

Power struggles in the diamond fields

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Angola's diamond sector altered dramatically in the 1990s with the country's rough diamonds becoming a substantial pillar of the informal economy, accessible to all segments of the population and to all parties to the conflict. State revenue from the formal economy is based around a limited number of personalities linked to the ruling elite, with few benefits trickling down to the lower class. For impoverished Angolan civilians, as well as their Congolese counterparts, illegal diamond mining offers a form of subsistence living, with the possibility of wealth. These *garimpeiro* diggers mainly occupy the Lunda provinces and either operate independently on uncontested alluvial reserves or are organised and often manipulated by various armed bands. Such groups include the *União Nacional para a Independência Total de Angola* (UNITA), the *Forças Armadas Angolanas* (FAA), national police, Katangese, or entrepreneurs in association with local strongmen. Due to the extensive nature of alluvial diamond reserves, strongmen or armed groups profit from militarising the informal diamond economy and, at times, brutalising the nomadic workforce, creating patron-client networks that enable the levying of tolls. UNITA strong-armed and coerced migrant labour in the Lundas to assure profitable mining particularly from 1993. However, the rebels' forced departure from high profile diamond reserves has not led to greater security or stability in the Lundas.

To counter UNITA's military success in 1993, the FAA linked up with foreign capital and mercenaries. The use of unconventional military-commercial syndicates created a degree of ambiguity within which the FAA elite could exploit the very niche previously occupied by mercenaries, and with much more effective results. The continued lack of stability or defined property rights in the Lundas after the Lusaka peace process bolstered demand for private security companies, which were then dominated by key military personalities and their families. Some ranking FAA members also contributed to the lawlessness through their own *garimpeiro* pursuits, often with the assistance of junior officers. Moreover, the expulsion of small-scale illicit diamond diggers from the Lundas created a system of flux and altering allegiances. While many *garimpeiros* remain peripheral to power sources, clean-up operations often forced the illegal labourers to seek protection from those groups threatening the highest degree of violence. The opaque and lucrative source of unconstrained finance revolving around diamond mining has actually become a strategic objective in itself with the FAA manipulating violent behaviour to dominate commerce. Intimidation is used to create

loyalty structures and levy taxes in fragmented and insecure commercial entities. Through the militarising of this commercial base, supposedly formal military pursuits in the Lundas are often replaced by informal business webs linking warring factions in profits, with *garimpeiros* integrated as an essentially captive market for overpriced goods bought with the proceeds of diamond sales.

The growth of this uncertain shadow economy represented an uncontrolled system of finance and diversion of power from the central *Movimento Popular de Libertação de Angola* (MPLA) authorities, and more importantly, President dos Santos' *Futungo* – the presidential palace where all power resides. Financial gains of strongmen in the Lundas created a dangerous autonomy from Luanda's inner patronage system. The principal elite surrounding the president has sought to control such arrangements in the illicit diamond market especially since the push to remove UNITA from its high profile mines in 1997. Central control is superficially meant to sever informal commercial networks that threaten coherent strategy against the rebels. In reality, the present diamond sector reforms represent the latest method of bringing a fundamental component of the informal economy into the Luanda patron-client networks, with the assistance of international *diamantaires*. Rather than dislocate warlords from their systems of levy and self-enrichment, *Futungo* patrons have harnessed the generals' methods of accumulation under the guise of creating transparency and increasing state revenue from Angola's diamond sector. While many influential FAA and civilian leaders reportedly have Angola's best interests at heart, this chapter will analyse cases of unscrupulous self-interest in the diamond fields and the distortion of supposedly transparent diamond sector reforms.

UNITA occupation

UNITA joined the unorganised prospecting explosion in 1991 and 1992, although more on an individual than an organisational basis. The ease with which fortunes could be made in Angola's diamond fields quickly drew thousands of informal diggers from Zaïre and Angola, including self-demobilised combatants from both warring parties. One estimate put the number of *garimpeiros* at 6-10 000 in 1991.¹ This number multiplied drastically and by August 1992, it was estimated that 50 000 *garimpeiros* were mining in Angola, with the number increasing by 500 per day.² When UNITA returned to war late in 1992, the rebels quickly overran the country's most lucrative alluvial diamond reserves in the Lundas. The Cuango valley was the main objective, but the rebels also staked undisputed claim to many other rich deposits on the outskirts of Lucapa and Dundo. UNITA expanded control over the country's best mining sites during the rain season and, by the 1993 dry season, the rebels were capable of managing the previously unregulated alluvial production.

Congolese *garimpeiros* were not rigorously brutalised in the early and mid-1990s.³ UNITA's less sadistic approach at the time appears to have been necessitated by the expansive nature of Angola's profitable, marginal and sub-marginal

diamond reserves. The workforce returning after lucrative prospecting during the 1992 dry season was given the choice between mining under UNITA protection on the best diamond reserves, or working alone at less profitable sites and running the risk of falling prey to anyone, including UNITA. Basically, the rebels needed this artisanal workforce, but did not have the manpower or transportation to extensively terrorise *garimpeiros* mining the less worthwhile diamond deposits, and thus used indirect financial intimidation instead.⁴

A pertinent analogy is a comparison with the diamond fields in the Democratic Republic of Congo (DRC) where mining is conducted primarily in the environs of Mbuji-Mayi and Tshikapa in the south and, to a much lesser extent, around Kisangani in the east. According to Hughues Leclercq, the dense tropical forest and sparse population of Kisangani make it impossible for small groups of miners to work alone, requiring more formal settlements.⁵ Local chiefs have exploited the topography to administer a harsh, but fair system. Armed guards protect mining villages and miners must pay a dividend to the chief, but are also allowed to quit the camp when they want to.⁶ Near Mbuji-Mayi and Tshikapa, the topographical relief is similar to the Lundas and diamond mining is widespread. Small *garimpeiro* bands gain access to and exploit vast alluvial reserves outside of armed control, according to Leclercq.

UNITA's occupation of the richest Angolan diamond reserves and the ongoing threat of violence allowed the rebels to simulate the topographic restraints of Kisangani's deep forest despite the predominantly open savannah and extensive nature of diamond reserves in the Lundas. This monopoly on artisanal digging allowed UNITA to tax *garimpeiro* production, usually performed at rivers where sediment was washed to isolate rough diamonds, enabling the use of force over a limited terrain.⁷ UNITA also recruited *garimpeiro* labour for larger mines run by foreigners. These operations used equipment such as water pumps and earth-moving equipment, increasing rewards for the *garimpeiros* who received a percentage of the production. In this manner, UNITA created profitable 'safe zones' for the nomadic workforce that provided the backbone of the rebels' mining activities. UNITA's jurisdiction resembled loosely administered mafia activity in which artisanal miners shared profits with an armed group that provided protection from both real and potential threats.

While unskilled workers providing support requirements at UNITA's diamond mines were probably treated in a harsh manner like all labourers conscripted by the rebels, it would not have been financially expedient to brutalise the more skilled and experienced *garimpeiros*, many of whom could have returned to Zaïre if risks outweighed profits.⁸ It is true that conditions were harsh and exploitative, but within a system that was not anathema to the *garimpeiros* themselves. Undue brutalisation would only have discouraged the labour force from ever returning and was probably not UNITA's preferred method of recruiting semi-skilled diamond diggers. The end of UNITA's diamond domination, however, has resulted in higher militarisation in the diamond fields and has increased the levels of coercion used by armed groups vying to profit from *garimpeiro* labour.

