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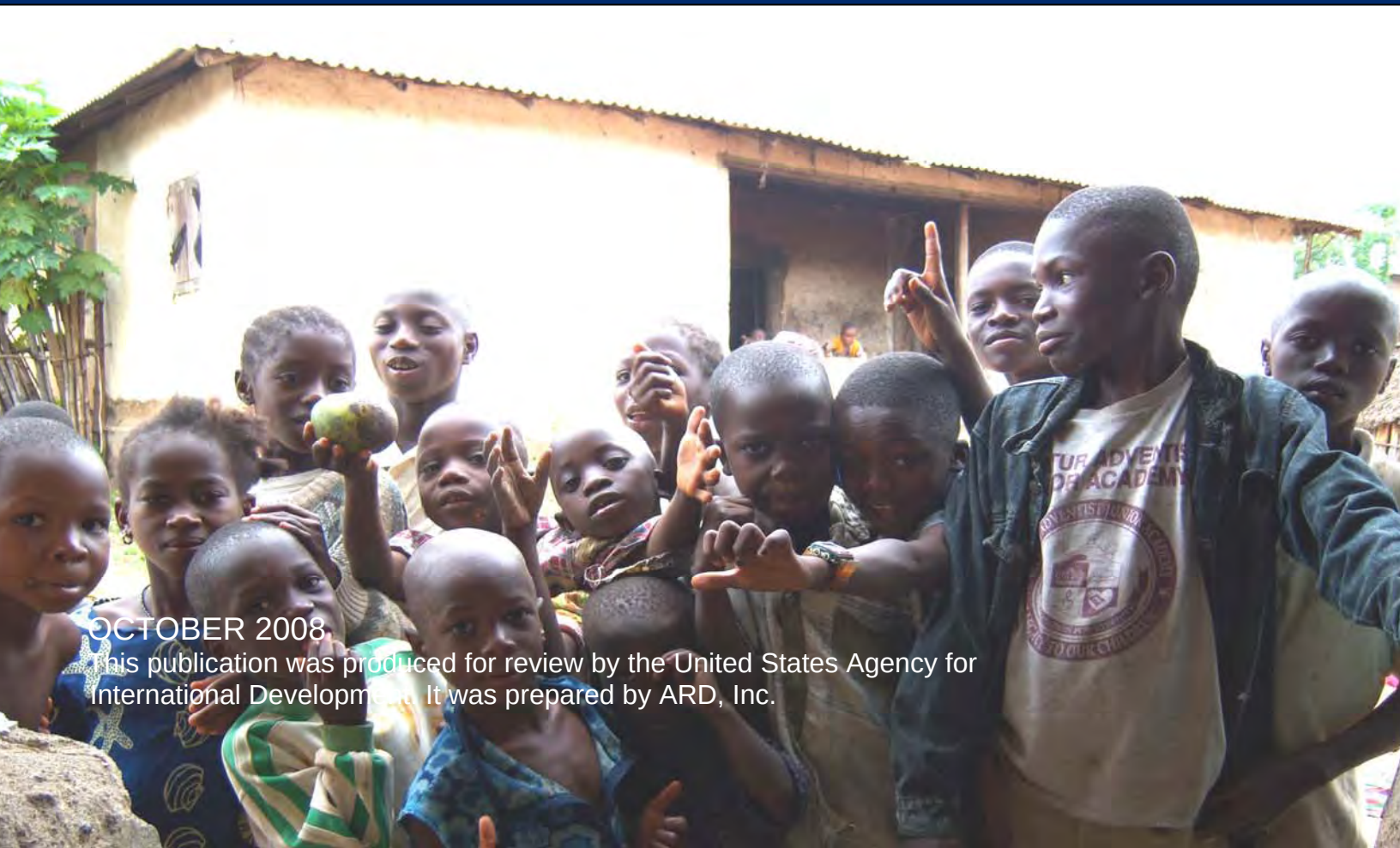
PROPERTY RIGHTS AND ARTISANAL DIAMOND DEVELOPMENT PILOT PROGRAM - GUINEA

PROGRESS REPORT (JUNE-SEPTEMBER 2008)



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COVER PHOTO:

Children in the diamond-mining village of Sibiribaro, Kérouané Prefecture. Courtesy of James Shyne.

