</td>
<td>8.1</td>
</tr>
</tbody>
</table>

34 Information on registration of miners and methods of organization from interviews with SODIAM, Luanda September 2014

35 http://www.theguardian.com/world/2012/aug/30/angola-elections-china-oil-growing-inequality
A New Mining Code

Angola is further making efforts to ensure transparency and efficiency in its mining sector.

The new Angolan Mining Code delineates steps to improve the rights of communities in mining areas, monitored by the Ministry of Geology and Mines. Angolan Geology and Mines Minister Hon. Prof. Dr. Francisco Queiroz says: “The passing of a new mining code (Law No 31/11) which came into force at the end of that year, covers all mining (but not hydrocarbons) activities. The new code reaffirms State ownership of all mineral resources, and divides these resources into strategic and ordinary minerals. The strategic minerals are diamonds, gold and radioactive materials (although the Council of Ministers – the country’s Cabinet – can redefine other minerals as strategic).

Under previous legislation, the State had majority ownership of mining projects; this is no longer the case. Now, instead, State-owned companies will have a minimum 10% participation in a project or will have a share of the mineral production from the mining operation.

Mining companies must adhere to all applicable environmental legislation. They are also required to consult with the local communities in the mining area regarding the development of the mine and its impact on communities. Miners must further more prioritise the employment of Angolans living in the mining concession area and ensure that they are properly trained. Goods and services should be obtained from local suppliers, unless their prices are 10% or more above alternative sources and/or they cannot deliver within eight working days, provided they meet the necessary quality requirements.

Previously, a prospective miner had to obtain two separate titles for prospecting and exploration; these activities are now covered by one concession, known simply as the prospecting title. This is valid for seven years, but, at the end of five years, the concession-holder must relinquish 50% of the concession area, or pay a surface tax of USD105/sqkm.

Actual mining requires a production title which will be automatically granted to a holder of a prospecting title provided that no law nor contract has been broken and that a business and technical plan, environmental impact assessment and a production plan have been submitted. Production titles are valid for 35 years, including the prospecting period, but, with ministerial approval, ten-year extensions can be granted. There are also mining licenses for the mining and quarrying of minerals used by the construction industry and mining passes for artisanal mining activities.

Mining corporate income tax is 25% (previously it was 35%), investment income tax is 10% on distributed dividends and 15% on interest payments, and royalties are set at 5%.

Designated equipment, imported exclusively for use in mining operations, is exempted from customs duties. “The new law is very clear with lots of security for investors, which gives them certainty, transparency and guaranteed mining rights,” affirmed Hon. Minister Queiroz.

Vibrant Cities

Lunda Norte

Lunda Norte is the third largest province of Angola with an extension of 103,760 sqkm. The capital city is Dundo which is 1,205 kms from Luanda and its main economic activity is diamond mining.

With an estimated population of one million habitants, Lunda Norte has, in addition to the diamond, a great potential for the development in agriculture and cattle raising, especially the Cacanda’s farm.

In the last ten years, the Angolan state invested mainly in rehabilitation of infrastructure (roads, schools, hospitals and a new airport for the capital of the province) and built a new city in the surrounding areas of Dundo with five thousand apartments giving a boost in the construction industry. The city has also opened the first university branch in the eastern region of the country, the University Lwegi Ankonda.

Kilamba, 18 miles outside Luanda, is the biggest city which has been built from scratch in three years for a reported USD3.5 billion, providing employment to more than 10,000 workers in the real estate sector that contains 10,000 apartments, smooth roads and pavements, working traffic lights and basketball courts, schools, medical centers, a shopping mall with cinema and a five-star hotel. Angola, thanks to its diamond and oil trade, is giving an example to Africa and the world that it’s possible.
The number of teachers for primary and secondary education is 278,000. And there are 28 centers of scientific research that incorporate 1,200 researchers.

Besides construction of social undertakings as schools and health units, Eng. Sumbula said that the companies should boost agriculture activity.

The government is stimulating agriculture in the country. Cacanda Farm is one of its on-going projects.

According to Eng. Sumbula, Endiama also expects to work with the Ministry of Trade to leverage commercial activity at the level of all the communes of the region in order to contribute to the development and well-being of the population.

Several mining companies also invest in agriculture, health and education as part of their corporate social responsibilities.

Investment in the education sector and health sector is crucial for Endiama. In the heart of Luanda, the diamond company runs a state-of-the-art hospital – constructed in 1992 at a cost of USD20 million – for patients of all ages.

“It has a near cent per cent occupancy throughout the year. It shows there is need for social sector investment by all diamond mining companies,” says Eng. Sumbula, adding Endiama is expanding similar hospitals across the country for both miners and non-miners.

The Education sector is the first priority to boost and sustain the growth and diversify of the Angolan Economy.

In 2013, Angola had 7.4 million students enrolled in primary and secondary education. In higher education system, 198,700 were enrolled. These figures exceed the 8.8% target set for this year.

39 Noted by Shantanu Guha Ray during the visit of a delegation to Catoca mines on 22 June after the ADCC 2013.
10. Microcredit in Angola

Provision of microcredit, a key capacity for expanding access to working capital and organisation in the Washington Declaration, is well established in Angola. Microcredit is regulated by the Banco Nacional de Angola. (Regulation of Societies of Micro-credit through Presidential Decree No. 28/11, of February 2 2011, additionally regulated by the National Bank of Angola, through Notice no 08/2012 of June 14 2012) Microcredit is defined as a system of lending to individuals or small commercial groups and entities, with a maximum limit of AKW 1 million. (about US$ 100,000).