Military entrepreneurial acumen

From militarised commerce to military commercialism

UNITA's tremendous battlefield successes in 1993 required unorthodox methods to counter the rebels. The FAA was incapable of defeating UNITA and contracted Executive Outcomes (EO) in September 1993, resulting in the capture of the strategic Cuango valley town of Cafunfo in July 1994, among other military advances. There is no evidence of EO's direct connection to mining consortia, but a corporate synergy between EO and Sandline International, as well as Sandline's shared directors with DiamondWorks⁹ earned EO the reputation of advancing a novel form of international trade in the form of *militarised commercialism*. After EO's contract terminated in December 1995, DiamondWorks, through its Angolan subsidiary Branch Energy, began mining operations in Lunda Norte in 1997, and many EO personnel remained to provide security. While the Katangese had been given freedom over alluvial diamond deposits in exchange for combating UNITA for years, the real or perceived associations between EO and DiamondWorks heralded an instrumental first step towards a symbiosis between military activity and commerce in the diamond fields.

The supposed advantages of a synergy between a contract army and a corporate entity operating on unstable commercial terrain were short-lived in Angola. Branch Energy's diamond mining ventures were plagued with problems from the start. For example, in September 1996, 21 Branch employees were arrested at Luarica because they had gained access to the concession before receiving permission from the government. As relations soured between Branch and Angolan officials, the company was forced to invest in non-related areas through the DiamondWorks flotation, including upgrading customs at Saurimo airport and enhancing telecommunications services.¹⁰ DiamondWorks and its local subsidiary, Branch, eventually suffered significant losses in Angola as mining operations were only profitable for intermittent periods and their Yetwene mine was overrun by UNITA, forcing the company near bankruptcy.¹¹ The DiamondWorks/ Branch team is now reportedly on its way out of Angola, having recovered little of its investment.

Another example of a security/mining symbiosis was the joint venture between America Mineral Fields (AMF) and International Defence and Security (IDAS) from early 1996.¹² IDAS was awarded a concession bordering Zaïre in 1995, "when UNITA was still playing hardball," according to Leo Tromp, the IDAS chief in Luanda.¹³ The concession was split into two adjoining parts with 3 700 sq km for mining and a massive 36 000 sq km for prospecting, extending from Uíge to Luremo. With UNITA controlling most of the concession, including Luremo, the prerequisite for commencing mining operations was expelling *garimpeiros* and rebels from the concession. According to an investment newsletter, AMF claimed to be deploying 1 000 gurkhas to the concession area.¹⁴ A sizeable mercenary force in the northern Cuango valley would also have posed a serious threat to UNITA's supply routes from Zaïre and principal mines near Luzamba in the lower

Cuango valley,¹⁵ but there is no evidence that gurkhas were actually deployed to the area. Despite the company's attempts to raise its penny stocks through favourable press releases, neither AMF nor IDAS ever mined diamonds on the northern Cuango concessions, the size of which may be drastically reduced under the new diamond sector reforms.¹⁶ Furthermore, IDAS is now requesting the FAA to clear its concession (most likely for a price), after which the company will contract an Angolan private security provider.¹⁷

Ironically, market forces undermined the potential for corporate synergy between mining companies and highly armed private security forces. In its place, a new system of commercialism has developed whereby enterprising officers from national militaries have been able to use the unstable commercial environment to their advantage. The link between *militarised* commercialism and *military* commercialism¹⁸ is causal in Angola, resulting from FAA officers realising that they could benefit financially from dominating precarious commercial terrain. The mounting financial role of FAA officers grew out of the EO contract that had resulted in military success and commissions on arms purchases. As they gained greater autonomy from the political elite, top military officers sought to develop their own methods of melding military activity with entrepreneurial pursuits.

The increased commercial prominence of the FAA elite revolved around monopolising the domestic private security industry, obtaining legal and illicit concessions in the diamond fields and asserting varying levels of control over *garimpeiro* prospectors. This enabled FAA officers to increase their authority over the lucrative informal economy based on diamonds.

Private Security

The decline of a mercenary/mining symbiosis was largely concurrent with the termination of direct hostilities between UNITA and the FAA and the entry of more than 10 foreign mining consortia into Angola in 1996 and 1997. Despite the official peace, the Lundas remained unstable due to UNITA's refusal to relinquish control of its diamond reserves. This was heightened by a military state of flux and unrestrained *garimpeiro* activity that created a substantial market for private security. The international company, Defence Systems Limited (DSL), with nearly 1 000 employees in Angola,¹⁹ cornered the local security sector due to its size, capabilities and international reputation, thus forcing competitors out of the niche market. However, potential domestic opponents could bring other pressures to bear and DSL's license was revoked in December 1997 over technicalities – a move that enabled the government élite to stifle foreign-owned rivals.²⁰ FAA strongmen and their civilian business associates did not want international mining companies to provide their own security, but instead sought to profit directly from the lucrative trade in 'protection' themselves. Moreover, military downsizing and quartering occurred concurrently with the rise in private security companies so that, as the army withdrew, diamond mines could be protected, especially those under the control of prominent FAA and MPLA personalities.

Angola's two largest private security companies are presently *Tele Service Sociedade de Telecomunicações, Segurança e Serviços* (Teleservices) and Alfa-5. Teleservices has a management agreement with Gray Security Services. Gray also reportedly supplies security personnel to Alfa-5, although the relationship does not seem to be as formal or as publicised. Both Teleservices and Alfa-5 boast civilian managers, but are actually inextricably tied to the FAA's top officers, many of whom own shares in both companies. One of the shareholders of Teleservices is a brigadier from Angolan intelligence, but the company is reportedly owned by generals Luis Faceira (also reportedly a principal player in Lumanhe), João de Matos and França Ndalú. Alfa-5's civilian principals reportedly include Colonel Geura (retired) and Augustinho de Matos, the brother of General João de Matos, as well as generals Faceira and Ndalú.²¹ Both companies offer similar services for similar prices, although mining companies often prefer Teleservices. The company was started in 1994 and subsequently secured contracts in the oil fields, as well as in the Lundas with foreign consortia such as International Trading and Mining (ITM) at Calonda and Mafutu, and Southern Era. Alfa-5 was contracted by Endiama in 1996 to guard mines run by the parastatal in Lunda Norte, previously a DSL contract, and presently provides protection services to ITM (Chitotolo) and *Sociedade Desenvolvimento de Mineira* (SDM), among others.²² A smaller company, Maboji, enjoyed strong links with former EO employees, and is reportedly owned by Interior Minister Fernando da Piedade dos Santos,²³ but allegedly run by a police general and FAA Brigadier Panda. Maboji had several contracts in Luanda and guarded the DiamondWorks' mining operations, but is reportedly terminating its activities in Angola and may face bankruptcy.²⁴ All diamond mining operations in Angola use one or a mixture of these three companies, making it difficult to reduce security overheads in the absence of competition in the security sector. Top FAA officers involved in both the private security and mining sectors require their foreign partners to contract Teleservices or Alfa-5 to protect mine operations, hence profiting from safeguarding their own diamond holdings.

