

With no safety equipment, ventilation or even roof supports, accidents are common: Rajaonson Hughes, General Secretary of the Ministry for Energy and Mining estimates that two to three people die each day. Paradoxically the incentives remain high: rumours abound of miners that have found 'the big stone' and moved up the ladder to become patrons themselves, yet in reality such genuine success stories are few and far between.

Instead, temporary village communities spring up around new sites, and mining has become a subsistence economy for those on the lowest rung, albeit with occasional access to western 'luxuries', like soap or cooking oil. These people live completely outside the formal economy, migrating every year or so, utterly dependent on making a find.


These are the same stones that sell in Bond Street and Fifth Avenue, yet lack of access to the market means the miners are as far from the profits as they are from the stores. The lack of communications forces them to rely on an extended network of traders, selling first to a middleman, who will then pass the stones on to either other traders or exporters.

The middleman trade is fiercely protected, and even though Thais or Sri Lankans may own the mines, they do not visit the sites to buy, but will instead be offered first refusal on the day's take and negotiate a price. At each step the stones value will multiply several times. Whereas Malagasy people operate at all stages of the domestic industry, it is virtually assured that a foreign buyer will export the stones to be cut and polished – the stage where the vast majority of the profit will be realised.

As was the case with blood diamonds – the nature of the trade means smuggling is both easy and rife. It is estimated Madagascar loses 95 percent of its stones, with most exporters paying lip service to regulations and taxes, at a cost of around \$180 million in lost revenue. A significant amount for one of the world's ten poorest nations.

Cushman has been working with the Malagasy government to remove some of the bureaucratic hurdles that drive the industry underground. Progress has been made – but with established illegal practices and smuggling routes, allied to the fact that many in the rural police and local government are either corrupt, or have business in the trade, there is little incentive for either miners, or traders to take a legitimate route.

But there is some hope. With the support and investment of the government, the World Bank, and some legitimate exporters, Madagascar is trying to develop a local value-added market, cutting and polishing locally. Still in its infancy, the jury is out on its success.

Sapphire mining should be an important source of much needed revenue for the economy, and has the potential to bring wealth to both the government and the miners. But the challenges for policing gemstones are much more difficult than diamonds, as the international trade is more fractured and diverse. Taking a lead from the pioneering Kimberley Agreement, a triumvirate of interested parties: industry, governments along the supply chain and the final customer, needs to develop new strategies to alleviate the hardship of some of the world's poorest people. 

## SOMALIA AND ETHIOPIA

Harun Hassan and Leslie Lefkow

# Caught



For most residents of Somalia's capital Mogadishu, this has been a catastrophic year. The country's longstanding crisis has moved into a new, chilling cycle of foreign intervention, relentless insurgency and brutal response. People who survived sixteen years of war, statelessness and ruthless warlords are fleeing. Civilians are daily victims of the violence, including mass arrests, targeted killings, indiscriminate bombardment and attacks similar to those common in Iraq – remote-control explosives and suicide bombings – with even less reporting and international attention.