

DEVELOPMENT DIAMOND STANDARDS (DDS)

STANDARDS DEVELOPMENT – CONSULTATIVE PHASE

Report on DDS Stakeholders' Survey – August to September 2009

The purpose of this document is to report publicly on feedback received in the DDS Stakeholders' Survey.

DDII conducted a survey of individuals and organisations that are interested, or affected by the *Development Diamond Standards*. An inclusive range of stakeholders were notified of the opportunity to participate. This information was communicated through emails, phone calls, and a publicly accessible link to the survey, from the homepage of DDII's website. Interested parties could respond online, by fax, post or email.

Please note that in addition to this survey, the DDS Consultative process is ongoing through several methods including consultative workshops with Artisanal Miners in three countries, methodical discussions with Standard Setting Organizations (SSOs) and Certifiers, dialogue with appropriate experts, and outreach efforts to engage various stakeholders, including governments of countries where artisanal diamond mining takes place.

This report includes survey statistics, comments received, and information on how feedback has been incorporated into the DDS standards development process. The report is organised into three sections including *Survey Objectives, Outcomes & Analysis*; *Survey Statistics*; and *Summary of Questions & Responses*:

I. Survey Objectives, Outcomes & Analysis:

Objectives:

The survey aimed to accomplish two objectives:

- A. Identify key implementation factors that should be considered, in order to ensure that the normative documents would integrate both the Principles, and practical elements of implementing DDS on the ground, in a meaningful way.
- B. Reinforce, generate and promote awareness of the ongoing DDS standards development, especially among stakeholders and interested parties with applicable expertise in the diamond mining sector.

Outcomes:

The survey achieved its objectives in the following ways:

- A. Input provided in the survey and follow-up discussions, has helped the DDS Project to develop a framework for addressing core questions relating to the implementation of DDS. This framework is described in the document on *DDS Implementation Factors*. In addition, the framework is illustrated in the *DDS Production and Distribution Chart*.

Having such a framework now, enables the DDS Project to draft standards documents that will not only build on the Principles, but will also result in provisions, which require performance levels, and indicators that are relevant to, and applicable in the practical context of artisanal diamond miners.

- B. Over two hundred individuals received invitations to participate in the survey, with personalized letters reiterating ongoing efforts to establish DDS, and welcoming their participation in the process. They represent diverse interests and technical expertise in the diamond mining sector, as well as governments, the media and local NGOs operating in artisanal diamond mining communities.

Analysis:

Overall, two key findings were emphasized in the survey responses:

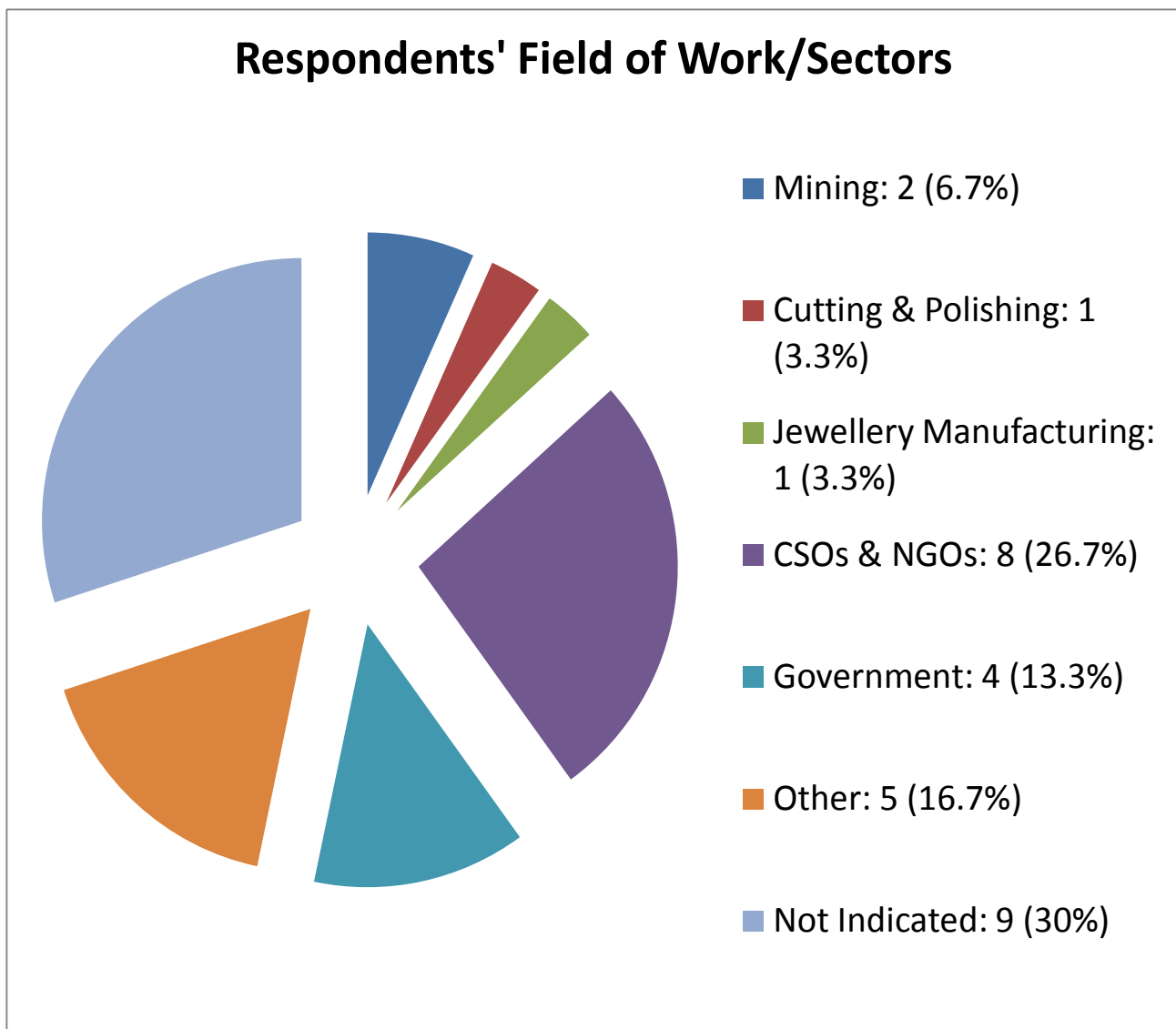
- i. *Elaborating standards that are doable by artisanal diamond miners:* Feedback generally highlighted the importance of developing standards, which are particularly applicable in the sector, by artisanal diamond miners. This was reflected in the respondents' focus on issues relating to ensuring that DDS is accessible to artisanal diamond miners; considers their technical capacity for implementation; can be effectively enforced in the political context of artisanal diamond mining countries; and includes a verification mechanism that is cost-efficient for artisanal diamond miners.
- ii. *Managing the chain of custody:* Survey responses underscored the challenging element of assuring the integrity of [DDS-compliant] artisanally mined diamonds, throughout the diamond supply chain, in order for DDS to be effective. This was reflected in respondent's suggestions relating to an implementation strategy that incorporates the market-driven features of the diamond supply chain.

II. Survey Statistics:

1. Response method

Method of input	Number of respondents
Online survey	25
Emailed comments	05
Total	30

2. Representation of respondents



III. Summary of Questions & Responses:

Question:

What do you think are the key challenges and issues regarding the development of standards that foster beneficiation for artisanal miners, and respond to consumer demand?

Summary of Responses:

- Corruption, Lack of accountability and Weak enforcement
- Accessibility to the miners (sense of ownership over the standards), including addressing the issues that THEY think matter, not just what the consumers want; this means a negotiation between what is possible (for miners) and desirable (for consumers) but always ensuring that ultimately the standards are practicable and will bring real benefits to artisanal miners. Accessibility to the miners in terms of literacy and consulting enough different groups of ASM; it must be multi-stakeholder, and put the ASM front and centre working from principles that they agree with.
- Development of APPROPRIATE and PRACTICABLE standards for implementation in developing countries. Effective enforcement of such standards, corruption, lack of foresight in general by governments and people in Africa, people's level of desperation and need for instant gratification, self enrichment attitude of people in all positions of (slight) power, people's culture and traditions.
- Differing interests from buyers and artisanal miners, lack of support/capacity from state authorities to develop and implement standards
- Not to over regulate, and how to create a trustworthy auditing body. Also, the goal of the standards should be to empower the people in finding a way to the market and give them a vehicle to take responsibility and make a livelihood. The institution that fosters these standards should in the end be obsolete.
- I think that an in-depth consumer survey should be conducted first. This would reveal how important these issues are for consumers, which issues are viewed as more important than others, and if (and how much) consumers are willing to pay more for ethically produced diamonds
- The supervision of artisanal miners must be effective. The Diamond sector must also be depoliticized.
- Implementation and monitoring. I think that there will be resistance to implementing standards within the supply chain, even if better earnings are seen. I think resorting back to the original course of action will be a natural tendency, basically no matter what the standard.

Question:

What do you think are the main issues that would impact the actual implementation of standards that are developed to promote socially responsible diamond mining, while also responding to consumer demand?