The microcredit needs of the sector have yet to be assessed and at present there are no specific schemes for lending to the ASM sector, but the organisational profile of the sector is very similar to existing schemes. Parallels can be drawn from microcredit in the agriculture sector, where four banks operate in nine of Angola’s eighteen Provinces. (information from Ministry of Agriculture)

Banco Sol is a long-standing provider of micro-credit in Angola and was interviewed to discover what a bank offering microcredit could provide to Artisanal and Small Scale miners. Banco Sol has had a microcredit policy in place since 2001. In most cases microcredit is for the creation of small family businesses - small / medium farmers and micro-enterprises. The bank’s micro-credit programmes targets needy communities with low incomes and in different categories of poverty levels. They have 13 programmes to address this type of need.

The bank noted that start-up capital is the most difficult area for small businesses—only five banks offer start-up capital. They typically lend to groups of 5+ people, in a joint business partnership. The loan is applied in the name of the leader of the group, who is responsible for repayment. Microcredit can be renewed, once the first loan is paid off.

Microcredit is subdivided into two specific areas - Commercial and Rural. The bank lends to micro-entrepreneurs, small traders, where the turnover of credit is very fast, usually for immediate trading needs. In the rural areas, the bank is a partner with the Ministry of Agriculture, for agricultural cooperatives. The bank noted it carries out community outreach, going out into the provinces rather than concentrating on the cities. Banco Sol also carried out training in financial management for microcredit users.

Thus, the models for providing relevant forms of microcredit to the ASM sector, for both types of mining groups, already exist in Angola. Endiama’s model for developing co-operatives also envisages taking banking services to the miners, which would be easy link up with microcredit services and business and financial training.

It is also interesting to look at the Ministry of Agriculture’s programmes, which provide a parallel experience for extending the ASM sector and for data gathering on the sector. Data on each province includes number of those involved in agriculture, a breakdown by gender, by training delivered and by access to microcredit.

The Ministry provided information on the Programma de Extensão de Desenvolvimento Rural, which has parallels with the ASM sector. The Ministry carries out both data gathering and extensive training in the sector as well as working with microcredit programmes. There are 7905 associations and 1672 co-operatives in the agricultural sector, with women predominating. In rural areas, women are the majority of the population, responsible for about 80 percent of agricultural production and 90 percent of its informal marketing.

The training delivered includes such elements as conflict resolution, legal rights, the functioning of a co-operative, best practice in agriculture, environmental issues, leadership, and applicable technologies. The type of training delivered is defined by local need.

The development of this programme could serve as a useful methodological model for development of ASM in Angola.
One of Angola’s priorities, both as chair of Kimberley Process and as a nation, is the implementation of the Washington Declaration to develop Artisanal and Small Scale Diamond Mining. The ASM sector is currently the largest by value of African artisanal production, although it represents less than one fifth of Angola’s output.

In this report, Angola outlines the significant changes it has made in this sector. As the Kimberley Process Chair, we hope to demonstrate leadership in the ASM sector and improve its integration with the KP. As a nation, the new policies are a valuable contribution by the diamond sector to Angola’s Poverty Reduction Programme and National Development Plan. Angola will report further on progress in this sector during its tenure in 2015.

Angola looks forward to working closely together with the industry and Civil Society to uphold the principles of the Kimberley Process and it’s continuing evolution as the global mechanism for combatting illicit trading and smuggling of conflict diamonds.

It is high-time we take stock of what was already established in the first ten years. That’s what we have tried to do in this study. Much more is to follow.

Peace and stability and active foreign investment from countries like China, which is Angola’s biggest trading partner, will lead Angola and its population towards many more decades of prosperity.

**Conclusion**

Time goes fast, the re-establishment of peace and order was a process that took time and is now successfully on its way for further social developments for the people of Angola.

To rebuild an entire infrastructure is a work that only angels can do in a few days. Like Paris and Rome were not build in a day, Angola has to work very hard under Dos Santos’ leadership to rebuild the country from scratch. 2,700 kms of railways, about 150 railway stations, 10 renovated airports, 400 bridges and 6,500 kms of roads. Few in the American continent can claim the same size of development in such a short time.

Endiama is an excellent example of how business development is contributing to the welfare of the people. Catoca mines provide USD1,500 salary per month and life-long benefits like food at work, medical insurance, home and free education for children.

In 2002, the poverty rate in Angola was 70%. With slow, yet steady economic growth thanks to oil and diamonds, it was reduced from 70% to 37% from 2002 to 2008 which in the last 5 years is heading toward 20%. Life expectancy was raised from 42 to 52. With the current GDP, these figures will drastically improve in the next years.

Peace and stability and active foreign investment from China, which is Angola’s biggest trading partner, with some USD35.8 billion in 2013, will lead Angola and its population towards many more decades of prosperity.

A strong witness of the same, came clear in an interview with Archbishop of Lunda Sul Province Dom Manuel Imbamba who called upon the international community to “praise the work that has been done by the Angolan Authorities in order to deport irregular immigrants in full compliance with international human rights laws and standards.”

Angola came a long way. It was at the cradle of the Kimberley Process when it introduced the Angolan Certificate of Origin of which the characteristics were later taken over by the KPCS. Today there are no human rights violations anymore in Angola and there are no blood diamonds.

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