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ACRONYMS AND ABBREVIATIONS

AREDOR	*Association pour la Recherche et l'Exploitation du Diamant et de l'Or* (industrial mining company currently present in Banankoro, although its operations have been suspended since 2004)
BNE	*Bureau National d'Expertise des Diamants et des Matières Précieuses* (Guinean government agency that oversees diamond and precious gem exports)
CAR	Central African Republic
CONADOG	*Coordination Nationale des Diamantaires et Orpailleurs de Guinée* (private organization representing diamond producers, buyers and exporters in Guinea)
COP	Chief of Party
CPDM	*Centre de Promotion et de Développement Minier*
CRD	*Communauté Rurale de Développement* (defines a local government unit governed by an elected council: the *Conseil Rural de Développement*)
CTO	Cognizant Technical Officer
DEA	*Division d'Exploitation Artisanale* (agency within the MMG; contains SEEA)
DNM	*Direction Nationale des Mines*
DOS	U.S. Department of State
DPDDA	*Droits de Propriété et Développement du Diamant Artisanal* (French acronym for PRADD pilot project)
GOG	Government of Guinea
KP	Kimberley Process
KPCS	Kimberley Process Certification Scheme
MMG	*Ministère des Mines et de la Géologie* (Ministry of Mines and Geology)
MOU	Memorandum of Understanding
PRADD	Property Rights and Artisanal Diamond Development Pilot Program
SOW	Scope of Work
USAID	United States Agency for International Development
USG	United States Government

1.0 INTRODUCTION AND BACKGROUND

1.1 PRADD AND THE KIMBERLEY PROCESS

The Property Rights and Artisanal Diamond Development pilot program (PRADD) is an element of the support provided by the United States Government, through the U.S. Department of State, to the Kimberley Process (KP), which was established in 2000 by representatives from the diamond industry, civil society, and major diamond-producing and trading countries with the intent of suppressing the trade in conflict diamonds The KP is voluntary but member nations are permitted only to trade with other KP members, thus offering an economic incentive to retain membership as long as non-members bear the cost of being excluded from legitimate trading channels. Currently, there are 72 KP member countries (27 of which are represented through the European Union). All the major diamond producing and trading countries are KP members. Only those diamonds that are certified as originating from non-conflict areas and that are sealed in tamper proof containers at the point of export are traded between KP members.

To retain membership, participants are required to adhere to a number of rules including the enactment of national policies aimed at reducing illicit diamond export and import and the timely submission of trade and production statistics, which are vital for monitoring trade flows. In order to adhere to these rules, member countries need a system of internal controls capable of regulating and tracking the flow of diamonds from the point of extraction to export.

Guinea was identified, along with the Central African Republic, as a target country for PRADD in 2006, but nationwide strikes and political unrest in Guinea in the first quarter of 2007 led USAID to postpone project design and implementation there. In November 2007, ARD carried out a preparatory mission to Guinea, strongly supported by the US Embassy and USAID, which reconfirmed the interest of the Guinean Government and other artisanal diamond sector stakeholders in having the PRADD project. Guinea is an important producer of alluvial, artisanal diamonds, ranking 11th in the world in 2005. It has been a KP participant since 2003, and in collaboration with the powerful Guinean association of diamond miners, collectors, and exporters (CONADOG), has made important strides in formalizing the artisanal diamond sector and increasing the proportion of diamonds entering officially-sanctioned marketing circuits.

Indeed, in anticipation of establishment of KP, Guinea implemented its own certification system beginning in 2001. Nevertheless, the preparatory team's in-depth consultations with government, private, and civil society actors confirmed the persistence of serious regulatory deficiencies in the artisanal sector that contribute to property rights-based conflicts and illicit diamond marketing. The latter not only deprives Guinea of needed revenues for development but is suspected as a source for weapons trade, and potentially funds local and regionally-based terrorism. The small-scale and itinerant character of much – though not all – of Guinea's artisanal diamond mining make it particularly difficult for GoG to exercise effective monitoring and regulation of this sector, or to improve living conditions in the extremely remote diamond producing region of southeastern Guinea. Thus, a significant portion of artisanal diamond mining activity remains unregulated and unregistered in Guinea.

The core problem being addressed by the PRADD-Guinea pilot project has two dimensions:

- insufficient monitoring of the industry and a lack of reliable information to ensure the integrity of the KP; and
- insecure property rights, poverty and exploitation of artisanal miners and mining area communities.

Regarding the first dimension, one of the most significant obstacles to bringing alluvial diamond producing countries into the Kimberly Process has been the inability to capture accurate production data at the mine sites. This problem was compounded in early 2007 when many existing records on diamond production in and around the epicenter of the Guinean diamond sector, Banankoro, were allegedly destroyed during the period of political instability and rioting.

Concerning the second dimension, artisanal diamond mines often operate in conditions that make them vulnerable to a variety of rent-seekers and predators with detrimental effects on producers and their livelihoods, as well as on national economic growth and the natural environment. Ironically, alluvial diamond production areas within Africa are among the poorest areas in their respective regions, despite millions of dollars of diamond production. This is certainly the case in Guinea, where the leading diamond-producing *prefectures* of Kérouané, Macenta, and Kissidougou are among the poorest in the country.

A clandestine artisanal diamond miner in Macenta Prefecture, June 2008.

The two dimensions of the core problem are linked: the same lack of transparency and ineffective regulatory systems that inhibit information collection also enable those with more power or means to continue to exploit the relatively powerless.

