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Kimberley Process must remain inclusive to succeed, Says WDC President in address to 2010 KP Plenary

Jerusalem, Israel: November 1, 2010 – The Kimberley Process works because all participants remain convinced that it is better to remain engaged in the certification system rather than to opt out, said Eli Izhakoff, in his address to the 2010 Plenary Meeting of the Kimberley Process, which opened today in Jerusalem. The following is the full text of Mr. Izhakoff's speech to KP Plenary:

It is both an honor and a privilege to be addressing this gathering in Jerusalem. I would like to thank our host, the Government of Israel, for organizing the event in this most beautiful of cities. I would also like to pay special tribute to the Kimberley Process Chairman, Boaz Hirsch, who has steered the KP through a most challenging period with wisdom, patience and courage.

After 10 months on the job Boaz is most probably beginning to see the light at the end of his tunnel. When 2011 comes around and he takes his leave of us, I trust that from his perspective the occasion will be bitter-sweet. As a proud member of our industry, I can say that his contribution will not be forgotten.

2010 could have been the year when the Kimberley Process came apart at the seams. Instead, it will emerge strengthened, and in no small part due to his steady leadership. I am sure we will hear a great deal more about Boaz in the future.

2010 marks a decade since start of the concerted campaign to rid the world of conflict diamonds, and in two months time we will celebrate the eight-year anniversary since the launch of the Kimberley Process Certification Scheme.

The environment that we face today is greatly different to that of 10 years ago, and it is fair to state that the incidence of rough diamonds funding civil war in Africa and elsewhere is a mere fraction of what existed during the early years of the past decade. This is in no small way a result of the Kimberley Process.

Old challenges, however, have been replaced by newer ones. Even then, the KP remains the most effective means we have to protect the integrity of the diamond pipeline, and in so doing ensure that the ordinary men and women in the producing countries may benefit properly from the revenues generated by diamonds mined in the regions in which they live.

The name "Kimberley Process" was not chosen on a whim. Right from the very beginning it was apparent that the mission that was being undertaken would require an adaptive strategy. It would need to be fine-tuned and adjusted as conditions

changed. Even in the early years it was clear to us that the situation on the ground in Sierra Leone was different to that which existed in Angola, which in turn was not the same as those in the DRC and Liberia, and so on.

Indeed, it is for that reason that we continue to meet periodically. We have always understood that KP is not a magic antidote, which once applied neutralizes all threats, once and for all. KP is a process that from time to time must be upgraded and re-calibrated to maintain its effectiveness. That is why we are here today.

Nonetheless, while it is adaptive, there is fundamental premise that cannot be changed. To succeed, KP must be an inclusive system. It works because all participants remain convinced that it is better to remain engaged in the Kimberley Process, rather than to opt out. If we would ever lose the element of inclusiveness, KP will be rendered ineffective and ultimately worthless.

It was an appreciation of the necessity of inclusiveness that kept all parties at the table at the World Diamond Council Annual Meeting in St. Petersburg in July. All of us realized that the consequences of Zimbabwe disengaging from Kimberley Process would be devastating, both for the people of Zimbabwe and for the diamond and jewelry industries. Compromise and agreement were the only acceptable outcomes. Had they not been achieved, the very foundations of our business and the economies of a number African states would have been shaken to the core.

There are those who have said that the situation in the Marange region of Zimbabwe was indicative of the inability of the Kimberley Process to operate within the geo-political environment that exists in 2010. To them I would point out that by choosing to remain engaged in the Kimberley Process, Zimbabwe never released non-certified goods onto the market. We thus were able to avoid a situation in which the integrity of the pipeline would have been threatened. Instead, Zimbabwe agreed to two carefully monitored shipments, both of which required a green light from the KP review team.

I believe this is evidence that the KP does have teeth.

It was not always pretty, but throughout 2010 the Kimberley Process continued to prove its effectiveness. But let us not kid ourselves. Had we alienated Zimbabwe, the outcome would have been considerably different.

In respect to Zimbabwe, I would like to echo the comments of the KP chair in welcoming the most recent report prepared by the review mission. I also thank the chairman of the mission, the Honorable A. Kpandei Fayia, Liberia's Deputy Minister for Planning and Development in the Ministry of Lands, Mines and Energy, as well as the other members of his team, for their valuable contribution to moving things forward.

