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SIERRA LEONE INTEGRATED DIAMOND MANAGEMENT PROGRAM

10TH QUARTER ACTIVITY REPORT:
JANUARY 1, 2007 TO MARCH 31, 2007

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INTEGRATED DIAMOND MANAGEMENT PROGRAM

10TH QUARTERLY ACTIVITY REPORT: 1 JANUARY THROUGH 31 MARCH 2007



**Management Systems
International**

Corporate Offices

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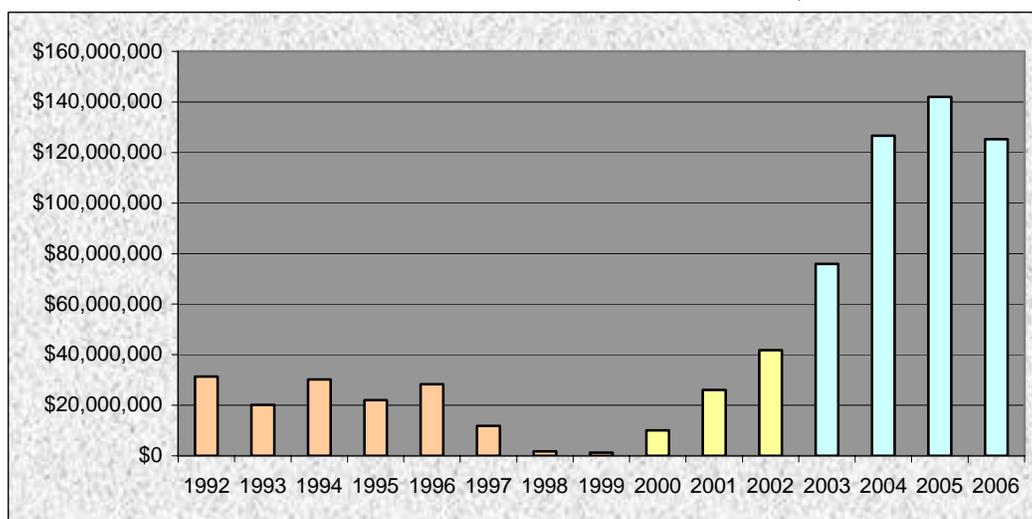
1. OVERVIEW

The Integrated Diamond Management Program (IDMP) works to improve the management of Sierra Leone's diamond sector at both national and local levels with the goal of increasing benefits to the government of Sierra Leone and local communities. Bringing diamond mining and marketing into the formal sector increases government revenues through taxes and license fees while reducing security threats from diamond smuggling.

A percentage of officially accrued revenue from diamond exports is provided to the Diamond Area Community Development Fund (DACDF). The DACDF is financed from the 3% diamond export tax levied by the National Revenue Authority for community development within the diamond producing chiefdoms. This is meant to provide development funds to communities, as well as encourage the industry produce and export diamonds legally. During the last reporting period, the Government of Sierra Leone implemented revised DACDF mechanisms in line with decentralization strategies to ensure increased local council oversight of development projects and other expenditures as a means to improve transparency. Issues of awareness and stakeholder inclusion within some districts remain, but this combination of measures furthers Sierra Leone's decentralization process, improves transparency, and enhances compliance with the international Kimberley Process. During this quarter IDMP sponsored a workshop for DACDF area recipients. The outcome of this first and important workshop for DACDF communities is summarized below.

Following the steady increase in diamond export revenues over a seven year period, 2006 saw a decline. Table 1, below, illustrates the steady general increase in diamond exports since 2001, following the steep decline during the years of civil strife, while Table 2 depicts the disappointing performance of 2006 with respect to the two preceding years, not only of export values, but also of the level of production.¹ In contrast to last year's performance, the first quarter of 2007 started moderately, with February and March showing a dramatic increase in diamond export values over the same months of 2006. In fact, March 2007 (shown below in Table 4) is the most lucrative month yet recorded for official and taxable diamond exports.

TABLE 1: SIERRA LEONE TOTAL DIAMOND EXPORTS, 1992-2006



¹ Data in Tables 1 through 6 are official export statistics prepared by the Sierra Leone Gold and Diamond Department.

TABLE 2: SIERRA LEONE TOTAL DIAMOND EXPORT JAN.TO DEC. 2003–2006

YEAR*	CARATS	VALUE	AV. PER CARAT
2003	506,723	75,969,753	\$149.92
2004	691,757	\$126,652,634	\$183.09
2005	668,709	\$141,940,244	\$212.26
2006	603,566	\$125,304,842	\$207.61

**Note: These are calendar years.*

Conclusions on what diamond export values indicate -- as they decline and then rebound -- remain speculative, given the vagaries of the local diamond industry. If early 2007 performance signals a temporary surge rather than a steady rebound but more, it is possible that we are witnessing a potential diamond resource decline after 75 years of mining, particularly in the alluvial sector. That alluvial exports are losing steam is a possibility that cannot be dismissed. As Table 3 illustrates, rising diamond prices in 2005 and 2006 (with respect to 2004) helped mask the rapid decline in alluvial production. As major alluvial industrial mining companies are still commissioning their operations, their production has had limited impact on the overall diamond exports. Trends in production figures after the deduction of Koidu Holdings fairly accurately represent what is happening in the artisanal sector, which is the focus of IDMP activities. This trend has continued through 2006, both in terms of total carats exported and the average price per carat.

TABLE 3: SIERRA LEONE ALLUVIAL EXPORTS, JANUARY–DECEMBER 2004–2006

YEAR*	CARATS	VALUE	AV. PER CARAT
2004	612,699	\$112,793,045	\$184.09
2005	522,044	\$119,429,528	\$216.34
2006	491,526	\$101,857,434	\$207.23

**Note: this table does not include Kimberlite production.*

There are, however, several possible explanations for a temporary downturn in 2006. One such possibility is that investment revenues did not materialize and fewer mining operations were financed due to tight money supplies or a lack of investor confidence. Alternately, industrial mining operations have now taken so much of the once lucrative small plot areas that self organized small groups and individuals are competing for less and less land available, temporarily decreasing the diamond winnings until companies like SLDC become fully operational. Another explanation may be that smuggling increased in 2006. The problem is that poor infrastructure, porous borders, lax inspection systems, stultifying poverty and minimal official political will are all factors that contribute to a dearth of information on market and economic trends in the country, and specifically in the diamond industry in Sierra Leone.

The positive indication for the first quarter of 2007 is that exports are, so far, strengthening, and we are most likely witnessing the normal business cycles of decline and rebound inherent in the private sector. If current trends continue in 2007, the decline in 2006 exports will be offset by the general upward trend. As political stability and economic policy reform strengthens, the 2006 decline in diamond production and exports will most likely be seen in later analysis as a period of industry adjustment towards less reliance in the traditional alluvial sector and more on kimberlitic sources of diamond exports.

Tables 4, 5 and 6 provide first quarter export values for both alluvial and kimberlite productions in 2007, 2006 and 2005 respectively. As noted, after the 2006 decline, the first quarter of 2007 shows an increase in both alluvial and kimberlite export values. With respect to alluvial exports in particular, 2007 shows gains of just under \$4million and 11,000 carats over 2006. Figures from 2007, compared with those of 2005, show a positive difference of just over \$3million but carat production declined

slightly. Global price per carat figures vary widely during any given month, driven by the amount of low quality industrial diamonds traded. This is offset by an erratic, but consistent increase in the prices paid for alluvial exports, where a higher percentage of gem quality diamonds and ‘specials’ of high value originate.