The PRADD project premise is that more clearly defined land tenure and property rights, if generally recognized as legitimate and combined with improved production data, will serve to bring alluvial, artisanal diamonds into the legal chain of custody and improve the livelihood options of local populations. The fundamental goal of the PRADD project is to achieve a system of control and access (i.e., property rights) regarding alluvial diamonds from mine to export that is clearly defined, widely recognized, socially acceptable and reliably functioning. Based on the above over-arching goal and objectives, PRADD has defined the following five results to be achieved during its pilot phase in Guinea:

- R1 – A system for reliable production and export information for diamonds exists at pilot sites;
- R2 – a process to identify and acknowledge land and property rights holders in target areas has been developed;
- R3 – the benefits of artisanal diamond production better serve the development needs of local populations;
- R4 – measures to reduce the negative environmental impacts of artisanal diamond mining have been developed for pilot areas;
- R5 – a program for raising public awareness and accountability is operating.

1.2 THE SPECIFIC CONTEXT OF PRADD-GUINEA

As mentioned in the Q1 Report, PRADD-Guinea has the advantage of following its fellow pilot project in the CAR by roughly one year. The environment in which PRADD is being implemented in Guinea contrasts with the PRADD-CAR context in at least two important ways:

- Diamond production in Guinea is mostly concentrated in a single, contiguous area in the southeast of the country;[1] and
- The level of statutory zoning and registration of industrial, semi-industrial and artisanal production areas, while far from perfect, is more advanced in Guinea than in CAR.

These two factors have led the PRADD-Guinea team to modify our approach to accomplishing the core results of the PRADD program. Specific activities under Results 1 and 2 (focused respectively on availability of diamond production and marketing information, and the reinforcement of property rights) have been redesigned to take advantage of the relative geographic concentration of diamond production in Guinea and the existence of voluminous statutory laws and data relating to the diamond sector. Section 3.2 provides an update on PRADD-Guinea's baseline data needs and steps taken during Q2 to satisfy them.

The execution of the PRADD pilot project has been divided into four phases: a scoping phase; a design phase; a design validation and start-up phase; and a project implementation phase. The first three phases have been completed, and the project implementation phase has been underway since April 2008. The present report provides detailed information on administrative and project-related activities conducted for the second quarter of PRADD-Guinea implementation, from 01 June – 30 September 2008. Activities conducted during the scoping, validation and design phases carried out before 01 June 2008 have been presented in earlier reports.

[1] This statement remains true, but it should be noted that clandestine diamond production is also said to be occurring in the vicinity of Kindia, in western Guinea just 2 hours east of Conakry.

2.0 MAJOR ACCOMPLISHMENTS THIS QUARTER

In the second quarter of implementation, the project has focused on accomplishing the ten baseline data gathering tasks relating to Results 1 and 2 mentioned at the end of the Q1 report. Specific progress on each of these ten activities is reported in section 3.2 of the current report. Highlights from the past four months include the compilation, organization, and analysis of all available statutory legal texts governing diamond production in Guinea; the acquisition of satellite imagery for the Kérouané-Kissidougou-Macenta "Diamond Triangle" of southeastern Guinea; the successful execution of PRADD-Guinea's first major field study, on Public Finance in the Guinean Diamond Sector; and the preparation of two policy reviews (in support of Results 1 and 2), one on information collection and management systems and procedures in the Guinean mining sector, the other on the statutory property rights regime in Guinea as pertains to alluvial diamond production. Included in this second policy analysis are all laws governing access to and control over land, mineral and other sub-soil resources, and natural resources relating directly to diamond production, including water, forests, agriculture, livestock, etc.

On the program management and administration side, the chief accomplishment of the past quarter was the signing, on 25 July 2008, of the PRADD-Guinea Memorandum of Understanding between USAID-Guinea Mission Director, Clifford Brown, and Minister of Mines and Geology, Ahmed Kante. Other notable points of progress include the hiring of Mr. Mahmoud Sano as full-time Resident Technical Advisor to the PRADD-Guinea team, the procurement of the PRADD-Guinea program vehicle, a 2008 Toyota Land Cruiser, in mid-July, and the installation of the PRADD-Guinea team in our field office and transit house in Banankoro and residences in Kissidougou.

The only noteworthy complication relating to program management and administration during the past quarter was the sacking, on 27 August 2008, of Minister Kanté, and the reassignment of PRADD-Guinea's principal point of contact in the Government of Guinea, National Director of Mines, Mr. Moumini Sylla, to a new post as Head of Mining Security in the Cabinet of the newly appointed Minister of Mines & Geology. The former Deputy Director of Mines, Mr. Sidiki Condé, has been promoted to the position of National Director, and has expressed his interest in continuing the close partnership forged by his successor with the PRADD-Guinea pilot project. A more detailed account of the recent re-shuffling of senior and mid-level government officials from the Ministry of Mines & Geology and other relevant line Ministries is provided in Part 3.1.

