

School of Oriental and African Studies – SOAS University of London

The Departments of Economics and Development Studies

Angola: The New Blood Diamonds

A public seminar by:

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Introduction

First of all, I would like to share with you a dilemma that has been of great concern to me. Recently, an influential member of the Angolan ruling class gave me a message: that the regime hates me for speaking ill of it abroad. I told him the following: the reason I criticise them publicly outside of Angola¹ is because it is there – or here! – that the rulers stash Angolan loot, and it is outside of Angola that they get their weapons, as well as the legitimacy and the assistance to deny the majority of Angolans a better future. It is abroad – often in Western Europe and the United States – that the Angolan ruling class connives with foreign enterprises to bleed my country dry.

This impasse can only be resolved the day the Angolan government decides to serve its own people, and engage in genuine and inclusive dialogue with all sectors of society. And that day will be the kick-start for true nation-building.

In the meantime, on October 16 2006, the Angolan government, through its embassy in Washington, sent a letter to the Northcote Parkinson Fund, which awarded me the 2006 Civil Courage Prize, demanding transparency. It denounced me as a nobody. I should add, they did, however, acknowledge my status as an Angolan citizen. And because of that, in order to preserve my government's peace of mind, I am here talking to you at SOAS *only* in my capacity as an Angolan citizen!

Nevertheless, as a citizen, I remain true to my beliefs in the universal principles of human rights. As a citizen, it is also my constitutional right and duty to defend the rights of other citizens. Regarding the particular subject of this talk, people from the diamond rich-areas of the Lundas, in North-eastern Angola, have

¹ Currently China provides the much needed financial loans and labor force for the country's patching up of reconstruction, while the US, Great Britain and other Western European countries supply the political capital to consolidate the regime in exchange of oil, essentially.

trusted me with their personal stories as victims of systematic violence, humiliation and deprivation of their basic rights to survive. Diamonds are the cause of their suffering. The culprits are the government, the diamond companies and private security forces assigned to protect their business ventures.

Outsourcing Violence

Last July, I released a report entitled “Operation Kissonde: The Diamonds of Misery and Humiliation”², which detailed a culture of violence perpetrated by private security forces at the service of diamond companies.

The report focused on the Cuango municipality³, in Lunda-Norte province, which is the main site for alluvial mining in the country. It is also an area which is effectively under the control of private security forces. This is a peculiar case, in which the government, through the diamond companies, outsourced force and often violence to three Angolan private security companies, namely Alfa-5, Teleservice and K&P Mineira. The role of these companies is to end all illegal mining, in order that diamond companies can be the sole beneficiaries of the diamond resources leaving locals with virtually nothing.

The consequences of employing these security companies in the Cuango have been tragic. Many local people – and some African immigrants, mainly from DRC and some West African countries – have been shot dead and beaten to death. Forms of torture include sexual abuse, forced labour, degrading forms of harassment and humiliation, which I will talk about in more detail below.

My report exposed the business promiscuity among some army generals, top police officials, the extractive industry such as the Brazilian corporation Odebrecht and the UK based ITM Mining. Official buyers, such as Israeli Lev Leviev and the United States based Lazar Kaplan International (LKI) of Maurice Tempelman, operate as partners and clients of the Angolan elite. All these groups and individuals trample on any idea of transparency, rule of law, business ethics or respect for human rights.

In recent days, there have been a number of official statements by senior members of the Angolan government attempting to reassure the international community of the government’s policy on the diamond industry, as trustworthy for investment. In essence, the authorities seek to dismiss the ongoing and systematic human rights abuses in the diamond-rich areas.

² The report is available online at www.cuango.net

³ Cuango has surface area of 6,818.8km², and officially an estimated population of over 140,000 inhabitants. There are three major alluvial diamond concessions in the area. Sociedade de Desenvolvimento Mineiro (SDM), based in the administrative capital of Cuango; the Sociedade Mineira do Cuango (SMC), at Cafunfo; and the Sociedade Mineira Luminas, in the commune of Luremo. Security firms Alfa-5, Teleservice, and K&P Mineira, respectively, protect the operations of these diamond companies.