Summary of Responses:

- Business as usual attitude – Corruption
- appropriateness for the prevalent modes and levels of organisation of the majority of artisanal miners; preventing mismanagement of proceeds and benefits from the development diamonds, including concentrating power in the hands of elites; ensuring the proceeds from the development diamonds are converted into other forms of capital that form the basis for local, sustainable development;
- Same as above. All the above can be effectively managed provided that the correct measures are developed and implemented.
- Resistance from the industry
- Main issues that would impact the actual implementation are not the resolutions or standards but the auditing (and thus giving credibility) of the same.
- Implementation would probably have to start on a small scale (sort of a pilot project). In order to be economically feasible, the pilot project should be able to demonstrate that consumers are willing to pay more for ethically produced diamonds.
- the ability to control the diamond industry of craft production by state -criminalization of the diamond industry -pluralism standards
- Monitoring to ensure verification. Who will supervise these actions? How will monitoring work, who will certify the diamonds as 'development diamonds' and at what cost, both monetarily and in time.

Question:

Can you suggest incentives and/or measures that could address any of the challenges and issues you have mentioned above?

Summary of Responses:

- Tie ability to enter supply chain, to compliance.
- See Sierra Leone's DACDF as a model; but should management of any 'development diamond' premiums sit with local government? Consider the Fair Trade premium system, which allows direct investment into technical, organisational, and community development. Provide training to artisanal miners and their households in financial management, business development, literacy and numeracy, to enable them to capitalise on the surplus income that development diamonds offer so that they can convert the mineral capital into other types of productive capital, capturing their entrepreneurial spirit, and stimulating local economic diversification and development; ensure that countries which produce development diamonds are subject to advocacy and support from development agencies, like the World Bank, USAID, DFID/UKAID, EU, to make the legal context suitable to make ADM a basis for wider development (i.e. make formalisation easier, make the law more attainable, enable professionalization and organisation of ADM activities).
- Ensure that the standards are developed through very strong consultation with experts in the relevant countries themselves in order to ensure that the guidelines are practicable - otherwise, this essential initiative will become / just remain a 'good idea' with little or no real impact on the ground.
- Creation of awards for certified diamonds, tax incentives for miners and buyers
- Having local! partners that will be guided through the process but eventually have to work on their own. Having a thorough track and trace platform and "personal" involvement between consumer and miner
- Introduction of a new label or cooperation with existing labels?
- Capacity-building of the State -capacity building of miners -Cleaning the diamond sector
- Someone/an organization will have to become a stakeholder or will need to be incentivised in order to participate in the costly and time intensive certification project, especially at the upstart when so many alterations will need to be made.
- Development of APPROPRIATE and PRACTICABLE standards for implementation in developing countries. Effective enforcement of such standards, corruption, lack of foresight in general by governments and people in Africa, people's level of desperation and need for instant gratification, self enrichment attitude of people in all positions of (slight) power, people's

Question:

What are the skills, competencies or attributes required of a third party verifier/certifier? Please suggest organizations that may be suitable for this role.

Summary of Responses:

- Understanding of the industry and its product -International experience -Understanding of associated economic, financial & political issues Organization that may be suitable are DDII, UN, EITI, PAC
- See ISEAL toolkit for advice here. Auditing (verification) is done by an independent, separate party. This could be a central organization (like FLO-Cert) or it could be private auditors accredited to verify the operators against the standard (e.g. RJC system). Certification is then usually done by the board of the standard-setter. They take the recommendation of the auditor and based on this, and the auditor's report, decide if the organisation can be certified. Ongoing internal monitoring systems are also essential, not just from within the producer organisation but also from other affected stakeholders (other community members, authorities, etc.)
- A combination of theoretical and practicable perspectives from both the developed and developing world (i.e. understanding both the consumers and the miners' perspectives). Independence, objectivity, an in-depth understanding of all issues relating to the triple bottom line (i.e. an integrative & holistic approach).
- I would like to refer to IPIS and the organisation they support at the moment.
- I think a lot could be learned by looking at existing labels (e.g. biological produce, fair trade labels like Max Havelaar etc). Would suggest studying their experience first.
- Have profound knowledge on the diamond trade -well know actors and their environment -good knowledge of the laws of the countries involved in the diamond trade -be able to integrate successfully into diamond circles
- Skills/attributes - an organization/ individual that is able to look outside the box but is still grounded in development. They would need to have a strong base in certification or diamond work previously with an interest in encouraging development in diamonds. COFTA (African arm of World Fair Trade Organization-WFTO) would be well suited to start this in Africa. WFTO is also situated in Latin America and could cover the alluvial diamond producing countries in Latin America when appropriate.

For more information on the DDS Survey, or the Standards Development Process, please visit the DDII website www.ddiglobal.org. You can contact the DDS Project via email: dds@ddiglobal.org , or telephone: 1-613-565-0507.