TABLE 4: FIRST QUARTER 2007 EXPORT DATA

Month	Alluvial			Kimberlite			Total		
	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat
Jan-07	\$8,829,879	30,809	\$189.23	\$3,562,703	34,777	\$102.44	\$9,392,582	65,587	\$143.21
Feb-07	\$9,104,738	39,292	\$232.00	\$3,420,706	12,908	\$265.00	\$12,525,444	52,201	\$240.00
Mar-07	\$13,465,257	59,430	\$226.57	\$2,547,580	10,084	\$252.64	\$16,012,838	69,515	\$230.35
Total	\$28,399,875	129,531	\$219.25	\$9,530,989	57,769	\$620.08	\$37,930,864	187,303	\$202.51

TABLE 5: FIRST QUARTER 2006 EXPORT DATA

Month	Alluvial			Kimberlite			Total		
	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat
Jan-06	\$5,553,599	29,713	\$186.91	n/a	n/a	n/a	\$5,553,599	29,713	\$186.91
Feb-06	\$6,391,812	30,219	\$211.52	\$4,056,223	18,074	\$224.43	\$10,448,035	48,292	\$216.35
Mar-06	\$12,810,263	58,151	\$220.29	\$1,205,870	5,228	\$230.64	\$14,016,133	63,379	\$221.15
Total	\$24,755,674	118,083	\$209.65	\$5,262,093	23,302	\$225.82	\$30,017,768	141,385	\$212.31

TABLE 6: FIRST QUARTER 2005 EXPORT DATA

Month	Alluvial			Kimberlite			Total		
	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat	Export Amount \$	Carats	Price/Carat
Jan-05	\$8,082,482	46,298	\$174.58	\$1,594,471	11,051	\$144.28	\$9,676,953	57,349	\$168.74
Feb-05	\$8,829,146	42,154	\$209.45	n/a	n/a	n/a	\$8,829,146	42,154	\$209.45
Mar-05	\$8,345,201	41,328	\$201.93	\$1,512,364	6,638	\$227.84	\$9,857,566	47,966	\$205.51
Total	\$25,256,829	129,780	\$194.61	\$3,106,836	17,689	\$175.64	\$28,363,664	147,469	\$192.34

As more industrial diamond mining companies commence operations, the relative decline of the artisanal sector would appear to be assured. This is giving rise to fears over the continued viability of diamond mining as a livelihood for a considerable number of Sierra Leoneans. As other employment opportunities are scarce, this decline has the potential to decrease economic activity and increase poverty and security concerns at the local level. It is also an opportunity to use this ensuing uncertainty to convince young people living proximate to the alluvial mining sites that their future must be found outside the diamond sector. Emphasis on agriculture, environment, education, vocational manual arts, IT, and economic activities supporting the trend towards industrial mining should be seen by the younger population and inculcated in them as the modern way forward in assuring their future.

REGIONAL ISSUES

Liberia was the recipient of positive news at the end of the first quarter of 2007. The United Nations Security Council voted to allow Liberia to resume diamond export after several years of sanctions imposed due to that country's long civil war, financed largely by diamond and timber sales. This is good news for not only Liberia, but for the region as a whole. It is also a time of concern as the three countries of the Mano River Union, Guinea, Liberia and Sierra Leone have different and varied diamond and mineral policies, export and licensing procedures, as well as weak border controls. This situation most likely contributes to smuggling and other illicit activities over the three countries borders, all of which pose threats to regional security. The United Nations and other international organizations are actively engaged in regional diamond and mineral harmonization endeavors in an effort to mitigate illegal cross border trade. USAID and the IDMP are actively engaged in efforts to contribute to regional trade policy harmonization.

Unrest in Guinea during the quarter was also of concern for Sierra Leone. A return to regional instability could negatively affect the positive work done by the IDMP that has resulted in more community awareness of the diamond sector over the past years.

NATIONAL ISSUES

The upcoming elections, now scheduled for August 11, 2007, will affect IDMP activities nationally and locally. During the reporting period, political activity increased significantly, with various party rallies and politicians canvassing the country, including Koidu and Tongo Fields, lining up supporters and making their cases for what they would do as elected officials. The press proliferates with charges, counter charges, promises, accusations and smear campaigns. It is lively political debate at its best and similar to many nations at election time.

PROGRAM ISSUES

IDMP continued to monitor DACDF during the quarter. IDMP also hosted and conducted a national-level DACDF workshop in Bo. This workshop was attended not only by community members, local government leaders and Chiefs in the IDMP target area, but by those from all the diamond producing areas receiving DACDF benefits. The workshop was deemed a success by all in attendance. After the workshop concluded, IDMP staff conducted a nine day DACDF monitoring trip to assess the impact of DACDF on recipient communities. Although still a relatively new concept in some communities, particularly the involvement of Local Councils directing fund development priorities, many solid and beneficial community projects are being implemented throughout the diamond area communities. The workshop indicated that much has been accomplished not only with development projects, but also in the increased confidence community leaders now have in making their own decisions with the participation of their individual communities at large.

Small Stones Training continues to attract as many participants as can be accommodated and the IDMP zonal and community meetings always have more willing attendees than planned. These three activities are extremely popular and welcomed in the communities.

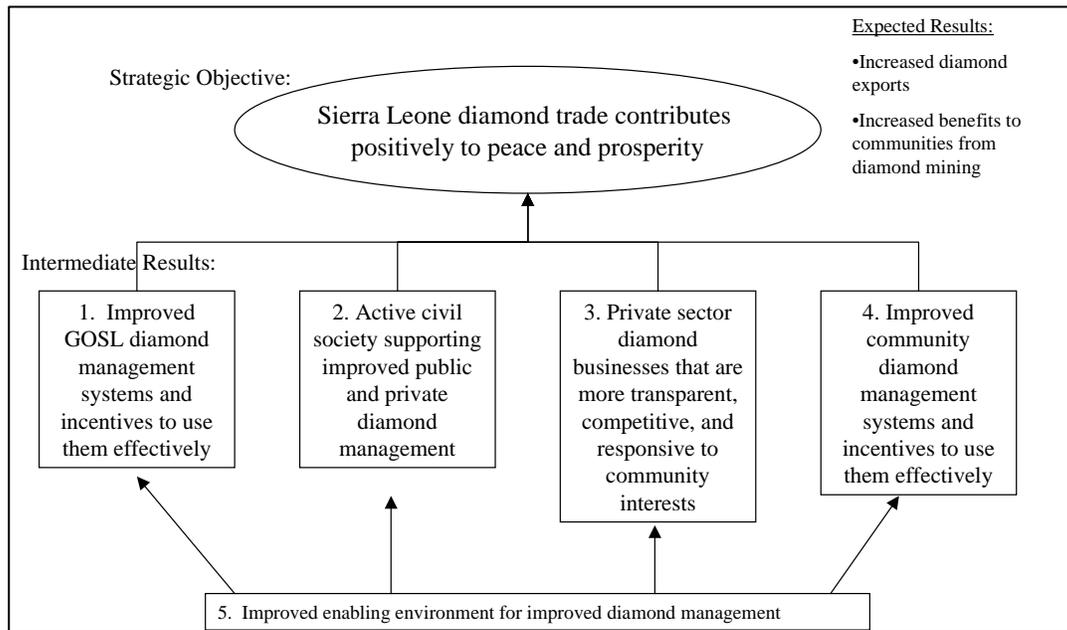
PDA in Kono continued to be ineffective and moribund due to the intransigent attitude of its leadership, particularly its Chairman. However, this attitude is beginning to change amongst some members of its Executive Committee. A national workshop is needed to rescue this important organization from parochialism and destructive self-interest. The PDA branch in Tongo Fields has made good progress and is active in advancing the aims and goals of the PDA.