Security perimeters at satellite camps are established no more than 8–10 km from the principal mining sites with the guards sent out on patrol for one-week periods. Most security personnel move no more than 2–3 km away from remote mining areas, controlling territory viable within a two-year window of mining. The rest of the concession is left for *garimpeiros* which are usually controlled by any number of armed groups, resulting in skirmishes between Teleservices and the FAA as witnessed on ITM's Mafutu concession.

FAA mining forays

Civilian *garimpeiro* activities are augmented by FAA regulars who mine for their superiors, usually for three days followed by three days for themselves. The soldiers are reportedly not paid or given food, necessitating high productivity in the diamond fields. But, there is no small number of FAA troops willing to bribe their way into the Lundas. One example of such a *garimpeiro* officer is Colonel Kabila Bronco

who mines on the ITM Mafutu/Camafuca concession, north of Lucapa. Colonel Bronco controls approximately 2 500 diamond diggers, including at least 300 FAA soldiers.²⁵ He works the river banks to the north of ITM's operations and advances as ITM moves to new reserves. Although he is illegally mining and degrading the concession (in contravention to ITM's agreement with Endiama), Colonel Bronco is not disturbed by Teleservices.²⁶ The Colonel's activities are not threatened, because retaliation by the *garimpeiro* officer could prove devastating to the 70-man strong Teleservices protection team. Instead, a mutually beneficial relationship has evolved whereby Colonel Bronco's mining activities are not jeopardised, and Teleservices and ITM, in turn, benefit from the greater advanced warning of UNITA incursions due to the colonel's outer perimeter positioning. Thus, Bronco's numerous active duty or retired military subordinates form a 'citizen force' of sorts that has been incorporated into the protection of the formal mine.²⁷ This type of integrated formal and informal mining activity has made room for FAA war veterans and active duty officers who do not have registered companies, but instead work through unofficial co-operatives under the oversight of regional FAA commanders.

The FAA commander of Moxico province presented a more formal and less proactive scheme in 1998.²⁸ He sought to develop several mines with foreign partners, promising proper licensing and the diversion of FAA soldiers, all for a cut of the profit and no financial investment from his end – a plan that never developed as UNITA's position strengthened during the year. Such an arrangement is the likely scenario for several FAA generals mining with South African partners, including a former South African Defence Force general, north of Canzar. It is not known whether formal licenses are held and several of the South Africans are pulling out due to uncertainty in the diamond sector. Even General João de Matos, the FAA Chief of Staff, is reportedly involved in a diamond concession in the Cassanguidi area, with allegations tying numerous civilian elite and international entrepreneurs to diamond reserves in the area. From Dundo to the east, there is no formal or organised FAA presence with battalion commanders usually having less than a full company of soldiers under their command and mining for the better part of the dry season.

FAA generals and ranking officers have also formed more legitimate mining consortia licensed by Endiama. For example, Antigua Combatants is run by former FAA generals and reportedly owns the rights to SouthernEra's Calonda Sul concession. Another company, Lumanhe, was created in 1996, and is reportedly run by retired generals Carlos Val, Luis Faceira and João Baião, the managing director. It holds a joint venture with ITM at Calonda and Chitatolo, which the generals received for their part in the war – when recovery at Calonda was less than expected. Lumanhe was also temporarily awarded the Uari concession and uses former FAA members, and even some former UNITA soldiers, to oversee ITM's operations with observers present during the diamond sorting process. Unlike ITM's Mafutu concession (not in partnership with Lumanhe) where informal arrangements have been reached with Bronco, FAA *garimpeiro* activities are not as extensive at Calonda and Chitatolo that are controlled by generals who also

jointly run Teleservices. Illicit FAA mining still occurs on these two concessions, however, under commandos who oversee the eastern portions of Calonda and unknown territory on the Chitotolo concession. The commandos levy a fee, paid in diamonds, on the *garimpeiro* prospectors, an arrangement that may also boost the protection of the ITM/Lumanhe operations – except when dissatisfied *garimpeiros* attacked the commando outpost on the Chitotolo concession.

Another former general, Celestino Tchizainga, reportedly has two diamond concessions, one that was allegedly mined by Branch Energy and the other by *garimpeiros*. Tchizainga was awarded the concessions by Endiama, possibly through his company WEZA, but did not have the financial resources to mine, hence leasing it to Branch for a portion of the profits. Branch also finds this relationship expedient since Tchizainga provides a type of 'protection' for his partners, especially in facilitating transactions, although military protection is provided by other sources.

Once the generals are exposed to foreign finance through open or tacit alliances with international mining consortia, their desire and ability to make money expand considerably.²⁹ While the FAA leadership has suppressed competition in the private security industry, it can profit extensively from the infusion of capital at formal mines. The military officers are not well-connected to the global economy, but junior mining firms, which often operate through ambiguous financial institutions such as offshore banks and holding companies, provided certain FAA elites with tentacles into international commerce. FAA officers also position themselves in such a manner that their participation is necessary to reduce bureaucratic delays in the Lundas. One foreign diamond buying company, for example, hired an Angolan brigadier who had no command but used personal clout to facilitate operations in the Lundas, such as securing space on a transport plane when UNITA was close to the purchasing operations.³⁰ Ranking FAA members have thus extended the sale of 'protection' from private security to personalised services to assist in efficient business operations, such as timely deliveries of equipment to the mines or the validation of work permits, with protection one of the most expensive commodities for sale in the Lundas.

Stabilising the diamond fields

During the prospecting explosion in 1992, a time when Angola was largely at peace, few measures were taken to oust *garimpeiros*, because many of the illegal diggers were government or UNITA troops. However, by 1993, the FAA and police units began flushing illegal diggers out of the few remaining formal mining concessions under government control as war returned to Angola. For example, in July 1993, the government expelled 250 illegal diamond miners of various nationalities. By December, efforts were bolstered and all foreigners without adequate documents faced penalties or extradition. This period no doubt marked the competition between the various elite to establish mafia-type jurisdiction over

towns in the interior, although a broader geographical expansion of an illicit commercial base through extortion was not possible at the height of the war. Profiting directly from diamonds necessitated controlling *garimpeiros*, but even by the end of 1994, "widespread illegal digging by armed groups had been going on inside the government's security perimeters, despite police attempts to stamp it out."³¹ However, after the 1994 Lusaka Protocol, efforts to protect existing mining operations and essential diamond reserves intensified, especially in the proximity of Dundo, Lucapa, Nzaji, Saurimo and the newly acquired Cafunfo. Of greatest importance were the *Sociedade Mineira de Lucapa* (SML) mining ventures under constant threat from armed bands of *garimpeiros*.

The direct involvement of FAA troops in entrepreneurial activity involving illicit diamonds grew when the government initiated a series of *garimpeiro* mop-up operations in the Lundas. Military deployment and clean-up operations expanded government jurisdiction over the diamond fields from 1994 onwards, enabling the FAA to control larger portions of the informal diamond economy in the environs of garrisoned towns. Unlike the private security industry that involves military elite in profits, the expansion of government control over poorly delineated territory in the diamond fields enabled all enterprising soldiers to profit from coercive endeavours or directly from mining. The Diamond Sector Stabilisation Plan (Proesda) aimed to pacify the Lunda 'Wild East' and bring the diamond fields under Luanda's authority. During this period, rough diamond purchasing agents were licensed to operate in the Lundas to create order in the informal diamond market and bring profits through the state. Furthermore, Endiama's monopoly was reduced and local Angolan companies, run by political or military elite, were awarded diamond concessions. A more proactive Proesda mandate was the wholesale expulsion of illicit diamond miners from the Lundas.