At this juncture, allow me to express my relief that Zimbabwe's judiciary decided last week to dismiss the charges that had been leveled against Farai Maguwu. We have

worked hard over the past several months to help achieve the outcome, and we trust that without this unfortunate affair clouding our deliberations, we will be able to make more rapid progress toward arriving at a permanent and sustainable arrangement for the Marange region. My thanks go out to all those who contributed to the effort, and in particular to the Honorable Mr. Obert Moses Mpfu, Zimbabwe's Minister of Mines and Mining Development, and to Zimbabwe's Attorney General, Johanne Tamame, for their contribution in resolving the affair.

Inclusiveness can only be guaranteed through dialogue and mutual respect. We attend this meeting in Jerusalem as equals. We are drawn here together by a belief that the diamond industry has the potential to improve the lives and livelihoods of all its stakeholders. We gather because we wish to defend both our businesses and the societies in which we live.

We do not disengage from problematic regions, in Africa and elsewhere, because that would defeat the very purpose of the Kimberley Process. In the past, even when countries were embargoed from trading diamonds, it was done to the greatest degree with the acquiescence of their governments. The governments themselves agreed that, at that particular point in time, they lacked the means to defend the diamond pipeline. They did so because they understood that the conditions to become KP compliant stood within the eventual reach of their diamond industries and the authorities regulating their diamond industries. We did not dictate terms. We agreed on the frames of reference. Consequently, even when goods were embargoed, the system remained inclusive.

Our quest to remain inclusive does not suggest that we are flexible when it comes to human rights. The Kimberley Process has always been about human rights, and has concentrated on those aspects in which we can be effective and make a difference. Many of the leading organizations and corporations in our business have codified the promotion of human rights into their Corporate Social Responsibility charters.

To make a difference, as we have over the past 10 years, we have to set achievable goals. So while WDC recognizes that the KP is not a court of law, and was never provided the capacity to identify nor investigate allegations of human right violations, we support the incorporation of a statement pertaining to compliance with international human rights law into the Administrative Decision on Internal Controls. We suggest that such a statement note that KP participants should ensure that all diamond sector activity is conducted in a manner consistent with international human rights law.

Furthermore, it should state that when KP participants become aware of alleged violations of international human rights law in the diamond sector, they should bring these to the attention of the appropriate internal law enforcement authorities and to international human rights institutions.

The Kimberley Process in its current form is certainly not perfect. It is cumbersome and often frustratingly slow to arrive at a decision. Its shortcomings can be fixed, and

they should be. But this too needs to be done in an inclusive manner, through dialogue and mutual respect.

At the Intersessional Meeting in Tel Aviv in June I outlined the reforms that the World Diamond Council proposes be implemented to streamline the KP. They include amending the decision-making process by which full consensus is required for a resolution to pass. We do not propose replacing it with a simple-majority voting system, but rather a super-majority system. The Kimberley Process should be able to act more decisively, and at the same time maintain a sizable degree of harmony among participants.

Second, a permanent, professional staff should be employed to strengthen the administration of the Kimberley Process by managing the day to day affairs. This should bolster a system in which, every 12 months, the mantle of leadership shifts to another country. As I said at the Intersessional in June, like a government whose civil service keeps the wheels turning, even when the elected leadership changes, so should the Kimberley Process operate.

Third, the KP should reform its rules on the publication of internal reports, with the goal being full transparency of all its actions and conclusions. Openness, I would remind you, breeds inclusiveness.

The World Diamond Council supports the proposal of the KP chair to establish a Working Group on Trade Facilitation, whose goal it will be to expedite the trade of diamonds in those instances where anomalies are discovered in the various Kimberley Process regulations. The manner in which this new working group reaches a solution should remain transparent, and it should have a clearly defined framework in which it operates. The Working Group on Trade Facilitation would be a shining example of how KP is an adaptive process. Its purpose is not to restrict business but rather to enhance it.

The Kimberley Process is a remarkable system. It has brought to the same table a group of individuals and interests that ordinarily would not share the same space. The Kimberley Process works, despite our different backgrounds and different perspectives, because we all agree the diamond is a natural resource that should bring benefit to all its stakeholders, whether they are members of the communities in which diamonds are mined and processed, or members of the community which drives the business. We do not patronize one another, we recognize our differences. What we do is set just and achievable goals that can be reached together.

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