2.1 PROJECT MANAGEMENT

Local staff recruitment: The PRADD-Guinea technical team added an important new member during the second quarter, and will soon be adding four more. Mr. Mahmoud Sano, formerly Head of the Artisanal Diamond Section of the National Directorate of Mines, became PRADD-Guinea's full-time Resident Technical Advisor on 15 July 2008. Mr. Sano possesses over 31 years of hands-on experience in the mining sectors of Guinea and several other countries. A graduate of the *Institut Supérieur des Mines et de la Géologie* in Boké, Guinea and of the *Institut National Polytechnique* in Lorraine, France, he has worked for private sector coal and gold mining companies in Aquitaine and St. Salvy, France,

respectively, and as resident technical advisor to the Government of Mozambique. He has been directly involved in the artisanal diamond sector in Guinea since 1992, first as Bureau Chief for Production Monitoring and Statistics, and since 1995, as Head of the Artisanal Diamond Exploration Section of the National Directorate of Mines. Mr. Sano is a native speaker of Malinke and French, is fluent in Portuguese, and conversant in English. Since joining PRADD-Guinea full-time, Mr. Sano has been instrumental in compiling, organizing, and analyzing a comprehensive paper archive of all existing legal documents relating to diamond production in Guinea. The results of his labors are being digitalized now and will be entered into the PRADD-Guinea geo-database on statutory property rights in early Q3.

During the second quarter, the project also mobilized a consultant, Public Finance Specialist, Mr. Ahmédou Tall, and several short-term service providers. At the time of this writing, interviews were underway for the Result 4 Coordinator/Natural Resource Management Expert and the full-time Administrative Assistant positions.

Scopes of work are now being finalized, and informal recruitment has begun, for a gender analysis specialist and a GIS expert.

PRADD-Guinea team members possess valuable and diverse skill sets, including comprehensive knowledge of the major national languages of Guinea, long experience working for bilateral and multilateral donor funded development projects, participatory rural appraisal (PRA) and natural resource management expertise, and an in-depth knowledge of the formal and informal diamond sectors in Guinea.

Offices: The Conakry office and transit house remains fully functional and protected by a professional security firm. ARD-Guinea signed a lease on the Banankoro field office and transit house on 01 July 2008. This property is fully furnished and came equipped with a 40kVA generator, running water, A/C units, and other amenities. During the second quarter, local procurement began for desk-top computers and other office equipment needed to render this facility fully functional. A VSAT will be installed in early Q3 by ETI-Bull, the same Guinean IT services provider that the project relies upon for its internet and other IT needs in Conakry.

Financial management: BICIGUI, a reputable international bank, continues to provide PRADD-Guinea with adequate and reliable banking services. To facilitate access to project funds from Banankoro (where there are still no banking services available), PRADD-Guinea opened a tributary bank account with BICIGUI in Kissidougou during the second quarter.

Memorandum of Understanding: An MOU developed by PRADD in consultation with USAID's regional legal advisor and in consultation with the MMG, was signed by the USAID/Guinea Mission Director and, after a long delay due in part to the armed forces mutiny of late May 2008, by Minister of Mines and Geology, Ahmed Kanté, at a signing ceremony at the Ministry of Mines & Geology on 25 July 2008.

NB: Though Minister Kanté survived the first change of government that followed the recent army mutiny, he was replaced during a subsequent re-organization of the line Ministries by the President of the Republic, on 27 August 2008. At the time of this writing, ARD-Guinea has not yet been granted a meeting with his successor, Mr. Louncény Nabe.

Transportation: ARD's main project vehicle, a 2008 Toyota Land Cruiser, arrived in Guinea and cleared customs, after a long delay, in mid-July. The vehicle arrived in good working order and has greatly facilitated the mobilization of the PRADD-Guinea team to the field over the course of Q2.

Source origin waivers were recently approved for two Yamaha AG-100 off-road motorcycles. Procurement is underway locally and the motorcycles are expected to be on the road by early Q3.

The World Food Program announced in August that it would be re-routing one of its three weekly Conakry-Kissidougou flights to run between the capital city and Guinea's second city, Kankan. PRADD-

Guinea's ability to travel by air between Kissidougou and Conakry will thus be restricted to Wednesdays and Fridays.

2.2 PROJECT IMPLEMENTATION

Site visits: Many mining sites were visited over the course of Q2, including multiple sites in the vicinities of Banankoro, Macenta, Kérouané, Sibiribaro, Kouankan, Soromaya, and Kabakoro, many of these in the course of the Public Finance Study, described below.

The second quarter of PRADD-Guinea implementation was a period of transition for the full-time local staff and COP, away from a project based mostly in Conakry with occasional trips to the project region, and toward a project based primarily in the diamond-producing region, with occasional trips to the capital city. This transition is not yet complete, and it has become apparent over the course of Q2 that the COP will be required to spend at least a week per month in Conakry, for the duration of the project, to ensure effective collaboration with the Ministry of Mines and other governmental and non-governmental partners.

The COP, R3 & 5 Coordinator, and Program Coordinator have all signed leases on personal residences in Kissidougou, and the field office and transit house in Banankoro is now almost fully furnished and functional. (A VSAT will be installed in early Q3 to provide internet connectivity to the field office).