The curtailment of direct military hostilities by the 1995 dry season intensified *garimpeiro* activity, forcing countermeasures to court foreign mining consortia and improve Luanda's influence in the Lundas. By September 1995, FAA reinforcements were sent to Lunda Norte to remove *garimpeiros*. This campaign was also used as an excuse to limit UNITA's mining activities during the cease-fire. Responding to increased policing, UNITA attacked the Endiama headquarters in the Lundas in mid December 1995, killing 24 people.³² Firm counter measures by the government were only initiated in the beginning of 1996 and quickly escalated by the middle of the year during the Cancer II operations carried out by the FAA and national police. The four-month clean-up manoeuvre resulted in the expulsion of "over 4 000 Malian, Lebanese, Gabonese, and other foreign residents of Angola whose immigration status was deemed irregular" and "their deportations were carried out entirely within the executive branch without any judicial oversight."³³ However, the operations were often used by military and police forces to exercise control over the illicit diamond market in the Lundas, sometimes without expelling illegal immigrants, but instead tolerating or even protecting their businesses for a price. The FAA controlled urban centres and marginal diamond reserves,³⁴ necessitating a widespread threat of violence to coerce illegal

miners into subscribing to a protection racket, all under the pretext of stabilising the diamond fields.³⁵ To this end, mobile FAA units and helicopter gunships would target clustered *garimpeiro* 'villages', killing or uprooting the inhabitants.

Formal mine concessions in the Lundas also used extensive private security forces to push illegal diggers away from the primary mining operations. Alfa-5 on SDM's concession, for example, expelled tens of thousands of *garimpeiros*, according to one former employee involved in the operation. Other mining consortia that sought to increase their own levels of security and prevent the degradation of the diamond reserves also initiated such measures. These efforts were not aimed at controlling the illicit diggers, but instead at preventing them from encroaching upon mine operations. However, the licensing of mining concessions and the use of private security by foreign companies assisted the FAA in diminishing UNITA's activities, albeit only within small enclaves, and uprooting *garimpeiros*.

FAA escalated the militarisation of the diamond fields in early 1997, ironically during final negotiations over power-sharing in Luanda. FAA sought to dislodge UNITA from its mines and dislocate the rebels from their labour force. This was possible when 17 000 Rwandan refugees, dispersed with *Interahamwe*, were reported to have entered Angola in May 1997, justifying military operations in Lunda Norte. After significant troop build-up in Malange, Cafunfo, Saurimo and Dundo, the FAA launched its main attacks in May. The advances cut UNITA's supply routes from Zaire, intercepted UNITA soldiers returning from assisting Mobutu and isolated the rebels' mines, all without provoking much criticism from the United Nations. Although UNITA had joined the government of national unity in April 1997, the rebels had refused to hand-over their premier mines and strategic territory in the Lundas as outlined in the Lusaka Protocol, much of which were finally recaptured from or surrendered by UNITA toward the end of 1997. The rebels did, however, maintain a significant, if reduced, hold on alluvial reserves and regained substantial territory in 1998 and early 1999.

In their struggle to hold diamond territory, and more importantly, control *garimpeiros*, UNITA bands resorted to more violent coercion. UNITA's battlefield losses and distended supply lines in the Lundas further necessitated the targeting of civilians for the provision of basic commodities. Despite the negative financial consequences of escalating violence, it has been in the best interest of peripheral rebel groups to compel migrant labour to use local protection rackets, especially since UNITA units cannot control informal commodity trading from government garrisons. In this case, like that of enterprising FAA officers, violence is more frequently threatened than executed since the *garimpeiro* workforce provides the backbone of diamond extraction.

The diamond fields are not entirely carved up into nodes of violent power emanating from those with guns. Just as coercive influences between competing warlords sometimes overlap, the nodes of power are also absent in some places. The FAA holds certain geographic locations such as towns, airfields, road junctions and formal mining sites. Extended influence is usually only projected through *garimpeiro* officers, such as Kabila Bronco, who oversee limited territory for

financial gain. Similarly, UNITA cannot be omnipresent in the rural areas, maintaining a sporadic influence in commercially contested diamond reserves and access points to the informal economy. Competing financial interests between and within³⁶ armed factions in the Lundas, further bolstered by undefined squads of bandits, means that certain *garimpeiro* operations are protected and taxed by armed groups.³⁷ Brutal coercion through FAA search and destroy missions, as well as UNITA's own increasingly sadistic methods, has confined the extensive nature of the Lunda diamond fields, making diamond prospecting without adequate protection a liability at times.³⁸ Conversely, warring factions need *garimpeiro* labour to profit from diamond reserves, making severe mistreatment a financial liability. A more lenient system thus holds sway in some areas within which *garimpeiros* are free to move between areas controlled by competing warlords. Indeed, the illicit diggers exhibit a degree of predilection for their inhospitable vocation. Arrangements with strongmen may also be suitable to *garimpeiros*, since access to rich diamond reserves in contested areas can be assured.

Informal commercial integration

The diamond fields in the Lundas are subject to intermittent spikes in hostilities between the two sides, but are generally on the periphery of the main theatres of conflict.³⁹ The most significant battles between the FAA and UNITA are waged over strategic towns such as Malange, Huambo, Andulo and Bailundo. However, the Lundas are heavily destabilised by another type of militarisation, that of armed groups from either of the two parties, or even bandits of unknown disposition or origin, jockeying for control over points of access to lucrative mining areas. Sometimes these groups clash and fight brief and fierce battles and sometimes they settle down on opposite sides of a river to mine diamonds.⁴⁰ The military geography of the region is intensely linked to commercial routes, with control implemented over key access points. Controlling *garimpeiros* is sometimes financially less expedient than taxing goods, or levying fees from entrepreneurs buying diamonds. As a result, various armed bands compete for diamond reserves and profits accrued from the sale of overpriced goods to the diamond prospectors.

Ranking FAA and police officers influence fluid turf, taxing what enters and exits. For example, goods arriving by air are subject to 10% tax, payable to whomever controls the airport – usually the national police. The goods are then supplied to individual sellers, usually women, who transport the products to the mines and are further subject to a 10–15% tax if entering UNITA 'territory' or a double tax by FAA and national police in government areas. Besides levying taxes on the transshipment of goods, local FAA chiefs, who are usually the genuine sources of power in the Lundas, may be directly involved in the wholesale of commodities, often with precise knowledge of UNITA's requirements. This substantial trade with the local interior results in a town such as Saurimo reportedly receiving supplies for more than five times the number of the town's inhabitants.⁴¹

One pertinent example is Luo, approximately 75 km north of Saurimo, where the FAA, national police and Katangese all have their own mining 'zones of influence'. UNITA soldiers occupy positions across the Chicapa River and also mine diamonds. The Katangese, historically the foes of UNITA, run ferries across the river to UNITA and levy the goods being transported. The ferries also take middlemen from UNITA-controlled diggings who pay tax to the Katangese and sell UNITA's rough to buyers under an FAA strongman.

