

Responsible sourcing of coloured gemstones: The impact on artisanal and small-scale miners

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INTRODUCTION

Consumers of coloured gemstones are increasingly interested in the origin and production process of the products they buy, due to growing awareness of sustainability and responsible sourcing challenges within the jewellery industry. The notorious Conflict Diamonds reported in the late 1990s and the movie Blood Diamonds in 2006 provided evidence that revenues from the sale of diamonds in countries such as Angola and Sierra Leone were used to finance civil war in those countries.¹ As a response to consumer concerns, several responsible sourcing initiatives have been launched in the jewellery industry to promote greater responsibility in the supply chains. The sustainability issues are mainly attributed to the artisanal and small-scale mining (ASM) sector, which is responsible for about 80% of coloured gemstones production globally.² These challenges thrive in the artisanal and small-scale mining sector because of its informal nature, which is largely a result of prolonged periods of marginalisation of the sector by governments and development agencies,³ despite its indispensable economic importance. The issue of marginalisation of ASM has received very little attention from researchers in comparison with the research on its sustainability issues, providing a skewed outlook of the sector. This necessitates the question of whether the responsible sourcing initiatives launched in the coloured gemstones industry were designed with a thorough understanding of the reality on the ground or whether they are perpetuating marginalisation of the ASM sector, which in turn will preserve the sustainability risks in the industry. This study evaluates the sustainability schemes and due diligence standards and regulations that have been launched in the coloured gemstone industry. It aims to identify the key issues with these initiatives and determine their potential impacts on artisanal and small-scale mining communities. Previous researchers have worked more on identifying sustainability issues in the coloured gemstones sector,^{4,5,6,7} but almost none have investigated the impacts of the sustainability initiatives on artisanal and small-scale miners. The findings of this study will close the gap in knowledge by highlighting the challenges with current initiatives and create opportunities for further research on this topic. The results from this study are intended to stimulate stakeholders to devise new initiatives or policy reforms that are inclusive of ASM in order to address the sustainability issues comprehensively.

¹ Global Witness. (1998). A rough trade: The role of companies and governments in the Angolan conflict.

² Shortell, P., Irwin, E. (2017). Governing the gemstone sector: Lessons from global experience. *Natural Resource Governance Institute*. UK Department of International Development and Australian Department of Foreign Affairs and Trade.

³ Hilson, G., McQuilken J. (2014). Four decades of support for artisanal and small-scale mining in sub-Saharan Africa: a critical review. *The Extractive Industries and Society*, 1 (1), 104-118.

⁴ Archuleta, J. (2016). The color of responsibility: Ethical issues and solutions in colored gemstones. *Gems & Gemology*, 52 (2), 144-160.

⁵ Cross, J., van de Wal, S., de Haan, E. (2010) *Rough cut: Sustainability issues in the coloured gemstone industry*. Amsterdam: SOMO.

⁶ Cartier, L.E., Ali, S.H., Krzemnicki, M.S. (2018). Blockchain, Chain of Custody and Trace Elements: An Overview of Tracking and Traceability Opportunities in the Gem Industry. *Journal of Gemmology*, 36 (3), 212-227.

⁷ Musiyarira, H.K., Pillalamarry, M., Tesh, D., Nikowa, N. (2019). Formulating strategic interventions for the coloured gemstone industry in Namibia by utilizing the logical framework approach. *The Extractive Industries and Society*, 6 (4), 1017-1029.

METHODOLOGY

The study applies analytical and interdisciplinary methods to answer the research question. The initiatives analysed in the study are The Responsible Jewellery Council (RJC)'s Code of Practices,⁸ The World Jewellery Confederation (CIBJO)'s Responsible Sourcing Policy,⁹ and the International Colored Gemstone Association's Code of Ethics.¹⁰ These initiatives' documents, standards, and code of ethics were analysed and interpreted to arrive at the conclusion of the study.

EVALUATION OF THE RESPONSIBLE SOURCING INITIATIVES

The identified initiatives in the coloured gemstones industry were evaluated to determine where they are based, which industry players they are targeting, and the requirements as well as obligations for being a member. The results are provided in Table 1 below.