The Government's Reality

Against this backdrop, on November 23 2006, the deputy prime-minister, Aguinaldo Jaime⁴, publicly highlighted the steps taken by the government to formulate a “coherent national strategy for the mining sector”, by reforming the current mining legislation. Mr. Jaime, who has a degree in law, believes that the present and as yet unreformed law has introduced discipline into the diamond sector.

For instance, the first clause of Article 20 of the Law 16/94 (Diamond Law) states “any kind of economic activity whether of an industrial, commercial, agricultural nature or other in the restricted and protection zones, besides diamond production, is prohibited”. Most of the Cuango region is divided into either restricted or protection zones. The same applies to most of the 180,000 square kilometres comprising both of the Lunda (Norte and Sul) provinces.

The problem is, this law does not account for the local people. For most people in these areas, the only viable economic activity involves diamonds. I just want to repeat the law, abovementioned; any kind of economic activity is prohibited.

It includes farming, fishing, etc. So, how are people supposed to survive?

Mr. Jaime also said that the mining companies are participating, within the concept of corporate social responsibility, in the improvement of people's livelihoods, and contributing a great deal to the increase of the state budget. Shortly, I will give some examples that show that this statement is far from the truth.

The Minister of Defence, Kundy Paihama⁵, for his part, dismissed all the accusations of human rights abuses being carried out by the government and security forces. He said, “it is all lies”. He added, “we [the authorities] are also humans.” On November 4 2006, Mr. Paihama said that there are up to a million illegal immigrants in Angola, most of them concentrated in the diamond areas. He also said that these immigrants pose a threat to national sovereignty and are possibly involved in terrorist-linked activities.

The Other Reality

In light of the abovementioned statements by senior government officials, a press release issued by the Angolan Catholic Bishops, on October 31 2006, is significant:

⁴ The deputy-prime minister gave an interview to the state-owned daily newspaper Jornal de Angola [www.jornaldeangola.com] to highlight a government sponsored meeting on the mining sector, with the cumbersome title of “International Workshop to Learn from Other Countries' Experiences.”

⁵ Mr. Kundy Paihama gave an interview to the Portuguese daily newspaper Diário de Notícias, on the mentioned date, page 16.

“We express our grief for what is happening in the Lunda-Norte region, Cuango Basin, whereby some diamond companies and their security services gravely violate the rights of the local populations. They impede the free movement of people, their access to farming. They privatize rivers and streams, once used by the locals, and mete out justice, in some cases with their own hands!”

The personal case of Mona Cafunfo, the Lundas’ highest-ranking female traditional leader, who lives in an area under the concession awarded to ITM Mining-led *Sociedade Mineira of Cuango* illustrates the Bishops’ outcry. On a number of occasions, private security guards have chased her away from the river where she has to bathe because her house, like all the houses in the region, lacks plumbing. Humiliated, Mona Cafunfo keeps cursing the government and threatening to use witchcraft against the diamond industry.

I would like to share with you an example of the sort of violence that happens in Cuango.

Guards of Alfa-5, contracted by the mining company *Sociedade de Desenvolvimento Mineiro*⁶, rounded up 20 illegal miners (known in Angola as *garimpeiros*) on a public road. The guards took them to the company’s premises. They forced two men, at gunpoint, a father and a son in law to have sex with each other. When I interviewed the son-in-law he said, “They destroyed a family. How can I face my father-in-law in my house or in his house? How can I deal with my wife, having slept [had sex] with her father?”

The chief guard also asked another man in the group, aged 17 years old, to rape a child aged 11. This security company, Alfa-5, is part-owned by Endiama, Angola’s state-owned diamond company, with which De Beers and other international diamond companies have exploration and production joint ventures in Angola. Alfa-5’s other owners are generals, including the recently appointed vice-minister of Defence, General Agostinho Nelumba “Sanjar”.

The Diamond Companies

The government has a twofold practical policy to regulate the diamond business, which is a contradiction in itself. On the one hand, it wants to fight illegal mining at all costs, on the other it wants to provide the institutional incentives to expand the informal mining sector, which is illegal, at all costs.

Are you confused? Well, if you are not, then you are not listening.

In order to understand the diamond industry in Angola, one has to understand the word *confusão* in the Angolan mindset. Its literal translation means confusion. But, it also means a window of opportunity in which one can play without rules and the winner gets to set the rules.