A second example is that of the village Djirobo on the west side of the Chicapa River approximately 10 km from Calonda.⁴² Djirobo was controlled by UNITA until 1999, during which time the town's population numbered 500, marginally larger than the FAA-garrisoned town of Calonda. Djirobo's inhabitants were largely supplied by goods arriving from Calonda with marketeers using a ferry to cross the Chicapa to the UNITA side. Calonda, in return, received its supplies from Lucapa, to the east, where between six and ten Antonovs arrived daily at the airport administered by *Sociedade Mineira de Lucapa*, but controlled by the national police. The Antonovs carried equipment for various mining companies operating around Lucapa, as well as commercial goods from Luanda. The goods were distributed by entrepreneurs who paid the appropriate taxes to strongmen, usually ranking members of the armed forces. One alleged marketeer was David Sousa, an Angolan principal of Sol Dourada, who reportedly financed *garimpeiros* and distributed commercial goods to the miners in two or three trucks using a warehouse in Lucapa.⁴³ Other marketeers redistributed their goods to sellers dealing directly with the *garimpeiros*.

In situations such as these, UNITA bands have found it more practical to buy commodities from entrepreneurs operating through nearby government-garrisoned towns. It is not advantageous for UNITA's regional command to supply disparate bands of soldiers when anything from radios to whisky to tins of sardines can be obtained from a government-held town, connected by road to an airfield. Moreover, local procurement means that stockpiles do not need to be maintained as supplies are rarely interrupted. Selling diamonds to local buying houses enables such procurement with rough prices in the Lundas favouring the seller, averaging US \$230 per carat. Prices are only about 15% higher in Luanda with Angola's prices sometimes inflated due to crime syndicates laundering drug money with diamonds.⁴⁴ The new government monopoly on diamond purchasing has reportedly reduced rough prices considerably, although prices paid by illicit dealers may still be strong.

Informal diamond networks

Creating an Angolan market

The government legalised the possession of diamonds in December 1991, although mining, purchasing or exporting rough remained illegal. The legislation was theoretically supposed to allow the state bank to mop up diamond stockpiles held by

individuals. However, this legislation was enacted concurrent with a return to stability and freedom of movement after the 1991 cease-fire, creating a condition ideal for diamond prospecting by the Angolan population and foreign nationals. Without measures to prevent illicit mining, the state buying operation created a strong domestic market for illegal diamonds, including those mined by UNITA. Not all rough could be netted in Angola and the number of diamonds exiting the country during the 1992 dry season undermined the De Beers cartel with the Central Selling Organisation forced to buy massive volumes of Angolan rough on the open market.

After UNITA captured the main diamond producing areas in late 1992 and 1993, De Beers not only bought from 'middlemen' who dealt with UNITA, but also maintained buying offices in close proximity to major producing areas, both in Angola and Zaïre. Other companies such as Lazare Kaplan International negotiated to establish buying operations in Angola in 1996, heralding an expansion of foreign interests represented in Angola's informal diamond sector. At this point, it was illegal under Angolan law to buy rough from UNITA, but few people were concerned with the origins of rough on the open diamond market. De Beers and other international buyers saw no reason to differentiate between rebels selling gems or *garimpeiros*, or even middlemen whose clients could be either. After the Lusaka peace process, UNITA's stones were semi-legitimate in the eyes of the international community that sought to bring UNITA into a national government, and buying practices in the Lundas were purposefully lax. By 1999, there were six rough dealers licensed by the government. They were Codiam (initially a joint venture between De Beers and Benny Steinmetz through the Endiama Selling Corporation initiated in 1991) Dian (Arslanian Freres), Lazare Kaplan International, Matos & Jean, Research Development Resources (RDR, with the Belgian firm Omega) and Triotex. These dealers bought diamonds in the main towns in the Lundas and represented the first point where unlicensed *garimpeiros* sold their rough, with the diamonds then entering the 'informal market'. Conversely, *garimpeiro* diamonds sold to unlicensed rough dealers in the Lundas would become part of Angola's 'illicit' trade. The definition thus depended on whether the buyer was licensed or not, with UNITA diamonds following both routes.

Rough in the post-sanctions informal market

When the UN imposed sanctions against UNITA diamonds in July 1998, concurrent with the rebels' loss of premier reserves in the Lundas, licensed rough buyers did not alter their purchasing methods. Dealers maintained an open-door policy, because denying a parcel of suspected UNITA origin meant that another buying house would profit. Admittedly, many purchasing agents maintained specific clients, and reportedly even had agreements with those in charge of informal mining operations. However, favourable deals were never turned down. As the informal market receives rough almost exclusively from illegal sources – such as *garimpeiros*, marketeers and entrepreneurs, FAA (regular and special forces), national police, Katangese or UNITA – determining a parcel's exact source is nearly impossible.

The free movement of diamonds is a fundamental pillar of the diamond industry and official buying houses used middlemen to source rough at the mines. For example, Lazare Kaplan International allegedly used two or three Angolan buyers appointed by the government.⁴⁵ Such agents would purchase diamonds from any source to compound interest. Controls at the diamond buying offices appear to have been no more stringent, with diamond sellers not required to furnish licenses or identity documents. According to Jim Barnes of Lazare Kaplan International (LKI), it was almost impossible to ask for identity documents, because most sellers in the Lundas, whether UNITA or not, did not have such papers.⁴⁶ When questioned in late 1999 whether LKI would know that it was *not* buying UNITA rough, LKI's response was that the company's employees could not know that they were buying UNITA diamonds – a system of comfortable and profitable plausible deniability. In fact, the military geography of the diamond provinces suggests that official rough purchasing houses were knowingly buying stones of undetermined origin.

A government diamond monopoly based around Sodiam (*Sociedade de Comercialização de Diamantes*) and Ascorp (Angola Selling Corporation) was established as the sole licensed diamond buying consortium in Angola in early 2000 to boost state revenue and provide tighter monitoring of potential access points for UNITA diamonds. The monopoly replaced the six former buying houses, leading to the belief that competition would be reduced and state oversight improved. The entry of 'dirty diamonds' into Angola's informal diamond sector in 1998 and 1999 is now assumed to be a closed chapter in the financial overindulgence of foreign purchasing agents. The possible undermining of UN sanctions by licensed rough purchasing agents during this period, however, indicates that the current restructuring will be incomplete if buying practices remain unchanged.

Competition was one of the main forces driving liberal buying practices, but there is little evidence that purchasing methods will change. Commission received by Ascorp's buyers provides a financial incentive to overlook the origin of questionable diamond parcels. Moreover, the reduction in rival buying houses will have little impact upon competition between licensed and illicit dealers sourcing rough in the Lundas. Ascorp was not established to spurn diamonds, but instead to push licensed competitors out of the market so that the Ascorp investors could register higher profits.⁴⁷ The government may be similarly averse to clarify proper purchasing methods. The new monopoly was promoted as a means to boost state revenue, logically dependent upon the volume and quality of diamonds passing through the remaining official buying teams. Thus, tightening controls would require cancelling commissions on purchases, a move that would be detrimental to key personalities behind the Sodiam/Ascorp monopoly.