During the quarter, IDMP staff conducted a program retreat in Koidu to reflect on successes and problems encountered since project inception in 2004 and to map a way forward for the project after indications that an extension was imminent. The USAID Cognizant Technical Officer attended the last day of this retreat and provided valuable insights and inputs to help inform the best ways forward. A follow up senior staff meeting was held in Freetown two weeks later to actually design a work plan and budget for this potential extension. This was the first time the Sierra Leonean senior staff was involved in project design and decision-making. The exercise gave ownership and direction to the staff and was a confidence and moral booster, as well as a team building endeavor

Based on this good work, much of March was spent responding to a USAID request for a nine- month extension proposal and work plan to end December 31, 2007.

2. INTRODUCTION

This Activity Report describes activities for the tenth quarter (January through March, 2007) of Cooperative Agreement #636-A-00-04-00217-00, which encompasses the last three months of the Cooperative Agreement’s seven-month cost extension awarded to Management Systems International by USAID in August 2006. These activities are executed consistently with the IDMP work plan and the objectives of the Agreement. In its effort to manage for results, activities are designed to achieve the outcomes summarized in the following results framework:



The following sections will present highlights of the quarter. Activities completed during the quarter are summarized by Intermediate Result, including a summary of work completed by the program.

3. PROGRAM ACTIVITIES DURING QUARTER

1. IMPROVED GOSL DIAMOND MANAGEMENT SYSTEMS AND INCENTIVES TO USE THEM EFFECTIVELY

EFFECTIVE USE OF DACDF ENHANCED

Project staff continued to monitor the DACDF during the reporting period. The specific requirement for the project to work with the District Councils in the Eastern Province was enhanced during the last quarter of 2006, when for the first time, the central GoSL directly distributed DACD funds earmarked for individual chiefdoms to and through district councils. This took place in Kenema in the presence of Vice President Solomon Berewa and of some 200 Eastern Province local government councilors.

To effectively administer these funds, the affected district councils were given the mandate to supervise the chiefdoms in their use of the funds for community projects. This action by GoSL was a success story for the IDMP, especially since the program, from the time the fund was established, has advocated direct disbursement of proceeds through the councils. An important incentive for the councils to help administer the funds was that they themselves receive a portion of the DACD funds for their own programming activities. Distribution of the funds in the presence of the Vice President, 200 councilors, many journalists, and several key ministers was an encouraging demonstration of transparency.

IDMP also monitored how communities affected by diamond mining activities are benefiting. During the period under review, a qualitative study was conducted in 19 DACDF communities and three impact assessments were made. Findings regarding the impact of the DACDF include a reduction in illegal mining, increased community infrastructure, and a heightened social interaction in communities as a result of the fund. These findings have been shared and reviewed by the various diamond sector reform program (DSRP) participants and will help inform future mineral sector community-based initiatives in Sierra Leone.

DACDF NATIONAL WORKSHOP

During the reporting period, IDMP hosted and conducted a national DACDF workshop in Bo at the Madam Wokies Conference hall on 14-17th March 2007. This workshop attracted 100 participants, 40 percent of which were women. Participants included twenty-three paramount chiefs, members of five district/town councils and the Permanent Secretary of the Ministry of Mineral Resources. The workshop incorporated a client-based participatory methodology to assess nationally the successes and failures of the DACDF policy. After a thorough situation analysis of pre-DACDF policy in mining communities, participants identified a number of critical successes as well as failures and challenges with the Fund (see the workshop report, included as Annex C, for details).

In line with the identified failures and challenges associated with the implementation of the Fund, workshop participants adopted the idea of establishing district-level coalitions of DACDF beneficiary groups to ensure:

1. Peer-review performance related and support mechanisms

2. Timely and full disbursement of DACDF funds by the government
3. Identification of relevant local civil society groups and NGOs to undertake DACDF monitoring
4. A commitment to ensure the dissemination of relevant DACDF information at local level
5. Collaboration with councils and local civil society to encourage the central government to replicate the DACDF community-beneficiation module in non-diamond extractive industries.

DACDF POST-WORKSHOP MONITORING

To validate the various workshop views and as part of ensuring accurate DACDF policy reform recommendations to the government, the IDMP policy unit embarked on field monitoring trips to selected projects in seven chiefdoms at the conclusion of the workshop. Post-workshop monitoring results appear consistent with issues raised at the workshop, such as delayed or incomplete disbursement of DACDF funds and lack of DACDF information at the local level, and the IDMP is in the process of documenting the details of such issues. Analysis of the implications of the aforesaid issues will serve as empirical evidence and the basis to advise the government to review the DACDF policy and put in place relevant improvement measures in line with those identified by the workshop.

HIGH LEVEL DIAMOND STEERING COMMITTEE & TECHNICAL COMMITTEE

There were no HLSC meetings, nor technical committee meetings held during the quarter. This lack of activity mirrored that of the preceding quarter. During the life of IDMP there has been significant progress in enhancing GoSL capacity to institute policies leading to effective management of the Sierra Leone diamond industry. Unfortunately, differing donor mandates and government agendas negatively impact the HLSC and sub Technical Committee concept. During the quarter, work plans for the extension period include a thorough review of the HLSC process, which was begun during this reporting period, as described below.

Much of the policy work for this quarter involved the initial implementation of a systematized survey to gain insights into the efficacy of the HLSC and its ad hoc Technical Committee. For some donors, the two committees are seen as crucial for government and donor collaboration on matters regarding diamond policy. Preliminary survey findings suggest that different expectations in policy engagement between donors and the government may have significantly impacted on the efficacy, relevance and therefore purpose for continued meetings. Further, government agendas continue to impact on the frequency of HLSC and the sub Technical Committee meetings causing breaks or inadequate implementation of suggested activities.

This state of affairs raises questions regarding the effectiveness of the HLSC as a key policy forum. The IDMP policy unit has undertaken a study to review the mandate and structure of both Committees with a view to revitalizing them or suggesting a change. The exercise involves one-on-one interviews with both government and donor participants in the two committees. An open meeting will be organized at the end of the interview process to validate findings and suggest a way forward.

With national elections soon to take place, and the possibility of a change in government a very real possibility, it may be that the HLSC concept will have to wait until after the elections have taken place before being reconstituted. No matter the outcome of the election, policy review and change will most likely be part of the new government's agenda. Even if the current political party remains in power, key players will change in parliament, in the presidency and within the ministries. This will result in a new view of how business is done. Further, changes in the staff of donor agencies, concerned diplomatic missions, the United Nations and bi-lateral missions will also influence relationships between themselves individually and collectively, and the new government of Sierra Leone. Going forward, the HLSC concept will be guided by the fact that as the years have gone by since it was first introduced, the possibility that new thinking may need to be applied to keep up with current events and progress.

