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# PROPERTY RIGHTS AND ARTISANAL DIAMOND DEVELOPMENT (PRADD) PRADD UPDATE

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The Property Rights and Artisanal Diamond Development (PRADD) project is a joint initiative of USAID and the Department of State to assist fragile artisanal diamond producing states to fulfill their commitment to comply with the Kimberley Process Certification Scheme (KPCS). The project's objectives are to increase the amount of alluvial diamonds entering the formal chain of custody while improving the benefits accruing to mining communities through an approach of strengthening property rights. Launched in the Central African Republic (CAR) in 2007 as a pilot initiative, the project has achieved some noteworthy successes both in national policy reform and in positive impact on local communities' livelihoods.



The diamond sector in the CAR remains a largely informal economy. Miners know they are vulnerable to having their production confiscated due to their informal employment status and their weak bargaining position. Their fear and uncertainty makes them sell quickly at the first price offered, meaning local miners do not benefit from the true value of their production. Supported by the Ministry of Mines, PRADD helped 1,525 miners in the two key diamond producing provinces of Lobaye and Sangha-Mbaere clarify and secure their customary property claims through a process of GPS mapping and community validation of sites. The property rights methodology was carefully coordinated with a robust public awareness campaign that increased understanding of the law among miners, and created incentives for PRADD miners to comply with the law. In the province of Lobaye, the proportion of miners bearing an official license increased from 5.1% in 2009 to 9.7% in 2010. More strikingly, the weight in carats of legal production in the PRADD areas today is twice what it was when the project started, according to the Regional Directorate's official figures: 8% against 4.1%. The increase in diamonds entering the formal chain of custody meant the National Treasury realized an additional \$45,200 in export taxes from the PRADD areas, an amount corresponding in CAR to the construction of a quality hospital with maternity ward.

These visible successes prompted the government of CAR to recognize the benefits of PRADD's vision and adopt some of its core recommendations. This includes a reduction in the artisanal mining license fee in order to eliminate some of the barriers to artisanal mining formalization. PRADD's relentless advocacy and the sponsoring of a field visit for five Parliament Members to PRADD artisanal mining sites resulted in 36% reduction of the 2011 artisanal mining license fee. To build from this success,

PRADD is assisting the Ministry of Mines to launch a countrywide sensitization campaign to increase the proportion of artisanal diamond miners who have purchased licenses.

At the community level, successes are evidenced by an increase of incomes and a reduction in social tensions. Encouraging miners to diversify their income beyond that of artisanal mining, PRADD initiated and trained over 60 local associations in various income-generating activities. Some of them—such as soap-making, cassava grinding, and petty trade—target women. As the first beneficiaries pioneering the newly income-generating activities reap profits, a growing number of community members are beginning to emulate their example. In the last quarter of 2010, communities generated three times more revenues than during the all previous quarters combined. Other activities mitigate the environmental impact of artisanal mining by transforming exhausted diamond sites into fish ponds, fruit tree plots, and vegetable gardens. Ninety exhausted sites have been reclaimed and the number is growing. Convinced by the PRADD public awareness campaign that the protection of the environment is compatible with an increased income, 81.7% of the miners now declare that they intend to rehabilitate their sites after they cease to be productive, according to a recent project survey.

Finally, by securing property claims and clarifying access to resources, PRADD serves to resolve and mitigate local conflicts over diamond claims. The number of active conflicts related to diamonds dropped from 142 in October 2009 to only 4 in December 2010 according to the local Mining Police. Miners' relations with local communities and with local authorities have improved dramatically: 77% of miners declare a more positive relation with the authorities, 76.6% with their community.

The days of artisanal diamonds being perceived as a shadowy business rife with conflict are disappearing thanks to PRADD and its creative approach to clarifying and strengthening property rights. The U.S. government is able to demonstrate that enforcing the Kimberley Process in fragile states can also serve as a key driver for local peace and sustainable development.