Even discounting competition or profit-driven buying practices, the exact source of alluvial diamonds cannot be verified. UNITA groups mine in close proximity to FAA *garimpeiros* and sell their diamonds through government garrisons to buy commodities. Licensed dealers may not knowingly buy from UNITA, but

any number of enterprising middlemen can profit from this trade. There is no ideological divide in the Lundas with crosscutting relationships enhanced by business activity. This is especially true for the large number of West African diamond traders who have no domestic affiliation, and members of the Chokwe tribe that are not ethnically categorised by association with one political party. While there is no direct evidence of UNITA selling diamonds to licensed dealers and illicit buyers in Angola, the simplicity of this option, the strong market for rough in the Lundas and Luanda, and the rebels' domestic procurement strategy suggest that the use of this option has been substantial.

Legitimising Angola's informal diamond sector will unfortunately not be accomplished short of the comprehensive licensing of *garimpeiros* and controlling access to *all* alluvial reserves. Recently announced government efforts to meet the first criterion appear to be a positive development. An estimated 300 000 *garimpeiros* are to receive individual licenses with photographs and bar coded data to be supported by computerised histories of each digger.⁴⁸ This will ideally prevent UNITA diamonds from entering the informal market as licensed buyers will only be allowed to purchase rough from licensed diggers and "In theory, if UNITA attempted to sell a large parcel of diamonds to a registered digger, this would be quickly spotted by a computerised database."⁴⁹ The theory is unfortunately impractical as UNITA could send larger quantities of smaller parcels out through *garimpeiros* selling in government towns if licensed buyers did indeed abide by the new regulations. The practicality of the new measures is also unsuitable for the Lundas where computers are uncommon and the use of laminated licenses by diggers who have few possessions is unrealistic. Furthermore, the serious lack of state control and unbridled capitalism in the diamond fields leave the licensing of *garimpeiros* inadequate and open to mismanagement. It has yet to be seen how such certification regimes will be enforced in the chaotic diamond fields and whether local strongmen will not further use the measures to impose levies upon weaker segments of the population. Such levies could be through licensing fraud or the confiscation of diamonds from *garimpeiros* seeking higher prices than those offered by Ascorp. The by-product of removing UNITA rough from the informal market unfortunately depends upon the control of impoverished diamond diggers, and especially those from the DRC, who will benefit little from tightened state control. The genuine method of cleaning Angola's informal diamond market is altering the capitalistic tendencies of strongmen in the diamond fields, an outcome that may appear to be advanced by the new diamond monopoly, but which would depend upon the virtuous intentions of the *Futungo*.

From militarisation to centralisation

The process of centralising informal business networks began in 1996 when the international status of airports in the Lundas was annulled. Commercial goods or mining equipment could no longer arrive in a town such as Saurimo directly from South Africa, instead necessitating a detour through Luanda. The result was

a forced marginalisation of the absolute autonomy of provincial government, police or military chiefs running the airports and customs. This marked the beginning of mounting central control over private business activities in the diamond provinces. By the end of October 1998, all *garimpeiro* generals were to have ended their engagements in diamond prospecting but this initiative failed.⁵⁰ Tension surfaced in 1998, because UNITA had been expelled from its principal mines and the government sought to centralise profits from this territory. Mining concessions had been awarded to numerous Angolan companies in 1996, allowing a decentralisation of the diamond economy, augmented by the illicit *garimpeiro* activities of FAA officers. This occurred through the securing of financially strategic zones starting during the Proesda operations, and created strong centrifugal forces from Luanda's inner patronage system. Initial central efforts to influence and profit from the substantial informal diamond economy can be seen through the increased prominence of the diamond purchasing company, RDR, from early 1999. RDR used more buying teams than other licensed rough purchasing houses and was connected to the Belgian-based Omega, allegedly in association with Isabelle dos Santos, the president's daughter, and Noé Baltazar, a former head of Endiama. Concurrently, the Angola Diamond Corporation, also reportedly associated with Ms dos Santos and Noé Baltazar, gained valuable concessions in the Lundas. Thus, reining in distant warlords involved altering the autonomy of their fiefdoms, as well as promoting enterprises associated with key personalities of the *Futungo*.

A power struggle also occurred in the diamond parastatal, Endiama, which previously had its headquarters in Dundo, Lunda Norte. The Dundo property was placed under the administration of the Lunda Norte government in May 1998,⁵¹ after FAA forces had intermittently occupied the company's diamond reserves during the previous years. The diamond parastatal was often a point of contention between the military and political elite, since controlling Endiama improved official access to diamond concessions. Endiama's role in the politics of competition over diamond territory and the rewards of corruption demands further investigation, especially since former heads of the parastatal, such as Noé Baltazar, were dismissed for unexplained reasons, but then resurfaced later in prominent political circles. Endiama's former head, Jose Dias, was dismissed in December 1998 due to mismanagement,⁵² an irony in Angola. General Agostinho Dias Gaspar filled the vacancy in May 1999 after previously working as a lawyer under the FAA chief of staff, João de Matos, suggesting that Endiama's authority had become more intertwined with the FAA leadership. However, Endiama will now only prospect and mine, diminishing the parastatal's role, possibly to the advantage of political appointees in the Ministry of Mines and Geology, and the Council of Ministers and Sodiam/Ascorp.

The most radical shift in balance between centrifugal and centripetal forces occurred in early 2000 with the creation of the Luanda-based Sodiam/Ascorp monopoly financed by international entrepreneurs. The noble pretext of preventing UNITA rough from tarnishing Angola's legitimate diamond trade has

enabled central élite to dominate the legal diamond sector and expand control over informal diamond networks. Rather than revamping buying practices by licensed dealers, the monopoly seems to be aimed more at co-opting and incorporating financially rebellious generals, forcing them to obtain the necessary paperwork through partners in the *Futungo*.⁵³

Previously, Endiama had the right to market Angolan diamonds through the Endiama Selling Corporation based in Antwerp, in collusion with Benny Steinmetz and Barry Omsky who is an employee of Steinmetz and Sons. However, the recent legislation cancelled Endiama's rights to market rough and transferred them to the newly created 100% Endiama subsidiary, Sodiam. Sodiam, in turn, contracted another recent creation, Ascorp. Ascorp is now the sole rough diamond purchasing agent and is 50% owned by Sodiam, 27% by Lev Leviev and 23% by Sylvain Goldberg of Omega.⁵⁴ A new certification system has enhanced export control because parcels of rough diamonds will now be accompanied by two documents. The first is a certificate of origin; the second is an import confirmation report that will be verified by customs in the importing country and sent back to Angola for further confirmation.⁵⁵

Proponents of the new monopoly cite tightened controls as the means to isolate UNITA diamonds. Unfortunately, the integration of UNITA into the informal economy in the Angolan diamond fields suggests that this will be a difficult process. Regulating *garimpeiros* and diamond exports will do little without full transparency, an aspect that the principals of Sodiam and Ascorp do not appear to favour. Pertinent questions regarding the new monopoly remain unanswered, such as which Angolan personalities are involved, who paid what amounts to create the monopoly, how much rough moves through the system per month from which sources, who sells the diamonds in Antwerp and to whom, and how are the profits divided. Finding answers in Angola is a difficult task, and the foreign partners in Ascorp remain similarly reluctant to divulge the intricacies of the diamond monopoly. They may be embarrassed by the levels of corruption in Angola, or by the inherent irony that this opaque business venture is supposed to clarify Angola's informal diamond sector. Preventing 'dirty diamonds' from contaminating the global diamond industry hinges on transparency but Sodiam and Ascorp have been shrouded in secrecy, even with members of the Belgian High Diamond Council uncertain about the structures and practices that will be changed under the new system. Regulating Angola's diamonds is long overdue, but the politics of financial domination forwarded by President dos Santos' inner circle of retainers make the genuine ends of the diamond monopoly impossible to verify.