Site selection: Visits to the above-listed municipalities during Q2 confirmed their suitability as pilot sites, as well as the appropriateness of the Kérouané-Kissidougou-Macenta triangle as our overall zone of intervention for the duration of the 23-month pilot phase.

Sensitization activities: The PRADD-Guinea staff has been well-received by virtually all stakeholders during the course of Q2, including nearly all of the 86 respondents interviewed in the course of the Public Finance Study described below. At the same time, because of the late-August reshuffling of middle- and upper-level technocrats from all of our key GoG partner agencies, including the Ministry of Mines & Geology, as well as the delay in the launch of participatory rural appraisal (PRA) activities in the project zone, there is a need for stepped-up efforts to sensitize and inform our key partners – new and old – as to our project's overall objectives and expected results.

Field Study 1: Public Finance in the Guinean Diamond Sector: The Kissidougou-Kérouané-Macenta diamond triangle, despite its significant mineral wealth, remains among the least developed areas in the country. To help understand why, PRADD-Guinea recruited an expert consultant to lead an in-depth review of public finance in the diamond sector. This study included extensive archival research in Conakry and semi-structured interviews with 86 respondents from local, regional, and national government agencies, civil society, and the private sector, in the capital city as well as the project zone. Preliminary results from this study indicate that poor design and mismanagement of fiscal mechanisms have drastically constrained application of otherwise well-intentioned policies, depriving local communities of substantial revenues. During Q3, PRADD will assist local government leaders and citizens groups to organize workshops to raise public awareness about shortcomings in the current fiscal system, and to constructively engage national government representatives on practical reforms measures.

Policy Review 1: "Mining Sector Policies and Information Management Systems":

PRADD's Principal Technical Advisor, Kent Elbow, prepared two policy reviews this quarter. The first focuses on Mining Policy with an emphasis on information collection and management systems. This study is in support of PRADD Result 1: "A system for reliable production and export information for diamonds exists at pilot sites."

Policy Review 2: "Statutory Property Rights Relating to Alluvial Diamond Production":

The second policy review focuses on statutory property rights in Guinea as they pertain to alluvial diamond production. This study is in support of PRADD Result 2: "A process to identify and acknowledge land and property rights holders in target areas developed."

Preparation for PRA training: PRA training and implementation have been postponed until Q3, when both the Principal Technical Advisor and the PRADD-CAR Program Coordinator, Dr. Zépherin Mogba, are expected to travel to Guinea to assist with training and implementation of these fundamental participatory research sessions.

Statutory Property Rights Data Gathering: Much progress was made in the past quarter gathering and analyzing all available legal texts relating to the management of the Guinean diamond mining sector. In addition to this work, which is summarized in the two policy reviews mentioned above, the PRADD-Guinea Resident Technical Advisor has put his long experience with the Government of Guinea to good use locating, photocopying, organizing, analyzing, and digitizing several hundred mining titles (artisanal, semi-industrial, and industrial) from in and around the pilot project site. Many of these documents have been secured from the Ministry of Mines & Geology's archives in Conakry, but many others were only available locally, in prefectural archives in Macenta, Kissidougou, Kérouané, and with local authorities in Banankoro. All relevant information from each of these documents, including title holders' names, date of issue and expiry, and geographic coordinates, will be entered into the PRADD-Guinea geo-database during Q3.

Collaboration with the *Centre de Promotion et Développement Minier* (CPDM): CPDM is the GoG agency charged with managing all semi-industrial and industrial mining permits nationally. They have been the recipients of significant technical assistance from the Government of France, the World Bank, and other donors, in recent years, which has enabled them to establish a functional GIS lab and geo-database that includes information on most of the country's main legal mining concessions. This geo-database also depicts the overall area accorded by law to artisanal diamond exploration and production in Guinea, though it does not contain up-to-date data on those portions of the artisanal zone that have recently evolved into semi-industrial or industrial production, nor any detailed information on artisanal mining at the level of the individual parcel or mining site. After several months of confidence building between the PRADD-Guinea team and CPDM's Deputy Director-General, an informal accord was struck toward the end of Q2 by which CPDM agreed to share all relevant data from its geo-database with PRADD, in exchange for the latter's assistance in gathering and entering all available information on artisanal diamond production in the country. We hope to formalize and implement this accord during Q3.

3.0 DETAILED PROJECT ACTIVITIES THIS QUARTER

3.1 PROJECT MANAGEMENT

3.1.1 Staff recruitment

In addition to the core long-term staff presented in this section of the Q1 Report, the project added an important new team member during the second quarter of implementation. E.H. Mahmoud Sano joined the PRADD-Guinea staff on a full-time basis as Resident Technical Advisor. Mr. Sano is a mining engineer with over thirty years of technical mining experience in Guinea, Mozambique, France, and other countries, and has put his expertise to immediate use gathering and analyzing statutory information on mining policy and titles as part of the project's baseline data gathering phase.

