

Highlights of [GAO-06-978](#), a report to congressional committees

## Why GAO Did This Study

In 2003, the United States and other countries began implementing the Kimberley Process Certification Scheme (KPCS) to curtail the trade of rough diamonds that had fueled severe conflicts in Africa, known as conflict diamonds. CDTA provides the statutory framework for U.S. implementation of the KPCS. As mandated in CDTA, this report (1) describes the institutional framework established to implement the act, (2) examines implementation of the domestic provisions of the act and challenges it faces, and (3) examines how the United States has helped to strengthen the KPCS and challenges it faces.

## What GAO Recommends

This report contains recommendations to the Secretaries of the Departments of State, the Treasury, Homeland Security, and Commerce. It recommends improvements in the (1) accuracy of U.S. rough diamond trade data; (2) processes for importing and exporting rough diamonds, including conducting periodic physical inspections and confirmation of rough diamond import receipts with foreign exporting authorities; (3) oversight of the activities of USKPA and its licensees who issue Kimberley Process certificates; and (4) approach for providing some of the U.S. diamond-related assistance. The departments reviewed a draft copy of this report and concurred with GAO's recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-06-978](http://www.gao.gov/cgi-bin/getrpt?GAO-06-978).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or [yagerl@gao.gov](mailto:yagerl@gao.gov).

# CONFLICT DIAMONDS

## Agency Actions Needed to Enhance Implementation of the Clean Diamond Trade Act

### What GAO Found

The United States has used multiple U.S. agencies and a private, not-for-profit entity to implement the domestic and international provisions of the Clean Diamond Trade Act (CDTA). The Departments of State and the Treasury have led U.S. efforts to implement the domestic provisions of the act; State has led the U.S. efforts to curtail trade in conflict diamonds abroad. Domestically, the Departments of State, the Treasury, Homeland Security, and Commerce, and the private entity, called the U.S. Kimberley Process Authority (USKPA), have been responsible for controlling U.S. imports and exports of rough diamonds. Internationally, State, the U.S. Agency for International Development (USAID), and the U.S. Geological Survey have helped to strengthen KPCS.

Domestically, the U.S. systems for reporting rough diamond statistics and for controlling imports and exports of these diamonds are vulnerable to illicit trade. The United States has enhanced the quality of its rough diamond trade data by improving its collection processes, but work remains to be done. Also, the United States does not periodically inspect rough diamond imports or exports to ensure that the contents of the rough diamond parcels match the Kimberley Process certificates. In addition, the United States lacks an effective system for confirming receipt of imports—a Kimberley Process requirement for avoiding possible diversions of rough diamond imports. Finally, the United States has not had a plan for monitoring USKPA, but is developing and testing one.

Internationally, the United States has helped to strengthen KPCS by participating in KPCS activities and providing assistance to Sierra Leone and Liberia in their efforts to comply with KPCS, but donor assistance to these countries faces challenges. Donors and diamond producing countries are considering a regional approach to help enhance the effectiveness of donor diamond-related assistance because this assistance is constrained by the limited capacity and resources of these countries and the need to harmonize diamond policies among countries vulnerable to illicit cross border diamond trading.

### Diamond Mining Site in Sierra Leone—A Recipient Country of U.S. Assistance



Source: GAO.