⁶ SDM is a 50-50 joint venture between the Brazilian company Odebrecht, which manages the project, and Endiama.

On September 20 2006, in reaction to my report, the Lev Leviev Group⁷ produced the following statement:

“By the end of 1999, as per the Angolan Government request, Mr. Leviev initiated and led, together with the Angolan Government, a restructure of the Angolan diamond sector, assisting the Government to stabilize the industry, combat the illicit trade of diamonds (...)

The Group became a party in Ascorp, an entity in which Sodiam holds 51%, with the goal of fighting the trade of illegal diamonds and the smuggling of diamonds from Angola. (...) Ascorp assisted in creating and improving transparency in the Angolan Diamond industry and created methods and tools to combat illicit trade of diamonds and to reduce as much as possible smuggling of diamonds. All that in order to guarantee that diamonds sold by the government are not "blood diamonds". This activity even got a commendation from the "Kimberly Process".

While punishing *garimpeiros*, Endiama, the State owned diamond company, also does business with these same so-called illegal miners when it suits them. The company also owns Sodiam, which itself has joint ventures with Maurice Tempelman's LKI and the Lev Leviev Group.

Both Ascorp and Sodiam/LKI mostly employ foreign buyers whose role is to procure the diamonds in the illegal fields and sponsor illegal mining activities. The connections between the foreign buyers and the illegal immigrants are inextricably inter-dependent.

The immigrants, working as *garimpeiros*, act as agents scouting across 180.000 square kilometres, in the Lundas' region, for diamonds. Just to show you how good they are, recently the government acknowledged that over US\$350 million dollars worth of diamonds were being smuggled out of the country every year.

Now you see the contradiction. These people are the backbone of the industry, and yet they are tortured, abused and in some cases killed.

Many of the licensed Ascorp and Sodiam/LKI buyers, as I have investigated, have established corresponding buying posts in the Democratic Republic of Congo and in Congo-Brazzaville, where they smuggle the most valuable gems, using their networks of illegal Congolese and West-African immigrants and influential Angolan dealers. Hence, the smuggling is a highly organized activity, which the Angolan government is aware of and condones.

Moreover, on the ground, the Ascorp and Sodiam/LKI contracted or licensed buyers do not record the transactions with the *garimpeiros*. For instance, I

⁷ The Lev Leviev Group's response is available at <http://www.business-humanrights.org/Documents/Lev-Leviev-response-to-cocerns-about-abuses-related-to-diamond-mining-in-Angola-20-Sep-2006.doc>

checked the papers of a foreign buyer, who had a three year contract with Sodiam/LKI, in which the only recorded transactions are between him and the company. And yet, it is these papers that certify the cleanliness of the diamonds and stand as evidence of the Kimberly Process' successful implementation.

So I cannot imagine how much the Angolan State is losing in the scam it authenticates. But that's the beauty of *confusão*. For helping with the war effort, as the Lev Leviev Group prides itself on, Mr. Leviev won the right to set the rules in the midst of the *confusão*. In 2003, the government annulled the contract with Mr. Leviev, on the grounds that he failed to comply with his contractual obligations. Nevertheless, his buying operations continue without any concerns.

Why? In the words of the Julius Nyerere (quoted by Worsley⁸, 1984:318):

“Some of our people identify their own personal interests with the existing neo-colonial situation (...) the local agents of foreign capitalists, and (...) the local capitalists who have developed in the shadow of large foreign enterprises. Such people may feel that their wealth and status depend upon the continued dominance of the external economic power (...)

Mr. Leviev is a close associate of President José Eduardo dos Santos, and knows how to buy access into the Angolan power. For instance, K&P Mineira, one of the private security companies responsible for human rights abuses in the Lundas – owned by the top brass of the National Police – shares headquarters, in the capital Luanda, with the Lev Leviev operations. It is also K&P Mineira, one of whose shareholders is the provincial police commander of Lunda-Norte, sub-commissar Elias Livulo, that protects all of Leviev's buying operations.

There is another good example of such business promiscuity. A company of top generals, Lumanhe, has a 15% stake in *Sociedade Mineira do Cuango (SMC)*. The same generals, through the security company Teleservice, provide protection for *Sociedade Mineira do Cuango*. Among the generals there are two former Chiefs of Staff, Gen. João de Matos and Gen. Armando da Cruz Neto, the Gen. and brothers Luis and Antonio Faceira, respectively former heads of the Army and Commandos.