Recruitment remains open for two long-term positions: Result 4 Coordinator/Natural Resource Management Expert and Administrative Assistant. A number of CVs have been collected and interviews held for each position, but a suitable long-term candidate willing to reside full-time in the project region had not been found at the time of this writing.

3.1.2 Utilization of Short-term Technical Assistance and Professional Services

Dr. Kent Elbow, specialist in land tenure and property rights

Dr. Elbow's main contribution this quarter was the research and drafting of the two policy review documents described above. These documents will be finalized and validated during workshops on mining policy and information management systems, and property rights pertaining to the alluvial diamond sector, during early Q3.

Sylvie Thea, Short-Term Administrative Assistant

A resident of Conakry, Ms. Thea was recruited by the PRADD-Guinea Office Manager to assist with essential financial and administrative tasks on a part-time basis. The project still hopes to attract a long-term candidate from the project region to fill the full-time Administrative Assistant position.

Ahmédou Tall, Public Finance Expert

Mr. Tall is a Senegalese economist and public finance expert with extensive experience as a consultant to leading international donor agencies and African governments. He was selected by the COP and Program Coordinator to lead a detailed study of public finance in the Guinean diamond sector, following a competitive, public search. His draft report, submitted in mid-September, was of high quality, and his

services have been retained to facilitate participatory workshops in Conakry and the project region in late November 2008, during which the report's key findings and recommendations will be validated and an action plan developed to improve the degree to which revenues from the production and sale of Guinea's alluvial diamonds benefit local communities in the deeply impoverished diamond-producing region.

3.1.3 Logistics, Administration, and Planning

Conakry Liaison Office and Guest House

The Conakry liaison office and guest house is now fully furnished and functional, with reliable wireless internet service, electrical generation, and running water.

Field office

On 01 July 2008, PRADD-Guinea signed an eight-month lease with E.H. Sékou Koulibaly to retain his fully-furnished and fully-equipped Banankoro property as our field office and guest house. To date, no suitable, affordable residences have been found by any PRADD-Guinea technical staff members in Banankoro. The COP, R3&5 Coordinator, and Program Coordinator signed leases in late July on residences in Kissidougou.

The PRADD-Guinea field office/transit house in Banankoro.

Transportation

The long-awaited PRADD-Guinea project vehicle, a 2008 Land Cruiser, arrived in Guinea in early July and cleared customs several weeks later. Also in Q2, the project requested and received a source-origin

waiver from USAID for the purchase of two Yamaha AG100 off-road motorcycles. The vendor originally selected to provide these vehicles had not yet done so at the time of this writing.

Banking and Financial Management

BICIGUI continues to provide satisfactory local banking services. Because there are no local banking services in Banankoro, ARD-Guinea opened a tributary bank account at the BICIGUI branch in Kissidougou in August 2008.

Operating policy manual

The PRADD-Guinea operating manual was still being finalized at the time of this writing.

3.1.4 Memorandum of Understanding

As mentioned above, the PRADD-Guinea MOU was signed by USAID/Guinea Mission Director, Clifford Brown, and the Minister of Mines & Geology, Ahmed Kanté, on 25 July 2008, during a brief ceremony at the Ministry.

The PRADD-Guinea MOU signing ceremony, 25 July 2008. From left: USAID/Guinea Mission Director, Clifford Brown; PRADD-Guinea COP, Jim Shyne; Ministry of Mines & Geology Legal Services Department Head, Fatou Diallo; Minister of Mines & Geology, Ahmed Kanté, National Director of Mines, Moumini Sylla.

3.2 PROJECT ACTIVITIES

3.2.1 Baseline Data Gathering on Statutory Property Rights and Mining Policies

As explained in last quarter's progress report, it was decided half-way through Q1 that Q2 project activities in Guinea would be designed to capitalize on two major advantages of the PRADD-Guinea context that do not exist in the CAR, namely, the relative geographic concentration of diamond

production in the region of southeastern Guinea roughly described by the "Kérouané-Kissidougou-Macenta Diamond Triangle," and the *relatively* advanced state of development of statutory legal documents governing the diamond mining sector.

It was thus decided that, as a first step toward achieving Results 1 and 2, the project team should focus on gathering, organizing, and analyzing all available baseline data relating to statutory property rights, and the physical location of *legally recognized* diamond mining zones and individual mining sites in southeastern Guinea. This straightforward, but nonetheless ambitious under taking, has been divided into ten major tasks, progress on each of which is reported below.

1. Compile geographical coordinates that define the principal diamond-producing zone of Guinea. These coordinates will be used as a reference to obtain recent satellite imagery that will underpin the planned GIS database and diamond mining registry.

   Q2 Progress: This task was accomplished in early Q2 by the PRADD-Guinea field staff.

2. Obtain the appropriate satellite imagery.

   Q2 Progress: This task was accomplished in early Q2 by ARD-Burlington's in-house GIS and database design expert, Nick Thomas.