Conclusion

Informal diamond digging is one of the few ways for Angola's population to earn a livelihood. Prospectors from neighbouring countries also come to the diamond fields, hoping to find a few substantial stones that will improve their living standards

considerably. This illicit yet widespread means of enrichment has also drawn entrepreneurs to the diamond fields who sell overpriced goods to the diggers, creating an entire economy based upon the informal mining and sale of diamonds. Strongmen in the Lundas have sought to profit from this commerce by levying taxes on commodities when the diamonds arrive at airports and are transported on roadways. FAA officers have also extended their influence to profit directly from *garimpeiro* labour. The result is unconstrained rent-seeking by UNITA and the FAA, often using violence against civilians, a system surprisingly tolerated by the *garimpeiro* diggers. While the militarisation of the diamond fields increased since the mid-1990s as the FAA sought to dislodge UNITA from its diamond resource base, fighting is now limited mostly to important commercial junctions where taxes can be levied on the substantial informal economy. Prolonged military hostilities in the Lundas actually distract government and rebel soldiers from pursuing their own diamond prospecting. The Cuango valley represents a substantial strategic objective for UNITA, but the primary importance of the diamond fields in the eastern Lundas lies in access to the vibrant diamond economy.

Central members of the *Futungo* have considerable access to the diamond fields, often in partnership with local FAA officers. However, capital accumulation by FAA generals has also reduced the ability of central patrons to control the business activities of increasingly autonomous strongmen. The new diamond monopoly has improved the position of Luanda's primary patrons and has brought profits from a substantial sector of the informal economy into Luanda's inner circles with the help of foreign finance. Promoting the superficial goals of the Sodiam/Ascorp monopoly would necessitate defending the virtuous intentions of the *Futungo* elite, something that would require a leap of faith. The country's president and his retainers have used an international outcry against dirty diamonds to restructure Angola's diamond economy to suit their needs. A similar example can be cited in the DRC, where the sole marketing rights for the country's diamond production were reportedly awarded to an Israeli company effectively centralising the profits around a predatory ruling party in Kinshasa. Such moves may increase state revenue, but it has yet to be seen whether the nation's population will benefit or whether the domestic diamond industry will be cleaned.

There is a genuine need to prevent UNITA diamonds from exiting Angola through official channels, but the way to achieve this goal is first to reduce the unconstrained entrepreneurial acumen of the FAA and the civilian elite. That prospect still seems a long way off.

Endnotes

- 1 R Dowden, New Legislation Rocks a Diamond Empire – Citizens Can Now Deal in Diamonds, *Sunday Independent*, 24 November 1991 from Reuters Business Briefing.
- 2 Prospectors Go for Grand Slam in Diamonds, *Financial Times*, 20 August 1992, from Reuters Business Briefing.

- 3 For the smaller number of Angolan *garimpeiros* residing permanently in UNITA territory, extreme coercion would have been likely.
- 4 Evidence of this more mild intimidation can be witnessed through the fact that several specialists, among which is the Brussels-based Hughues Leclercq mention an increasing brutalisation of the *garimpeiro* workforce from 1998 which has hurt UNITA's mining capacity.
- 5 Through personal communication with Hughues Leclercq, Brussels, April 2000.
- 6 Ibid.
- 7 UNITA did not actively manage the mining process although the rebels did try to have the *garimpeiros* work one area at a time to more effectively monitor output. Most control was implemented during the washing process with the *garimpeiros* forced to wash sediment at a certain location, or when *garimpeiros* sold their diamonds to dealers licensed by UNITA.
- 8 A certain degree of skill is required at stages of diamond production such as during the washing of sediment. Other mining processes such as digging through the overburden to diamondiferous sediment and transporting the gravel to washing sites can be conducted by untrained manual labourers. Thus, certain *garimpeiros* are valued workers and paid accordingly while others can be replaced at will. More extensive alluvial diggings are controlled by UNITA only during the washing process and would probably involve experienced *garimpeiros* who understand the most efficient methods of diamond production, a substantial factor in levies obtained by UNITA, hence diminishing the likelihood of their brutalisation.
- 9 Several directors of Sandline International, which 'contracted' EO, maintained shares in DiamondWorks.
- 10 C Gordon, Mercenaries Grab Gems, *Electronic Mail and Guardian*, 9 May 1997, www.mg.co.za, 26 August 1999.
- 11 FAA soldiers subsequently looted the mine after the UNITA attack.
- 12 In May 1996 America Mineral Fields entered into a joint-venture with, and eventual take-over of, International Defence and Security (IDAS) which was registered in the Dutch Antilles and held a diamond concession in northern Angola.
- 13 Interview with Leo Tromp, head of IDAS in Angola, March 2000.
- 14 J Peleman, Mining for Serious Trouble: Jean-Raymond Boule and his Corporate Empire Project, in A Musah & J Fayemi, *Mercenaries: An African Security Dilemma*, Pluto Press, London 2000, pp 155–168.
- 15 The concession formed a strategic position in 1996 and early 1997 because many of UNITA's soldiers were assisting Mobutu against Kabila's rebels. Any militarised concession bordering Zaïre would necessarily pose a threat to UNITA soldiers attempting to return to Angola.
- 16 When the company began to mobilise its mining equipment in 1998, UNITA went on the offensive, again threatening the suspension of the IDAS contract since no diamonds had been mined for an initial 3 years plus two extensions of 1 year each. The IDAS contract went up for renewal or renegotiation in mid 2000.
- 17 Interview with Leo Tromp, head of IDAS in Angola, March 2000.
- 18 See C Dietrich, The Commercialisation of Military Deployment in Africa, *African Security Review*, vol 9, no 1, Institute for Security Studies, Pretoria, 2000.
- 19 KA O' Brian, Private Military Companies and African Security 1990–98, in Musah & Fayemi, *Mercenaries: An African Security Dilemma*, op cit, pp 43–75.

