

# Beyond the resource curse? Diamond mining, development and post-conflict reconstruction in Sierra Leone

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## Abstract

In recent years, the so-called ‘resource curse’ syndrome has gained increasing currency. Growing evidence suggests that many African countries with significant natural wealth have actually reaped limited rewards, instead experiencing underdevelopment, corruption, political instability, and in some cases, violent conflict. In the small West African state of Sierra Leone, it has been suggested that diamonds played a key role in fuelling a brutal civil war during the 1990s, an issue that has given rise to a burgeoning literature on ‘blood diamonds’. However, as Sierra Leone emerges from a decade of destruction, other research suggests that diamonds could actually provide the impetus for post-war reconstruction. This paper explores the role of alluvial diamond mining in post-conflict Sierra Leone, focusing on two communities in the Eastern Province that were badly affected by the war. Drawing on field-based research conducted between 2002 and 2007, the paper considers the diamond mining situation in the context of broader development strategies in post-conflict reconstruction. It is argued that sustainable development can only be achieved if future policies are based on a detailed understanding of relationships between diamond mining and rural development at local, regional and national levels.

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## Introduction

The cleaning up of the diamond industry is necessary to ensure that this valuable asset benefits the people of this country and that the evil practices associated with the mining and sale of diamonds are eliminated.

President Ahmad Tejan Kabbah, August 2003

Over the last two decades, Sierra Leone has become synonymous with political instability, economic devastation and a brutal civil war. Fuelled by diamonds and corruption, the conflict focused international attention on the processes of diamond mining and trading, and demonstrated how ‘the paradox of plenty’ can lead to destruction and poverty. While economic and social development indicators suggest that Sierra Leone is now

among the poorest countries in the world (UNDP, 2006), there continues to be much debate concerning the role that diamonds might play in the country’s future development trajectory. Since their discovery in the 1930s, diamonds have played an important part in the national economy and have been a significant feature of the local economies and societies where they are mined. At the height of the mining era, between the 1930s and the 1970s, diamond exports were the backbone of the economy and accounted for more than two-thirds of the country’s export earnings and one quarter of its GDP (Temple, 2006).

This paper examines the role of alluvial diamond mining in post-conflict Sierra Leone, and explores the extent to which diamonds might contribute to future development. Although some observers believe that the country’s rich diamond deposits could serve as a catalyst for economic growth and poverty alleviation, others would question such an assumption. Many would argue that in the case of Sierra Leone, diamonds have always been a ‘double edged

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sword'. When President Siaka Stevens and the All People's Congress party came to power in 1968, it marked the beginning of a long decline for the diamond industry, and the country as a whole. As Stevens appointed many of his 'cronies' to positions of power, the wealth from diamonds was used to reward his supporters, and the diamond industry was reduced to a parastatal that was rife with corruption and smuggling. In the following 17 years that Stevens retained power, official diamond exports fell from 1.7 million carats in the 1960s, to a mere 50,000 carats by 1985 (Temple, 2006). Many commentators believed that Stevens' highly centralized regime, fuelled by corruption and rent-seeking behaviour associated with diamonds, led to the creation of a socially excluded underclass, which fomented the pre-conditions for war in the 1990s.

The causes of Sierra Leone's debilitating conflict were multifaceted and complex. A great deal of attention has been focused on 'blood diamonds' and the political economy of conflict, both in Sierra Leone (e.g. Keen, 2005; Richards, 2003; Smillie et al., 2000), and also more widely in other diamond-fuelled wars in Africa, such as those in Angola and the Democratic Republic of Congo (e.g. Le Billon, 2001; United Nations Panel of Experts, 2002). In the case of Sierra Leone, considerable debate surrounds the 'greed vs. grievance' thesis<sup>1</sup> (Collier, 2000; Berdal and Malone, 2001). While some observers suggest that the *raison d'être* for the war may not have been to actually win it, but rather 'to engage in profitable crime under the cover of warfare' (Smillie, 2000, p. 24), others believe there is little evidence to suggest that diamonds were the fundamental cause of the conflict (Richards, 2003). There is, however, some consensus that diamonds played a key role in fuelling and prolonging the war, as various parties undoubtedly funded their war efforts through mining activities.<sup>2</sup>

International aspects of Sierra Leone's diamond-conflict nexus are particularly interesting, and there has been increasing recognition that the implications of the country's illicit diamond activities may not be as localized as they were once believed to be. Reno (1995) has argued that the country's illicit 'shadow state' economy, and the local networks that sustain it, are inextricably linked to global networks. Sierra Leonean diamonds have been implicated in regional instability in Liberia, Guinea and Cote D'Ivoire, and also linked to international criminal net-

works (Davies, 2006). Since September 11, 2001, it has become evident that the illicit diamond trade provides an effective vehicle for international money laundering, and is a potential source of resources for diverse 'terrorist' groups (Even-Zohar, 2003; Le Billon, 2006). The recent release of a major Hollywood film has rekindled international concern for 'blood diamonds', but progress and attempts to improve the industry, reduce smuggling and use diamond revenues for local development initiatives have received considerably less attention.

This paper considers the Sierra Leone diamond mining situation in the context of broader development strategies for post-conflict reconstruction. Following a review of some of the literature concerning the resource curse hypothesis, two important recent initiatives in the country's diamond economy are considered and discussed: the Kimberley Process Certification Scheme (KPCS) and the Diamond Area Community Development Fund (DACDF). The paper argues that while such initiatives are significant steps in addressing a number of key issues, if sustainable development is to be achieved, future policies must be based on a detailed understanding of relationships between diamond mining and rural development at local, regional and national levels.

### The resource curse hypothesis

The role that diamonds assumed in Sierra Leone's past (and could well assume in the future) ties into larger debates concerning the so-called 'resource curse' syndrome in African countries, where it remains unclear whether an abundance of natural resources is actually a blessing or a hindrance for political and socio-economic development (Ross, 1999). A burgeoning body of research explores this debate, and is located within three general sub-literatures: firstly, the relationship between resource wealth and economic performance; secondly, the links between resources and civil war; and thirdly the relationship between resource abundance and the nature of political regimes. For the sake of clarity, we make a distinction here between those works focusing on macro aspects of the resource curse, and those focusing on micro aspects.

From the macro perspective, while some critics have argued that an over-reliance on natural resources can have adverse consequences for economic growth (Auty, 1993; Sachs and Warner, 1995), others have maintained that, with few exceptions, mineral and resource-rich developing countries are often subjected to continuing underdevelopment, corruption and political instability, leading in some cases to violent civil war (Collier and Hoeffler, 2001; Elbadawi and Sambanis, 2002). However, as Rosser (2006) concludes from his extensive survey of the resource curse literature, while many studies provide convincing evidence linking natural resource abundance to negative development outcomes, little of this research adequately examines the role that social forces play in shaping these development outcomes.

<sup>1</sup>In studies concerning the political economy of war, the literature remains divided over the relative importance that each of these causal factors assumes in the incidence of conflict. While the 'greed' theory argues that looting and resource capture are the prime motives for rebel actors, proponents of the 'grievance' theory maintain that justice-seeking for the marginalization of social groups remains the key factor leading to violent rebellion.

<sup>2</sup>In fieldwork carried out for this paper, informants from the diamond area of Tongo Field, near Panguma, were able to provide detailed accounts of widespread and uncontrolled mining by the RUF (Revolutionary United Front) during the conflict, describing how even the secondary school playing field and the airstrip were dug up by rebels in a desperate desire to fund their war efforts.

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