SUPPORT TO THE ESTABLISHMENT OF A PIU WITHIN THE MMR

Although progress has been painstakingly slow regarding the establishment of a public information unit (PIU) at the MMR, IDMP worked with the MMR to establish a small working-committee to move on with the PIU initiative. Having encouraged the representation of civil society, the committee met three times during this quarter with the MMR and MoIC. As an interim result, a sector PIU implementation concept and benchmarks are currently being developed.

ENVIRONMENTAL REMEDIATION

Policy issues regarding the impact of mining on the environment, health and communities continued to be pursued in collaboration with other agencies. For example, in February 2007, IDMP collaborated with FESS, eight diamond area chiefdoms, five local civil society groups and two local council administrations in two structured workshops in Kono and Tongo Fields. The workshops provided opportunities for diamond area communities, chiefs and councils to work together and identify common environmental impact variables and seek local solutions. With technical inputs from the IDMP and previous experience in implementing a pilot reclamation project in Tongo, FESS is currently spearheading the reclamation of 15-acre mined-out sites in both Kono and Tongo Fields.

OTHER POLICY ACTIVITIES

Keeping abreast with Strengthening Democratic Governance (SDG) program, also implemented by MSI, the IDMP policy unit, through its interactions with paramount chiefs and councils, disseminated pertinent information regarding the SDG Matching Funds program. This program supports increased citizen demand for good governance and Sierra Leone's decentralization process by matching local government contribution towards qualifying community development initiatives with program funds. A concrete result of this synergy is that five chiefdoms have agreed to provide a total of Le 60,000,000 (USD \$20,000) each of DACDF money to be matched by SDG, potentially availing \$40,000 for community development in target communities.

2. ACTIVE CIVIL SOCIETY SUPPORTING IMPROVED PUBLIC AND PRIVATE DIAMOND MANAGEMENT

COMMUNITY AND ZONAL MEETINGS

Zonal and Community Meetings promote community awareness of diamond issues and offer participants the opportunity to state their concerns about entrant industrial mining companies and operations. It also provides IDMP staff an opportunity to disseminate policy information. Information sharing with mining communities on diamond issues has proved vital to the communities. It serves as the main channel through which local, national and international diamond issues are communicated. Like the rough diamond identification training, the meetings in these mining zones have always attracted so many participants that, in most cases, the number of attendees has to be limited to the available resources to ensure that information is effectively and accurately disseminated to participants. Issues relating to government policies on diamonds, mining technology, land rights issues, the role of USAID, environmental issues, and community beneficiation have always been paramount in IDMP zonal meetings.

Out of five plus hours allocated to each of these meetings, at least one hour thirty minutes is always allocated to discussions of diamond issues affecting the host community. Through this, the program is able to understand mining issues affecting the communities. We then forward this information to other interested organizations and stakeholders in the diamond industry of Sierra Leone. Community issues gleaned during zonal meetings are then intended to be raised with HLDSC and Tech Committee members, both formally and informally.

During this quarter, a first zonal meeting was held in one of the newly identified target zones. At this zonal meeting was unprecedented female participation. With 45 females and 55 males in attendance, it was the first time in the over two years of IDMP zonal meetings that more women than men participated – an occurrence made even more extraordinary by the rural location of the meeting. This is a clear indication that IDMP activities are having considerable impact on gender perceptions as well as raising awareness of not only diamond activities, but also of societal roles in decision-making and comprehensive community participation in local governance.

The awareness raising campaigns in mining zones have impacted communities so as to:

- Reduce nefarious rumors on issues like land ownership that have the potential to spark social conflict.
- Reduce illegal diamond transactions as communities are now, more than ever, aware that mining without a license or selling diamonds without documenting the license in the chiefdom of origin, will lead to a reduction of the Diamond Area Community Development Fund (DACDF) that will go to that chiefdom.
- Facilitate the employment of chiefdom monitors to monitor their mines, thereby impeding illegalities and bringing more benefits to the chiefdoms in question.

Stakeholder zonal meetings held in Kono during the quarter included the chiefdoms of Sandor (the chiefdom producing the highest quantity of alluvial diamonds in Sierra Leone), Nimiya, Nimikoro, Tankoro, and especially Soa and Gbaneh which, like Fiama, have just been officially declared diamondiferous and were not originally among the six traditionally know diamondiferous chiefdoms in Kono. During the quarter, sixteen zonal awareness meetings and three community stakeholder meetings were successfully conducted. These meetings attracted a total of 1,730 participants including 1,317 males and 413 females, at an average of 105 participants per each zonal meetings and 65 per each community stakeholders meeting.

Five community meetings were held in the Kono District attended by 331 decision makers. Community meetings bring together stakeholders at community level to understand current community beneficiation. A by-product is the increased transparency of beneficiation processes, specifically the actions of local leaders directly accountable for the benefits received on behalf of communities. Authorities therefore can be better scrutinized on how decisions are reached for the distribution of such benefits. As noted, the community meetings provide a forum for participants to state their concerns about entrant industrial mining companies and operations. The IDMP staff also utilize these meetings to disseminate policy information among the meeting participants.

ACTIVE INVOLVEMENT OF MEMBERS OF CIVIL SOCIETY

At the request of the civil society group, Network Movement for Justice and Development, IDMP facilitated an all-day launching of its document: “To Mine or Not to Mine.” A delegate at this launching workshop was Canada’s African Coordinator of the Development and Peace organization, an entity with relevant operations in many African countries. IDMP involvement in this workshop was an effort by the program to encourage understanding between industrial mining operators and communities affected by these operations. Fortunately, both sides of the industrial mining conundrum were well represented at this workshop.

On the 6th of January one IDMP senior staff member participated in a workshop in Kono under sponsorship of the World Bank through CEMMATS and NACE. The workshop was on the strategic environmental assessment of Sierra Leone and was attended by a cross section of CSOs, NGOs and interested public.

SMALL STONES TRAINING

Small Stones Diamond Identification training, in which local indigenous miners and diggers participate, continues to break the bond that has supported the monopoly of knowledge in the diamond business for so long. The training itself is one of the key motivational activities of the program for participating men and women, including local authorities involved in the diamond industry. During the quarter, coordination, facilitation and monitoring of the implementation of IDMP Small Stones Trainings continued in both Kono district and Tongo fields. Each cluster of the twenty trainees is trained under the coordination and supervision of the IDMP Deputy Team Leader, the Business Advisor, and by the Kono Youth Coalition Chairman.

During the quarter, certificates were printed and signed for 472 graduates. These graduates will be certified during next quarter at formal ceremonies to be held in Tongo Fields and in Kono District. A significant number of the trainees and trainers are members of civil society organizations such as MOCKY, the Youth Coalition, Teachers' Union, ADAGMAK, Union of Cooperative Societies and the Fifty-Fifty women's group, amongst others. In this reporting period, twenty trainers hailing from CSOs in Kono and Tongo Fields, identified and selected in the previous quarter, underwent a Training of Trainers and then themselves delivered the training.