- 20 DSL used a domestic company, DSL-Angola that continues to operate under Angolan management. The company has few contracts although its employees were guarding the Endiama building in Luanda in early 2000. Former Interior Minister Santana Andre Pitra 'Petroff' was reportedly the man behind DSL's expulsion from Angola, which occurred after he allegedly requested payment from the company that was refused by DSL's management.
- 21 The information has been gathered from several sources familiar with the security situation in Angola. The former chief of Sonangol and former Prime Minister, Fernando França Van-Dunem, is also allegedly associated with the establishment of Teleservices, as is Fernando da Piedade dos Santos.
- 22 SDM's security consists of 6-700 Alfa-5 members, including 15 foreign consultants. Another 1 200 FAA troops guard the mining operation and reportedly receive their food from the mine. One former Alfa-5 employee noted to the author that the mine uses vehicle convoys and maintains a high level of alertness since small UNITA groups attack some part of the SDM concession every day, usually with light weaponry but sometimes using mortars. SDM employees were evacuated toward the end of 1999 and again in early 2000 due to UNITA activity.
- 23 RW Johnson, Wars that take the shine off the millennium diamonds, *The Times*, 29 November 1999, from www.newslines.dialog.com, 3 December 1999.
- 24 Maboji reportedly had a contract to provide protection services to RDR as well as the new Ascorp buying operations that is instead being provided by a Belgian company.
- 25 As little differentiation can be made between FAA soldiers, active duty or retired, and civilian *garimpeiros*, one security consultant noted that Bronco's operations could have been comprised almost entirely of soldiers, making this a considerable force.
- 26 The sides of river banks are often inaccessible to large machinery.
- 27 FAA soldiers protect the outer perimeter of ITM's Mafutu concession (usually company strength – 120 soldiers), followed by a citizen force comprised of Colonel Bronco and his subordinates, and finally Teleservices guards the inner perimeter. This entire security apparatus is controlled by the generals who reportedly gave Bronco permission to mine on the concession.
- 28 Through personal communication with the FAA commander of Moxico province in Mongu, Zambia in 1998 during a liaison between Angolan and Zambian military officers.
- 29 These links are difficult to substantiate due to the informal nature of many agreements and the desire by foreign companies not to expose their Angolan partners.
- 30 Security personnel working for the diamond buying company also lived in an FAA general's house in Luanda, which the company had rented.
- 31 Angola Says it Plans Diamond Smuggling Crackdown, *Reuters News Service*, 18 November 1994.
- 32 Angola – Govt Policing to Prevent Diamond Smuggling Leads to Rebel Attack on Mines, *Mining Journal*, 18 December 1995 from Reuters Business Briefing.
- 33 *Angola Country Report on Human Rights Practices for 1996*, US Department of State, released by the Bureau of Democracy, Human Rights and Labor, 20 January 1997, www.iet.com, 26 June 2000.
- 34 The government awarded concessions to mining companies but the FAA did not have claim to these, except in cases of military mining companies such as Lumanhe and Antigua Combatants.
- 35 Major UNITA mining territory in the Cuango valley was also affected by the cleanup

operations that were initiated from the government stronghold of Cafunfo in late 1996. However, UNITA's principal mines were well protected from the FAA, although government soldiers were looking more toward establishing their own financial base in 1996 and not to meeting strong resistance from UNITA troops, especially during the official ceasefire.

- 36 Rivalry between FAA units is highlighted by an example of Angolan commandos seizing illicit diamonds from several regular FAA soldiers, but the same commandos being ambushed by a larger group of FAA regulars and the diamonds taken back.
- 37 *Garimpeiros* are often armed with handguns, rifles and machine guns but stand little chance against better armed UNITA, FAA or police units, although may be capable of deterring less heavily armed bandits. Bands of *garimpeiros* can also be bandits themselves, intimidating weaker groups of illicit diamond prospectors, or even threatening smaller groups of FAA soldiers.
- 38 For example, *garimpeiros* working under the influence of an FAA colonel can pay a junior officer a small fee for permission to mine a few kilometres upstream, but if the miners are caught by either UNITA or the FAA, a Congolese would lose his left ear while an Angolan his left hand. According to Hughues Leclercq, *garimpeiros* returning to DR Congo may be intercepted by any number of armed groups and their possessions stolen. When the *garimpeiros* began swallowing their diamonds to prevent theft, FAA, UNITA, or other armed bands solved this dilemma by cutting open their intestines
- 39 North-west Lunda Norte, and the Cuango valley in particular, is increasingly a primary UNITA strategic objective due to the Luzamba airfield.
- 40 For example, the FAA and UNITA reportedly had arrangements over the division of diamond spoils after the FAA took Cafunfo in 1994. Moreover, in 1996, UNITA mined portions of the west bank of the Chicapa River while the FAA mined the east bank. A similar situation existed north of Lucapa along the Luaximo River with UNITA mining the east bank and the FAA mining the west bank. UNITA soldiers reportedly also control mining operations in close proximity to the heavily guarded Catoca mine; the UNITA units are not hindered while mining the opposite side of the river, and the rebels in return do not attack Catoca, a simple yet profitable understanding.
- 41 Agricultural self-sufficiency is often discouraged by those with guns making towns such as Saurimo priorities for international aid organisations. Most inhabitants of government-garrisoned towns rely on imports from Luanda, allowing for the generation of substantial levies by local political appointees or armed forces commanders.
- 42 Note that three mining sites, SouthernEra's Camafuca, ITM's Calonda and DiamondWorks' Yetwene concessions were in the proximity of Calonda town.
- 43 As reported by a foreign miner working in Calonda at the time, confidential interview, South Africa, April 2000.
- 44 Laundering is an expensive process meaning that a twenty percent loss in 'cleaning' money is not seen as an undue expense, hence allowing for the payment of above-market prices for rough.
- 45 As witnessed by a security guard working for LKI, confidential interview, South Africa, March 2000.
- 46 Interview with Jim Barnes, LKI, Antwerp, October 1999.
- 47 Ascorp employees report that the volume of diamonds passing through them has not increased despite the exit of licensed competitors, making one assume that the Ascorp investors would be seeking increased revenue and would attempt to intercept rough before it entered the black market and left Angola through DR Congo, Zambia or Luanda.

- 48 The Economist Intelligence Unit (EIU), *Angola Country Report 3rd quarter 2000*, EIU Ltd, London, p 26.
- 49 Ibid.
- 50 MPLA Says Army Generals Should Stop Mining Diamonds, *BBC Monitoring Service*, 24 October 1998, from Reuters Business Briefing.
- 51 Angolan Diamond Company, Lunda Norte Authorities to Regulate Trading, *BBC Monitoring Service*, 4 May 1999, from Reuters Business Briefing.
- 52 EIU, *Angola Country Report 3rd quarter 1999*, EIU Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.
- 53 The new monopoly appears doomed from the start as informed sources in Angola and Antwerp cite the precarious nature of the single marketing system. Rough is reportedly diverted from the authorities. One Angolan entrepreneur in Luanda related to the author that rough could be obtained from Sodiam if the purchaser paid a sizeable sum to an individual working in the office of the president.
- 54 Sylvain Goldberg's Omega was named RDR in Angola. The RDR buying teams have remained as the new Ascorp teams. Strangely, a diamond dealer in Antwerp and a security consultant in Angola both mentioned that Omega had connections to UNITA, although the extent of this allegation is unknown and unconfirmed. It may be derived from allegations of another Goldberg company, Sygma, buying UNITA rough, possibly in Portugal, as forwarded by one Belgian researcher. The real power behind Ascorp appears to be Lev Leviev and his associates. Leviev allegedly bought RDR, giving him the rights to Omega's Angolan subsidiary. Ascorp rough is sold in Antwerp although it is not known how the profits are divided between Ascorp's principals. A portion of Ascorp's diamonds are also reportedly sent to Israel rather than Antwerp.
- 55 Certificates of origin will now have individual numbering and are produced by a UK-based company. Forgery of these certificates will be much more difficult, unlike the previous system under which certificates of origin were not standardised.