3. Prepare and conduct a consultancy by a GIS database design expert to:

   - Evaluate the CPDM mining cadastre;
   - Develop a methodology and program for further data collection (e.g., geographical coordinate collection at artisanal parcels);
   - Identify needs and design an approach to developing an exhaustive GIS database that includes all statutory property rights information for the area defined as the KKM triangle. (The database design will allow for future integration of diamond production and other types of data.)

   Q2 Progress: These three tasks were accomplished by mid-Q2. The GIS database design expert's consultancy in Guinea was scheduled for the second week of October, to take advantage of his presence in West Africa on other ARD business. At the time of this writing, CPDM had responded formally to a written request by ARD-Guinea to grant Mr. Thomas full access to the CPDM database during his mission to Guinea.

4. Compile and process a complete list of statutes defining the legal status of surface area within the KKM triangle along with all rights holders.

   Q2 Progress: Much progress was made toward completing this substantial task, as described in greater detail (in italics) below.

   - Mining concessions to industrial companies (our current understanding is that this applies to a single concession, which is AREDOR);

     PRADD-Guinea has determined that AREDOR was, in fact, the only active industrial diamond mining concessionaire under Guinea statutory law at the beginning of Q2, though during the past quarter, the GoG revoked AREDOR's concession. The current and future legal status of these areas was the subject of intense debate within the Ministry of Mines & Geology at end Q2.

   - Smaller-scale industrial and semi-industrial concessions;

PRADD-Guinea has determined that key data (including geographic coordinates) on most of these concessions are housed in the CPDM geo-database. We hope to have full access to this information resource by early Q3.

- Designation (by *arrêté*) of artisanal zones;

  PRADD-Guinea has determined that legally-designated artisanal mining zones are delineated, "grosso modo", *in the CPDM geo-database. We hope to have full access to this information resource by early Q3.*

- Artisanal parceling blueprints;

  This information was not available in any useful form as of this writing.

- Award of artisanal parcels (i.e., identification of parcel holders);

  This information is being gathered by the PRADD-Guinea Resident Technical Advisor. At the end of this quarter, he had compiled 188 legal documents with the names of legal artisanal parcel holders and the geographic coordinates of their parcels. These and other data will be entered into a comprehensive geo-database to be shared by CPDM and DNM, over the course of Q3.

- All registries and archives that include information regarding legitimate artisanal miners, diamond buying houses, diamond collectors, courtiers, and diggers;

  This information is being gathered by PRADD-Guinea, though it may not be complete and accurate until near the end of Q3.

- Records regarding the activity status of artisanal parcels;

  This information is being gathered by PRADD-Guinea, though it may not be complete and accurate until near the end of Q3.

- Additional categories of information identified in the process of GIS and property rights database design.

  The two major categories of information not mentioned above, which are of great importance to the overall PRADD-Guinea project, are: data on clandestine mining; and data on customary property rights. Both are on the radar screen as mid- to late-Q3 project activities.

5. Collect geographical coordinates from as many artisanal parcels as feasible. A preliminary analysis will indicate the extent to which it is practical to collect coordinates that define parcel boundaries in addition to a coordinate (or set of coordinates) that serve more simply to provide the geographical location of the parcel but without boundaries.

   Q2 Progress: This task will be comprehensively addressed in Q3, as soon as PRADD-Guinea's all-terrain motorcycles are procured and on the road, and the secondary roads of southeastern Guinea, which have been largely impracticable during much of the past quarter's rainy season, again become drivable.

6. Enter all of the above information elements into the newly-designed database.

   Q2 Progress: This task will begin immediately following the ARD database expert's mission to Guinea, scheduled for 07-13 October.

7. Involve and train CPDM mining cadastre managers in the design, construction and maintenance of the new statutory property rights database.

Q2 Progress: This task will begin immediately following the ARD database expert's mission to Guinea, scheduled for 07-13 October.

8. Complete a policy analysis of statutory property rights to land and natural resources that pertain to alluvial diamond mining zones.

   Q2 Progress: This task was mostly accomplished during Q2, with the policy analysis validation workshop scheduled for 20 October.

9. Complete a policy analysis of information management regarding property rights and production and marketing in the alluvial diamond mining sector.

   Q2 Progress: This task was mostly accomplished during Q2, with the policy analysis validation workshop scheduled for 17 October.

10. Design and conduct a consultation aimed at creating a better understanding of the real and potential role of diamond sector revenues in public financing of local development and environmental mitigation.

    Q2 Progress: This task was mostly accomplished during Q2, with the public finance validation workshop scheduled for mid-November.

Priority Activities for PRADD-Guinea (October – December 2008)

The first several weeks of the coming quarter will be dedicated to organizing and holding three important workshops to discuss, validate, and finalize the three research and policy analysis reports described above: the Mining Policy & Information Systems Analysis; the Property Rights Policy Analysis; and the Public Finance Study. The first workshop (Mining Policy) is now scheduled for Friday, 17 October 2008, the second (Property Rights) for Monday, 20 October 2008, and the third (Public Finance) for mid-November.