Significant progress was made in Tongo Fields as regards increasing awareness amongst formerly marginalized groups in diamond marketing. Previously, diggers and women had little or no say in the marketing of diamonds. Their basic roles were the manual aspect of digging and cooking respectively. Currently, Tongo Fields has four male and four female Small Stones trainers. The presence and participation of these women helps motivate other women determined to make themselves available for the Small Stones training. At a recent Small Stones Training course in Ngiehun, nine female and eleven male trainees attended and passed the course. Until recently, female participation typically ranged from zero to four per a class of twenty.

Three Small Stones trainings were conducted in Ngiehun, Lalehun and Panguma zones respectively, comprising of a total of sixty trainees. The Small Stones training reaching further into the rural zones is very strategic as it is helping to spread the knowledge and skills to diggers and miners in what are locally called mining hide-outs.

3. PRIVATE SECTOR DIAMOND BUSINESSES THAT ARE MORE TRANSPARENT, COMPETITIVE, AND RESPONSIVE TO COMMUNITY INTERESTS

Within the program Kono area, four companies have made large investments and are active.

- Koidu Holdings (Operating in both Koidu and Tongo Fields)
- Target Resources operating under Milestone T/A Sandor Development Corporation
- Sierra Leone Diamond Company (SLDC)
- Crown Mining, T/A Basama

In Tongo Fields the following companies are involved in more large scale and industrial diamond mining: Koidu Holdings S.A, Bara Kul, Olympus, Sam, Sympathizers, Vanguard and SLDC. There are also a number of smaller mining companies operating in the area but not at the scale of investment or size of operation as the above. IDMP, with its links within the local community, is well placed to monitor relationships between those companies and the local inhabitants.

During the quarter, groundwork towards enhancing understanding between communities and industrial mining companies continued. Companies were invited to participate with the IDMP secretariat in discussions regarding corporate social responsibility. Initial reactions by several such companies were surprisingly encouraging to the program staff. The outcomes of this meeting are forthcoming, but early indications are positive with the notable participation of SLDC.

During the quarter, the IDMP senior staff's radio discussions, call-in reactions, key stakeholder zonal meetings, general community meetings, Small Stones Training and even the recently held DACDF national workshop that the program conducted in Bo were, in part, geared toward enhancing relations between communities and mining companies in general. It is slowly being realized in the diamond fields that larger mining operations are the future of diamond extraction in Sierra Leone, and that alternative employment options must be considered and education encouraged for all those miners and diggers likely to be displaced.

Normally, when people want to avoid paying license fees and or taxes, they operate in secret. Such people in the diamond sector in Tongo Fields and Lower Bambara have not been very fortunate recently due to the vigilance of the Tongo Fields Peace Diamond Alliance Executive Committee and the IDMP. As recently as the early part of the last quarter, the female members of the Tongo Peace Diamond Alliance Executive Committee and the Tongo Fields IDMP staff detected that legal diamond dealer agents were on the decrease whereas illegal ones were on the increase. Swift steps in the form of sensitizing workshops and public awareness activities were taken to reverse the trend. Those targeted to make strong position statements and to take actions against illegal diamond dealers included the chiefdom local authorities, landlords, the Ministry of Mineral Resources (MMR), the police, legal and illegal dealers, sectional local authorities, and representatives of Government of Sierra Leone in the Lower Bambara. This approach has drastically reduced unlicensed diamond dealers.

IDMP further supports the Peace Diamond Alliance's efforts to prevent and mitigate confrontation or conflict between mining companies and the communities is. In Tongo Fields, five out the eleven Peace Diamond Alliance Executive Committee members are members of the Community Relation Committee (CRC), a liaison body assisting in good relations between Koidu Holdings and other industrial diamond mining companies and the Lower Bambara community. The CRC sees to it that both companies and the community honor their respective corporate social responsibilities in order to promote friendliness and peace. For instance, CSR-focused awareness has helped Koidu Holdings carry out its mining operation with little obstruction from the community. As a benefit to the community, as well as for its own operational efficiency, Koidu Holdings has rehabilitated the forty-two mile road from Tongo to Koidu. The company also regularly employs competent citizens of the chiefdom. These benefits of employment and improved transport infrastructure are bound to have significant and potentially lasting economic impacts on the area as trade is already increasing between the two towns.

Land where traditional alluvial mining once predominated is coming under pressure from industrial and larger alluvial mining investors. There is limited local ability to undertake the investment necessary to extract in larger rivers and the kimberlite pipes and dykes. But when large areas of land are allocated to the mining companies, reducing access both to miners and farmers alike without clear policy and notification, the populace feels aggrieved. The increasing levels of public suspicion surrounding the activities of the larger mining companies' remains of great concern to IDMP. Much

of the tension emanates from the lack of communication, not only from the companies themselves, but also from the government and local authorities. Secrecy, unfortunately, has always been an inherent element of the diamond sector in Sierra Leone. This problem will be ameliorated only with the passing of time.

As a result of IDMP awareness raising activities, mining company consultations with mining communities where land is allocated to industrial operations are now more frequent. Still, most of the community problems resulting from displacement, loss of farms or small mining plots continue to be shouldered by local residents. Effective government intervention is typically slow or unrewarding. Talk of corporate responsibility, even if supported by the international community and local civil society organizations, will have only minimal impact without significant government involvement and political will. Lacking this, and given the current rate of land allocation, dissatisfaction is bound to increase to potentially unacceptable levels. IDMP is only one player in the rectification of this problem, but is beginning to be consulted by sector operators.

The issue of the resettlement of the Affected Property Owners (APO) within the Koidu Holdings operating area in Kono is a classic illustration of promises not fulfilled that led to increased mistrust. Despite continuous promises, three years after operations commenced, less than 40 dwellings had been completed by mid 2006, out of over 100 to be constructed. During this reporting period, and with IDMP participation, Koidu Holdings handed over a further 67 houses to families displaced by their kimberlite mining operation in Koidu Town. This is a very positive development after a long period of stress and disappointments.

In Tongo Fields, the community, with IDMP participation, has frequent interaction with Koidu Holdings management and other mining companies active in the area. While not always in agreement, the frequency of contact has created a better understanding of both company operations and the community concerns

Understanding rights and responsibilities is important for all players in diamond production if the benefits of diamonds are to be properly utilized, especially as alluvial mining tends to be capital intensive. The need for companies and communities to see each other as partners in development cannot be overemphasized. IDMP continues to work closely with stakeholders in the realization of their rights and responsibilities for the general good of the people in mining communities.

COMMUNITY ISSUES RAISED DURING THE QUARTER

- The unnecessary delays in issuance of mining licenses by the MMR.
- The discrepancies in monies paid for such mining licenses.
- Many communities lack clean drinking water. It is the concern of many people that the commencement of new alluvial activities will exacerbate an already poor health situation in the region.
- The movement of vehicles, workers and heavy equipment into some of the communities by mining companies.
- There is concern about how the inhabitants will be able to address important concerns, such as the destruction of their crops, river systems, farm lands, etc, when the allocation of these lands was ordered by the Paramount Chief.

ISSUES REQUIRING ATTENTION

- The organization of civil society groups to take important information to community meetings in mining areas needs to continue so that the legacy of information sharing continues after the IDM project leaves Sierra Leone.
- The cooperation of other NGO's and funding partners in the execution of activities outside the strategic and intermediate objectives of the IDMP so that the efforts of IDMP are complemented for better results.
- Chiefdoms where mining has just begun must be intensely targeted with awareness meetings and training to address problematic issues before mining actually begins in their areas.
- Better explanation or information by authorities to communities on the way the DACDF has been allocated and used within the chiefdoms.
- What benefits will communities derive from companies who operate under the guise of exploration or prospecting licenses.

