

SIERRA LEONE: A New Beginning

After 11 years of civil war and 70 years of alluvial digging, Sierra Leone is often cast as the diamond's problem child. With a population of 5.5 million in an area roughly the size of Rhode Island, it's the second-poorest U.N. member nation, with the world's briefest life-expectancy and highest infant mortality rates.

"Sierra Leone is a beautiful, mind-boggling place," says Wade Watson, who came here in 2003 as a fledgling miner, co-founding the small firm, Pride Diamonds. "White sand beaches where you can see your toes in the water, verdant mountains descending to the sea, and a countryside littered with the holes of former mines, breeding everything from malaria to yellow fever." Watson is deeply involved with NGOs and community groups from here to Capetown—and beneficiation, while a word he doesn't subscribe to, is his life's work. "The key is to do it viably, and Sierra Leone is primed for it. Don't let anyone tell you differently."

He's proven it. Pride was bought by publicly-owned Target Resources a year ago, and the Tiffany Group came aboard in September with \$5 million in financing for right of first refusal for the goods. With 4,300 acres under lease, and 600 alluvial diggers, Watson can boast both a phenomenal \$506 per carat rate and full social responsibility. "And it's not been that difficult. All you need is land, labor, and capital. What's been missing is the third component."

Verified by independent third-party

overseers interviewing union officials, chieftains, diggers, landlords, community leaders, etc., Watson's responsible mining is a four-pronged solution: "Higher wages, gender equality, community-based projects, and environmental responsibility, both before and after mining." To Watson's mind, that's a criteria too often overlooked. A recent undertaking has been the reclamation of former mine sites for rice fields, literally thousands of acres.

"Another key, both for environmental protection and profitability," says Watson, "is to prospect with ground-penetrating radar and sonar frequencies to effectively map the soils." The picture often painted of Sierra Leone mining is of men tearing up the banks of rivers they're knee-deep in. Much of Target's mining is of diamondiferous gravel, "reachable beneath a fairly shallow overburden generally. And the diamonds are everywhere. It's a question only of the ratio of payload to overburden and soil. But the country is phenomenally diamond rich."

Coordination with government, on everything from policy to pricing to taxation, has been, Watson admits, quite slow, but his optimism is unbridled. "2008," he says, "will represent six years of peace and a third round of open elections. There are a huge number of bridges still to cross. But I can vouch for you personally: Sierra Leone is open for business, and as anyone who's ever been here can tell you, it's love at first sight." — *Ivan Solotaroff*

where we're headed. Beneficiation is not a panacea. You have to have realistic expectations and a realistic business model, both predicated on two simple rules: No one is more powerful than the market, and the customers always get what they want."

LKI is the sightholder exemplar of sustainable cutting in emerging nations. With

operations in Puerto Rico, Russia, a 60-man factory in Sierra Leone from 1968-1982, 500 cutters of ideal makes in Botswana in the '90s, in South Africa, Namibia, and soon to be again in Botswana, they know the profits and pitfalls. "A strategic commitment on the part of government," Tempelman says, "is key to industrial policy, perhaps even more

so with diamonds. So is the commitment of partners in production—improvements in technology have been absolutely crucial to the beneficiation of southern Africa—as well as the supply chain. Changes in government policy over the past 20 years greatly enabled this change—so that almost \$1.4 billion is now cut in southern Africa, a hugely positive development—and it's incumbent on us all to make it work."

LKI's co-equity partnership in the cutting plant with Nozala, a South African women's empowerment group, is an example of how making it work benefits more than just cutters and taxable revenues. "You're talking about a very competitive Johannesburg business environment: 19 sightholders, with \$500 million in goods between them. For Nozala to work, as it very much has, means that success is trickling down to an emerging mercantile class, some 500,000 strong in South Africa alone. That, almost certainly, will happen in Botswana and Namibia."

Much of the success can be tracked to the DTC and its allotment of goods. "When you commit to skills transfer," says Tempelman, "it can only be with an expecta-



THE PRESIDENT OF BOTSWANA, FESTUS MOGAE, AT THE OPENING OF THE PLUCZENIK BOTSWANA CUTTING FACTORY.