An ARD-Guinea database development and GIS expert will be mobilized to Guinea in early October to work with the COP and selected technical staff from the National Directorate of Mines and CPDM, to assess the quality and contents of the existing geo-database managed by CPDM, and to develop a technically sound and efficient strategy for improving the quality and expanding the scope of this database, to include all relevant information gathered by PRADD on the artisanal diamond sector.

Statutory data gathering, as described above, will continue throughout Q3, and will be accompanied – probably starting in mid-November – by the rollout of the gender study, PRA exercises, and a study of customary property rights relating to the Guinean diamond sector.

3.2.2 Public awareness

ARD-Guinea has been asked by USAID to give a brief presentation during an international mining conference scheduled for mid-October, as part of the nationwide celebrations of the 50th anniversary of Guinean Independence. The new Minister of Mines & Geology, Louncény Nabe will be giving the welcoming address at this two-day event, which will also be attended by Guinea's Prime Minister and the Foreign Ministers of Angola, Burkina-Faso, Côte d'Ivoire, Ghana, Guinea-Bissau, Liberia, Mali, Senegal, Sierra Leone, and South Africa. This will provide a good opportunity to raise public awareness of PRADD-Guinea's overall mission and ongoing activities.

4.0 CONCLUSIONS, RECOMMENDATIONS, AND LESSONS LEARNED

4.1 PROGRESS SUMMARY

Progress during the second quarter of project implementation has been significant, but slowed by several factors. Continued political instability, including the replacement of the Minister of Mines and Geology, Director-General of the *Bureau National d'Expertise*, and PRADD-Guinea's closest high-level partner in government, the National Director of Mines (DNM), initially presented a challenge to project continuity, but at the time of this writing, both the new DNM and the new BNE Director-General have proven to be at least as supportive of our work as their predecessors. Because of the need to "re-launch" the project to a largely new group of GoG partners, the COP, Programs Manager, and Office Manager spent much of Q2 in Conakry rather than in the field. The COP's departure to the USA for two weeks' vacation, the height of the West African rainy season, and the Muslim Holy Month of Ramadan, all occurred entirely within this reporting period. Together, they had an unavoidable, depressive effect upon PRADD-Guinea productivity and the overall pace of program progress.

Despite these challenges, a major field study on Public Finance in the Diamond Sector was successfully undertaken during this period, the results of which will be presented and validated during a participatory workshop in Q3.

Equally significant, major progress was made gathering baseline data on statutory property rights in the diamond sector. Over the course of Q3, these data will be entered into a comprehensive, up-to-date, and easily searchable geo-database that will consolidate all existing statutory information on industrial and semi-industrial diamond mining (managed by CPDM) with analogous information on artisanal diamond mining (managed by DNM).

On the administrative front, the signing of the PRADD-Guinea MOU by the USAID/Guinea Mission Director and the Minister of Mines & Geology was a major accomplishment. The recruitment and hiring of the Resident Technical Advisor made much of the above-mentioned statutory baseline data gathering possible. The arrival and entry into service of the full-time project vehicle has greatly facilitated the installation of the project team in the field. Finally, the signing of leases on the Banankoro field office/guest house and residences for the COP and technical staff in Kissidougou have further established PRADD/Guinea's presence in the diamond producing region.

4.2 DEVELOPING AND SUSTAINING LOCAL SUPPORT AND GAINING BUY-IN FROM NEW GOVERNEMENT PARTNERS AT THE NATIONAL LEVEL

The PRADD-Guinea team continues to be warmly received by virtually all stakeholders at the local level. However, stakeholders at all levels continue wrongly to assume, until corrected by PRADD staff, that the

project is involved in the exploration, production and/or commercialization of diamonds. One potential strategy for resolving this problem would be to re-brand the project under a local name which will not be mistaken for a diamond company. This possibility will be explored over the course of Q3.

The extensive late-August GoG reshuffling presents both a challenge and an opportunity to PRADD-Guinea. Every effort is being made to identify new project champions within GoG and to continue to cultivate existing relationships with key partner agencies such as DNM, BNE and CPDM. The two Policy Review workshops (under Results 1 & 2) and Public Finance Study Validation Workshop (under Result 3) scheduled for early Q3 will provide a good opportunity to sensitize and gain buy-in from new partners at all levels of government.

4.3 GOVERNMENT CAPACITY AND ACCOUNTABILITY

Human and technical capacity within GoG to manage the diamond sector remains deeply constrained, as described at the end of last quarter's progress report. However, some progress has been made since then on at least one front that is crucial to overall program success: bridging the informational chasm that had long separated the National Directorate of Mines (Artisanal Mining) and the Center for Mining Promotion and Development (Industrial and Semi-Industrial Mining). This was informally accomplished in late Q2, with the directors and deputy directors of both agencies agreeing to share information and cooperate fully with PRADD-Guinea staff on the mutually beneficial goal of creating one, harmonized geo-database that will house all existing statutory information on diamond production in Guinea. Work to formalize and cement this relationship will begin in early Q3.

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