4. IMPROVED COMMUNITY DIAMOND MANAGEMENT SYSTEMS AND INCENTIVES TO USE THEM EFFECTIVELY

ARTISANAL MINING PROCEDURES IMPROVED THROUGH SMARTER TRAINING

The Sustainable Mining by Artisanal Miners (SMARTER) concept, developed by CEMMATS under IDMP, introduces modern and environmentally acceptable approaches to diamond prospecting and mining through the use of improved methods to reduce environmental degradation. Additionally, SMARTER emphasizes improved and proper equipment usage and, most importantly, safety measures to be observed in alluvial mining. Following the pilot SMARTER training conducted in end 2006, IDMP contracted CEMMATS to prepare the SMARTER mining training modules as a follow-on to the IDMP small stones training activities, to add value to the skills of the "best and brightest" of the those participants, which they will then disseminate to a larger audience in the diamond fields. This training will also build a cadre capable of performing as mine monitors and advisors to their local councils, formal sector mining enterprises, and government ministries and agencies.

During the quarter, CEMMATS trained a total of 80 trainees using the SMARTER mining technology and curriculum. A first training was conducted in early February. Included in the 40 participants were eight residents from the newly declared diamondiferous chiefdoms. In late February, CEMMATS conducted its second SMARTER training in Tongo Fields with 40 more participants, eight of whom were women. Including the pilot training conducted in late 2006, 77 diamond miners have been trained SMARTER technology in Kono to date. These trainings have been facilitated and monitored by the IDMP Deputy Team Leader.

The SMARTER trainees will be awarded individual certificates of satisfactory completion of the course at a ceremony during the next quarter. Those certificates have already been designed and printed. This cadre of individuals now trained in more efficient, safe, and environmentally friendly diamond mining techniques has the potential to pass this knowledge on to hundreds if not thousands of their colleagues. The possible impact is inspiring.

5. IMPROVED ENABLING ENVIRONMENT FOR IMPROVED DIAMOND MANAGEMENT

The issue of land reclamation was addressed at two community meetings which helped to contribute to the reclamation work of FESS and Government of Sierra Leone (GoSL). The Tongo Fields IDMP office was able to help in clearly distinguishing between mined-out and worked-out land for proper and sustainable reclamation work. Also the Tongo Fields IDMP office was able to help FESS and GoSL with a template of an agreement between the donor and the community for successful and sustainable implementation of land reclamation.

COMMUNITY RADIO DISCUSSIONS ON DIAMOND MATTERS

Community radio discussions are another medium which IDMP uses to reach a wider audience in target communities and to strengthen awareness campaigns. Discussions focus on key issues such as the relationship between mining companies and diamond communities, environmental management during mining, health status in mining communities, DACDF allocation, alluvial mining best practices, and land rights and land allocation to artisanal miners. One hour discussions and phone-in programs are broadcast live on Wednesdays and Saturdays. These radio programs have generated so much interest that the audience has requested an extension of the one hour program format.

IDMP COLLABORATION

Collaboration both within and outside the Integrated Diamond Management Program has always been identified as key to success of the program. Internally, bringing IDMP staff together from its three locations of Kono, Tongo Fields and Freetown for exchanges of experiences has bolstered the planning and implementation of program activities. During this quarter, program staff convened in Koidu to collaborate on the way forward for the April to December extension and later gathered in Freetown to develop a work plan for the extension period.

Externally, the program has maintained close ties with other partners like the USAID Strengthening Democratic Governance program, Network Movement for Justice and Development (NMJD), the Foundation for Environmental Security and Sustainability (FESS), DiFD, Talking Drum Studio, the Ministry of Mineral Resources, CEMMATS, Global Witness, UNDP and many others. The program cannot address the varied issues in the diamond industry alone, nor in isolation, hence the need for such collaborative efforts with other concerned actors.

In January, IDMP participated in the World Bank-sponsored Strategic Environmental Assessment (SEA) workshop. The goal of the SEA is to conduct a complete assessment of the issues, stakeholders and possible mitigation measures relating to the environmental destruction caused by mining.

GOLD

With the acquiescence and approval of USAID, no activities were conducted this quarter with respect to gold.

4. PROGRAM MANAGEMENT

During this quarter, USAID awarded a nine month cost extension to IDMP, moving the final project end date to December 31, 2007. The modification for this extension was awarded shortly before the program's previous close out date of March 31, 2007, causing some program management challenges while transitioning from close out to a productive and innovative extension period. The Washington D.C.-based Project Manager spent two weeks with the program during the latter half of March assisting with this transition and ensuring sound financial and administrative procedures were in place to support the program through December 2007.

VISITORS TO IDMP FIELDS OFFICES

Visitors continue to proliferate at IDMP, particularly in Kono. This and the last reporting period saw weekly visits exacerbated by the run up to and the screening of the movie *Blood Diamond*, a fictional account of the diamond sector during Sierra Leone's past civil unrest, with Kono and Tongo Fields diamond fields as its focus. Visitors, including university researchers, the media in all its renditions, the donor community, international NGOs working on diamond sector reform, private sector diamond business representatives, and documentary makers, have all descended on Kono and the IDMP offices in search of information to further their individual causes or agendas or to inform the international community of the reality on the ground. Some, like the Liberian delegation, visited IDMP and Kono to learn from the experience of the program and Sierra Leone at large as regards sustainable diamond management.

These frequent visits have a mixed effect on program implementation. Positively, these visits draw attention to IDMP's achievements and the capabilities of its staff members. On the negative, they have taken many man hours of IDMP staff time. It has been a major factor in increasing the awareness of staff on thinking outside Sierra Leone regarding the diamond industry and its rapidly evolving change and attempts to enhance its transparency in the face of increasing international scrutiny, the Kimberly Process view of IDMP work, particularly the cooperative initiative and PDA. Responses from such visiting teams on the work of the program helps IDMP see itself and assists in modifying strategies in addressing the varied issues.

USAID/Sierra Leone has always been actively engaged in the planning and implementation of IDMP activities. In February, the USAID/Sierra Leone Country Program Manager visited the program's operations in Kono and Tongo Fields. The program's Cognizant Technical Officer attended the senior staff retreat in Koidu to help chart the way forward

FINANCIAL STATEMENT

An accrual statement summarizing program expenditures through December 31, 2006 is attached as Annex B.

ACTIVITIES PLANNED FOR THE UPCOMING QUARTER

Please refer to Annex A for activities planned for the upcoming quarter, April through June 2007.