Table 1. Characteristics of responsible sourcing initiatives in the coloured gemstones industry

Initiative	Responsible Jewellery Council's Code of Practices	CIBJO's Responsible Sourcing Policy	International Colored Gemstone Association's Code of Ethics
Headquarters	United Kingdom	Switzerland	United States of America
Targeted Industry Actors	Any size of business in the emerald, ruby and sapphire supply chains	National and International trade associations	Individual dealers engaged in the marketing of coloured gemstones
Requirements and obligations	Member must receive certification within two years; submit to voluntary third-party audits; make ongoing efforts to improve their business practices; application fees range from US\$790 to US\$102,000.	Establish and implement a responsible supply chain policy; conduct a supply chain due diligence; apply the initiative's Know Your Counterparty principles.	Engagement in the industry for at least two years; must have three sponsors, two being ICA members; membership fee is US\$600 per annum, with US\$500 initiation fee.

INTERPRETATION OF THE RESULTS AND ASSESSMENT OF THE IMPACTS ON ARTISANAL AND SMALL-SCALE MINERS

The analysis of the responsible sourcing initiatives brings to the fore several shortcomings that pose a challenge for sustainability in the sector. Firstly, the responsible sourcing initiatives that were analysed are disconnected from ASM. All three initiatives were established in gemstone-consuming countries, and not in producing and processing countries where sustainability issues are rife. In target groups, none of the initiatives are targeting artisanal and small-scale miners, but rather well-established businesses and organisations. In addition, the requirements for membership are too stringent for artisanal and small-scale miners. Secondly, the current setup of the responsible sourcing initiatives is instigating selective buying and large-scale mining bias that has already been one of the reasons for

⁸ Responsible Jewellery Council. (2019). Code of Practices. Available from <https://www.responsiblejewellery.com/wp-content/uploads/RJC-COP-December-2019.pdf>.

⁹ The World Jewellery Confederation. (2018). The Responsible Sourcing Book. Available from <http://www.cibjo.org/downloads/19-01-06%20Responsible%20Sourcing%20Book%20.pdf>.

¹⁰ International Colored Gemstone Association. (2022). Code of Ethics. Available from <https://www.gemstone.org/code-of-ethics>.

ASM's informality.¹¹ This bias is creating a notion that consumers should avoid buying coloured gemstones sourced from ASM sites because they were not responsibly sourced. Thirdly, by detaching from ASM, the initiatives are avoiding tackling the main sustainability issues and are only targeting the 'low-hanging fruits' and simply retracing the already clean supply chains.

Although the analysed responsible sourcing initiatives for coloured gemstones might fulfill consumer demands by providing traceable products, the marginalisation of ASM in their designs will have negative impacts on artisanal and small-scale miners, which in turn will perpetuate the sustainability risks in the industry. Detachment from ASM while promoting selective buying will negatively impact the trade of gemstones produced by artisanal and small-scale miners, as evidenced when tanzanite trades declined by 77% after it was banned in the United States due to its alleged link to the 9/11 attack.¹² This severely affected artisanal and small-scale miners, causing a decline in their incomes and depriving them of their livelihoods, pushing them further into poverty and exposing them to forced and child labour. In addition, supply chains that are marginalising ASM are indirectly forcing them to sell their products to smugglers and illicit traders. Furthermore, the large-scale mining bias is stimulating the establishment of new large-scale mines, which means that income is being shifted from artisanal and small-scale miners to large-scale mining companies. The large-scale mines are also likely to cause environmental degradation as huge piles of the earth are displaced to access the gemstones.

CONCLUSION AND RECOMMENDATIONS

The findings of this study indicate that responsible sourcing initiatives in the coloured gemstones industry were designed without a proper understanding of the realities at the extraction level, the actors involved in the industry, and the likely impacts their efforts may have on the ground. Therefore, the study concludes that these initiatives are negatively impacting artisanal and small-scale miners, and in the process, perpetuating sustainability issues in the coloured gemstones industry. The study recommends that governments and other stakeholders should prioritise the formalisation and integration of the ASM sector in their development policies to avoid further sidelining of the sector by industries and consumers. The study also encourages designing of responsible sourcing initiatives that are context sensitive. Lastly, consumers of coloured gemstones should be sensitised to the economic importance of ASM and the challenges faced, and instead of participating in selective buying, to demand companies and governments to formalise ASM. Eventually this will provide the much-needed solutions to the sustainability risks in artisanal and small-scale mining and promote sustainable development of the sector.

¹¹ Hilson, G., Hilson, A., McQuilken, J. (2016). Ethical minerals: Fairer trade for whom? *Resources Policy*, 49, 232-247.

¹² Government of Tanzania. (2001). Tanzania Poverty Reduction Strategy Paper Progress Report.



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