Within the concession of *SMC*, several observation posts have been used as torture and detention centres against locals and *garimpeiros*. Villages within the concession have been isolated from the rest of the region by the company and it also privatized a public bridge. On May 17 2006, the local police, in despair, had to use a military style operation, at dawn, to wrestle back the control of the bridge and burn one of the torture centres.

⁸ Worsley, Peter (1984) *The Three Worlds: Culture and World Development*. The University of Chicago Press.

In an interview I had with the manager of Teleservice, he clearly stated that “the [diamond] companies themselves are the ones that determine the access areas and patrolling.” In other words, it is not the Police, but the diamond companies that set the rules.

In reacting to my report, on September 26 2006, ITM Mining CEO, Naim Cardoso⁹, passed the responsibility on to the SMC “independent board of management.” Nonetheless, the chair of the board and the head of the mining operations, respectively Jeffrey Watkins and Carl Niemann, are both employees of ITM Mining. In the same reaction, ITM Mining repudiated any acts of violence against the people, but did not indicate that it would take any measures.

The cosiness between the managers of the diamond companies and dealers with high ranking members of the army and the police, as partners, empowers them to take any sort of action in foreign soil, for they have the guaranteed protection of such individuals.

Two brief examples illustrate the involvement of foreigners in the perpetration of abuses. On March 15 2006, a *garimpeiro*, Januário Sebastião, described how he was beaten, with 26 others, shovels on the buttocks in an Alfa-5 operation led by “a white foreigner, very bad, who goes around with only a machete and cripples the miners.” On Christmas’ Eve of 2005, Alfa-5 carried out a joint operation, against *garimpo*, with soldiers from the Angolan Armed Forces, which rounded and tortured around 40 illegal miners. According to Mateus Ngola, one of the victims, “the person who coordinated the operation was a white foreigner, in uniform and armed, who also beat the Angolans.”

Furthermore, the three diamond companies operating in the area, *Sociedade de Desenvolvimento Mineiro (SDM)*, *Sociedade Mineira do Cuango (SMC)*, and Luminas, have for security supervisors, foreign nationals. In the case of the first, it is a British citizen, Jimmy Gildier. The private security companies providing protection to them also have permanent assistance by specialized international security companies, such as the South African Gray Security Services.

In an area so tightly controlled by these forces, to the extent of being able to patrol rivers, public roads etc., it is difficult to understand the threat posed by illegal immigrants to the national sovereignty as claimed by the Minister of Defence.

In Cuango, one of the preferred sites for cross-border illegal immigration, the border police, as recently as April, did not have a single vehicle to do their job. Nor did the local police. Some police officers were quite straightforward in explaining how foreign diamond dealers were helping them to mitigate their

⁹ ITM Mining’s response is available online at <http://www.reports-and-materials.org/ITM-response-re-alleged-abuses-by-security-firms-Angola-26-Sep-2006-page-1.JPG>

communication problems by offering them walkie-talkies. As such, the dealers got connected to the police for business purposes as well.

Conclusions

Maintaining *confusão*, in the Lundas, is a deliberate policy to establish the area as an unchecked feeding centre for generals, members of the ruling class and, in particular, foreign interests whose provisions of services cannot be rewarded and paid via more conventional and transparent means.

One of the consequences of the collapse of State authority, in the area, is that the threat to national sovereignty stems from the privatization of the State itself. The thousands of *garimpeiros* are mere pawns in the recycling of money.

People are, once again, left out in the cold. The government is concerned with the legislation and other political mechanisms to ensure the growth of the diamond sector, but has said nothing regarding the respect for human rights. It simply does not care.

Likewise, the diamond companies are happily publicizing their good deeds in terms of social responsibility. The deputy-prime minister, Mr. Jaime, has done a great public relations job on their behalf. But the locals cannot see such deeds.

This prompts a question: Is the manipulation of corporate social responsibility providing a license to kill and abuse people's rights?

I would like to show you now, very briefly, a slideshow that clearly demonstrates what the diamond companies have done in Cuango, in terms of social responsibility.

Thank you.