ANNEX A

Sierra Leone Integrated Diamond Management Program April to June 2007 Quarterly Work Plan			Time Frame		
			2007		
Justification/ Objective for activity		Activity	April	May	June
To enhance effective policy advice through donor/GoSL collaboration and dialogue	IR 1	Improved GOSL Diamond Management Systems and Incentives to use them effectively			
	1.1	Continue to serve as the Secretariat to the HLDSC and its Technical Committee			
	1.2	Undertake extensive member-consultation and review HLSC/Technical Committee: Mandate, structure and relevance. Undertake extensive member-consultation and review HLSC/Technical Committee: Mandate, structure and relevance.			
	1.3	Facilitate the implementation of the HLSC restructuring and functioning.			
To identify, mobilize MRU sector CSOs and adopt a single approach to mitigate diamond smuggling and encourage MRU Governments to adopt diamond resource/ regional harmonized policy.	IR 2	Active civil society supporting improved public and private diamond management			
	2.1	Contact and dialogue with Mano River Union (MRU) countries (Sierra Leone, Liberia, Guinea) to identify and mobilize diamond sector CSOs			
	2.2	Organize Mano River Union Regional harmonization activities with CSOs			
To disseminate diamond sector information as anti-corruption measures to approximately 800,000 people in the eastern region and to enhance accountability and transparency at community level through the effective monitoring of the DACDF.	IR 3	Resource Information dissemination			
	3.1	Implement information campaigns with two (2) identified CSO partners.			
	3.2	Write and record media in English, Krio and other local languages			
	3.3	Twenty four (24) one (1) hour weekly radio discussion on mining policy and other development issues affecting mining communities.			
	3.4	Partner with Talking Drum Studio (TDS) and over see Capacity Building of local partners in disseminating diamond policy information			
	3.5	Identify industry watchdog organization and begin working on monitoring activities			
	3.6	Monitor DACDF, allocation, disbursement and utilization			

To develop a stable citizenry through consolidation of information dissemination on DACDF, land degradation, corporate social responsibility (CSR), mining regulations and investment policy.	IR 4	Awareness Raising meetings			
	4.1	Conduct 10 zonal stakeholder meetings in Kono and Tongo Fields.			
	4.2	Conduct 7 Community meetings in Kono and Tongo Fields			
To identify appropriate civil society organizations and restructure the PDA to sustain USAID/MSI efforts in the diamond sector.	IR 5	Local Civil Society (CS) capacity building and Peace Diamond Alliance (PDA)			
	5.1	Targeted Capacity Building (CB) of local civil society organizations (CSOs) through sub-contracts to implement various activities, including land reclamation and information dissemination campaigns.			
	5.2	Plan and conduct a three (3) days National PDA workshop to review mandate and structure of PDA, develop new Terms of Reference (TOR) and strategy to make PDA functional at national level.			
	5.3	Facilitate and provide support to a credibly identified independent consultant / group to: Develop new Terms of Reference (TOR) for a restructured PDA, Undertake the restructuring process, Facilitate PDA link to resources, Address PDA capacity needs, Address PDA constituency biased on the diamond sector.			
To consolidate and institutionalize Natural Resource Management training	IR 7	Small Stones training			
	7.2	Conduct eight (6) Small Stones training			
	7.3	Four (4) training certification ceremonies (SST/Smarter)			
	7.5	Provision/procurement of training equipment			
Reporting	IR 9	Program Management Activities			
	9.1	Weekly staff meetings			
	9.3	Data collection and research shared with GoSL/USAID/CSO/HLSC and other stakeholders.			

ANNEX B

Report of the DACDF National Assessment workshop

1. Executive Summary

The Diamond Area Community Development Fund (DACDF) national assessment workshop was conducted at the Sir Milton/Madam Wokie hotel in Bo on 14-16th March 2007. The workshop attracted 100 participants from five diamondiferous districts. These five districts receive over 84% of the national DACDF total. Participants included the Permanent Secretary of the Ministry of Mineral Resources (MMR), twenty three paramount chiefs, five district/town councils, and seven civil society groups. Forty percent of all participants were women.

Utilizing a client-based participatory methodology² and based on community-specific experiences, participants had initially identified a number of critical successes, failures and challenges associated with the Fund. There was unanimity among participants that the Diamond Area Community Development Fund (DACDF) continues to be an essential diamond resource redistribution pathway, through which 25% of diamond exports tax revenues is returned to the communities from which they were mined. An end-of-workshop evaluation suggests that more than 80% of participants saw the workshop as an important forum through which stakeholders were able to articulate, for the first time, the role of the fund. The workshop provided an opportunity for key community decision-makers to assess progress and impact of DACDF resources so far received and utilized for the benefit of their localities.

After a keynote addresses and confirmation by all participants regarding the medium of communication and facilitation process, the 100 participants were divided into 5 district-level working groups. This was deemed more effective because participants felt more at ease working with people from the same or close communities as well as having familiarity with local DACDF projects and implementation processes. By the end of the third working day, and in relation to area-specific implementation experiences, participants identified the following components as representative of national DACDF successes, failures and challenges of the Fund since its inception in June 2001.

Successes:

- i. Enhanced social infrastructure in mining communities (roads, schools, dispensaries)
- ii. Reduction in illicit mining
- iii. Intermittent job creation opportunities and enhanced local commerce. .

² A client-based participatory methodology was based on Hamlin's proposed 5 level model in evaluating impact and learning events.

Failures:

- i. Lack of a national DACDF implementation standard impact on overall DACDF project quality
- ii. Inadequate DACDF information at grassroots level impacts on local governance, decision-making and choice of project that meets wider community needs
- iii. Size of the Fund in some chiefdoms restrict level of community development opportunities

Challenges:

- i. A tendency of DACDF policy to forestall diversification of livelihoods in mining areas compared to non-mining communities
- ii. Increase of industrial mining concessions Vs. artisanal mining activities
- iii. Tensions between district councils and traditional authority on oversight and monitoring roles

In response to concerns relating to inappropriate utilization or misappropriation of DACDF resources, participants adopted the following as way forward measures that would enhance more transparency and efficiency in implementing the Fund.

Workshop recommendations and adopted way forward measures:

- i. Institute a peer-group-performance-review and support mechanisms
- ii. Ensure timely and full disbursement of DACDF funds by the government
- iii. Identify relevant local civil society groups and NGOs to collaborate with councils in monitoring DACDF implementation and impact
- iv. Commit to ensure the dissemination of adequate DACDF information at local level
- v. Development of a standard and simplified DACDF implementation criteria to ensure DACDF project quality
- vi. Central government to replicate the DACDF community-beneficiation module in other extractive industries

2. Pre-DACDF Analysis and Purpose of the Workshop

Meant to “Enhance community development in diamondiferous chiefdoms of Sierra Leone from revenue derived from diamond resources”, 71 diamond area chiefdoms and 13 councils are now benefiting from this unprecedented community fund. Until June 2001, diamondiferous communities had not benefited directly from diamond export revenue. Instead, decades of maladministration of the diamond industry culminated in widespread poverty, extensive environmental degradation, individual and community vulnerability, and disaffection among diamond mining communities. These factors contributed to protracted civil strife and large-scale human rights abuses, as well as the destruction of significant diamond area community infrastructure.

From a mere US\$ 195,165 in 2001, the fund reached a threshold of US\$ 3.4 million or 10 billion Leones by the end of 2006, and a combined national total of 2,202 artisanal mining

licenses dispensed. Also, the present 71 recipient chiefdoms indicate a significant increase in the number of benefiting chiefdoms from 54 in 2001. Implemented DACDF projects range from the rehabilitation of schools, roads and health centers to the construction of new courthouses and multi-purpose local facilities.

However, issues surrounding transparent utilization of DACDF resources, sustainability and impact of current DACDF projects continue to provoke complex development and socio-political debates and questions the efficacy and legacy of the DACDF policy. In response to such concerns, the IDMP had conducted studies to identify fund implementation weaknesses, forming the basis of the report to the HLSC published in December 2005. The recent national assessment workshop is a follow-up action to the 2005 report. The bringing together various DACDF stakeholders is an attempt to catalogue the successes, failures and challenges of the DACDF policy.

3. Details of Workshop Results

Successes: While peace building and post-conflict social reintegration were cited as important contributions of the fund in mining areas, participants identified the following three components as consistently reflective of national DACDF successes.

i. Enhanced social infrastructure in mining communities:

All five working groups during the workshop plenary sessions reported an increase in social infrastructure development in their communities as a direct result of the fund. Success was specifically related to actual numbers and concentration of community infrastructure projects such as health centers, guesthouses, rehabilitated roads, schools and bridges. However, participants agreed that the infrastructural impact created by the Fund is yet to translate into longer-term economic benefits in view of continuing low-income distributions in mining communities. It was also mentioned that there has been little emphasis in vocational or capacity development that would allow for livelihood diversification in the face of dwindling diamond reserves in most of such communities.

ii. Reduction in illicit mining:

Reduction in illicit mining ranked consistently across all groups irrespective of which region from which participants came. Participants argued that the DACDF has become an important incentive for communities to monitor mining activities. The incentive rationale is that local authorities aided by landowners have instituted local monitoring structures known as Chiefdom Mining Committees which report and controls illegal mining, and by so doing, boost the total DACDF amount chiefdoms can receive.

iii. Intermittent job creation opportunities and enhanced local commerce:

Almost all of implemented DACDF projects consist of local constructions often providing intermittent local jobs for skilled artisans and suppliers at chiefdom level. Participants cited a number of examples where such opportunities have been provided and how such processes have supported local economies. Roads rehabilitation in some chiefdoms have as well-enhanced local movement of goods and services.

Failures: Participants contextualized failures mainly in terms of those factors that inhibit accountability and transparency. Civil society members present at the workshop complained about the composition of Chiefdom Development Committees (CDCs), which in most cases comprise of paramount and sub-chiefs and that such arrangement does not allow for adequate representation of other social groups in DACDF project decision-making.

i. Lack of national DACDF implementation standards impact on DACDF project quality:

Plenary group presentations revealed consistent trends of poor DACDF project quality mainly due to:

- Lack of national standards from which the implementation of DACDF projects such size and dimensions for schools and health centers would be guided, and against which quality would be evaluated
- The issue of inadequate civil society and grassroots participation in DACDF project decision-making was cited as an important factor responsible for the concentration of most DACDF projects around chiefdom or district headquarters. Participants pointed out some instances where DACDF projects have failed to meet deep rooted and wider community needs because of these factors and have agreed that they pose critical questions for longer-term community development approaches in Sierra Leone.

ii. Inadequate grassroots dissemination of DACDF information:

Plenary group reports indicated that while most DACDF citizens may have knowledge regarding the existence of the fund, such knowledge may not necessarily translate to knowledge about the size, purpose or which community needs should be addressed by the Fund. The lack of adequate DACDF information at the critical grassroots level was seen as one of the failures of the fund to enhance decision-making and promote good governance.

iii. Size of the fund in some chiefdoms restrict level of community development opportunities:

One of the criteria in calculating DACDF disbursement is based on the number of artisanal mining licenses chiefdoms produce. Although the argument remain that a chiefdom with 20 licenses but with high value diamonds might contribute more to export value than a chiefdom say, with 100 licenses, chiefdoms such as Dodo in Kenema which received only Le. 3 million in 2004 are too small to implement any useful projects.

Challenges: Participants identified three main challenges associated with the management of the fund. These are:

1) A tendency of DACDF policy to forestall diversification of livelihoods in mining areas compared to non mining communities:

Participants noted in their plenary presentations that the DACDF policy could, in some chiefdoms, forestall diversification into alternative and productive livelihoods such as

agriculture and other economic activities. Rather than reclaiming lands affected by diamond mining activities for alternative use, a temptation exists for chieftdom and landowning authorities to continue issuing out surface-rent licenses in the hope that this would bring DACDF money to their communities.

2) Increase of industrial mining concessions Vs. Artisanal mining activities:

As access to artisanal mining fields are decreasing, demand for industrial mining concessions are on the other hand increasing. Although the requirements in the government Mines and Minerals Act 1996 prohibits the duplication of *rights-holding* on mining land, participants pointed out specific inconsistencies in the application of mining policy in some chiefdoms in Kono. Dwindling artisanal fields and increasing demands for industrial mining poses serious challenges for DACDF policy sustainability.

3) Tensions between district councils and traditional authority on oversight and monitoring roles

Another challenge identified by participants relates to on-going tensions between district councils and traditional authority over who should monitor whom. Participants specifically noted some protests made to the government by traditional leaders rejecting the role of councils to provide DACDF implementation oversight. As the fund continues to be implemented without any credible monitoring mechanism, proper utilization of funds and project quality will be difficult to measure and attain.

Other critical factors: In addition to the above challenges, participants were of the view that the original administrative structure to manage the fund should be reinstated and must comprise of:

- Permanent Secretary (MMR)
- Director of mines (MMR)
- Professional Head (MoW)
- Director of Rural Development
- General Manager – GDD
- Director Economic Planning
- An Ex-officio from Civil Society

4. Workshop recommendations and adopted way forward measures:

1) Institute a district peer-group-performance-review and support mechanism:

Based on lively discussions and exchange of experiences during plenary sessions, it became clear that some communities might be more advanced and competent in implementing self-help community development projects than others. As a way forward to address competency inconsistencies, participants recommended that a district-level peer-group-performance-review and support mechanism be adopted among participating chiefdoms.

2) Ensure timely and full disbursement of DACDF funds by the government:

Participants noted that late and backlog payments, as happened with Kono in 2004, negatively impact quality and timely implementation of DACDF projects. Late or partial disbursement of

DACDF checks delay implementation due to price inflation of essential construction materials, after consensus allocation and budget preparation.

3) Identify relevant local civil society groups and NGOs to collaborate with councils in monitoring DACDF implementation and impact:

Participants felt strongly that the involvement of some credible civil society organizations and NGOs coupled with proper reporting mechanisms would improve transparency and credibility of DACDF administration and utilization processes at community level. While participants have not outright rejected the oversight role given to councils, they noted a conflict of interest, as councils themselves are recipients of 20% of the fund.

4) Commit to ensure the dissemination of adequate DACDF information at local level:

A standardized DACDF implementation criteria package should be developed to ensure DACDF project quality. It was strongly recommended that central government replicate the DACDF community-beneficiation module in other extractive industries.

**DIAMOND AREA COMMUNITY DEVELOPMENT FUND
(DACDF)
TOTAL ALLOCATION BY DISTRICT
2001 THROUGH 2006**

DISTRICTS	AMOUNT (LE)
KONO	4,990,620,000
KENEMA	2,560,740,000
BO	1,559,420,000
BONTHE	170,840,000
MOYAMBA	4,430,000
PUJEHUN	437,150,000
KAILAHUN	250,090,000
BOMBALI	233,970,000
PORTLOKO	5,280,000
KAMBIA	9,130,000
TONKOLILI	3,750,000
GRAND TOTAL	10,225,420,000