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**Environmental Endowment and Conflict: The Case Of Diamonds in the Democratic Republic of Congo (DRC).**

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Rich natural resource endowment can be a curse rather than a blessing for a developing country, resulting in corruption and conflict over their exploitation and the realization of benefits, the underdevelopment of the country and considerable suffering for the people concerned. This paper aims to examine the role of environmental endowment in the form of diamonds in the continuing conflict and underdevelopment of the Democratic Republic Of Congo, within the context of that country's historical heritage and foreign intervention, and examine the solutions currently proposed.

# **Environmental Endowment and Conflict: the Case of Diamonds in the Democratic Republic of Congo**

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## **1. Introduction**

Natural resources provide the basis not only for basic human needs and well-being but also for economic and social development. The presence and orderly exploitation of economically valuable resources such as minerals has provided the foundations for many countries to develop (such as Australia, South Africa, USA and Botswana), but only if certain (pre-)conditions are met such as well-developed political and commercial institutional infrastructure and systems, political stability, democracy attractive international market prices and favorable trading conditions.

The origin of the current woes of the war-torn Democratic Republic of Congo (DRC) lie in its bloody colonial past and its rich endowment of natural resources. As the private fiefdom of Leopold II of Belgium in the 19<sup>th</sup> century, years of terror broke down traditional communities and created a long-lasting pattern of plunder which continued through the reign of President Mobutu Sese Seko (1965-1997) to the present day. With the advent of the latest conflict in the DRC, illegal exploitation of natural resources developed from mass-scale looting in the first 12 months of the conflict, into systematic and systemic exploitation (UN 2001). A country which has the potential to be one of the wealthiest in Africa, is one of the poorest, ranking 152 on the Human Development Index (UNDP, 2000) and 205<sup>th</sup> in the World Development Report (World Bank, 2001)

### **1.1 The Nature of Diamond Production**

Diamonds are either found in volcanic rock known as kimberlite, which requires mining and is an expensive, capital-intensive operation, or in alluvial deposits when kimberlite disintegrates and the diamonds are carried by river systems and deposited over wide areas including sea-beds. About 74 percent of diamonds are mined from kimberlite formations (in Botswana, Australia, South Africa, Namibia and Canada), where it is easy to control production under tight security. The remaining 26 percent of global production comes from alluvial deposits, found mainly in west and central Africa, Latin America and Asia. Alluvial diamond deposits are spread over wide, frequently remote areas, often exploited by small-scale artisanal diggers using rudimentary technologies. Such production conditions are extremely difficult to regulate, and therefore lead to the problem of "conflict" or "blood" diamonds.

Diamonds are "...small pieces of carbon with no real intrinsic value" (Smillie et al. 2000). The "value" stems from a historical rarity value combined with an intrinsic beauty, reinforced by a cartel which regulated supply and price as supply increased, and perceived as a luxury product associated with "love" through clever marketing.

Globally, production of diamonds has grown from about 300,000 carats in 1870 to 117 million carats in 2001 (Diamond Registry 2002) although these figures may be underestimates due to theft and smuggling. For example, as much as 85 percent of Sierra Leon's diamond production may have been stolen and smuggled in recent years (Smillie et al. 2000, pg 17). Top producers of diamonds are Botswana (25,160,000 carats in 2001), Australia (23,800,000 carats in 2001) and Russia (23,200,000 carats) (Diamond Registry, 2002). With about 18,200,000 carats in 2001, or about 15 per cent of world production the DRC is the world's fourth largest producer of diamonds.

## 1.2 The International Diamond Industry

The international diamond trade has been described as “secretive, iconoclastic, exploitative, and ... still pretty medieval” (Smillie et al, 2000). For about 70 years, this industry was dominated by one company, De Beers, which owns about 40 per cent of diamond mines, produces about 50 percent of the world's gem diamonds and controls most of the international diamond trade by buying 70-80 percent of all diamonds produced. These diamonds are held as buffer-stocks to stabilize global supply and more or less used to set the price of rough diamonds globally. The company's Central Selling Organization (CSO), based in London, manages the buffer-stocks of unpolished diamonds and manipulates both the global supply and demand for diamonds (Smillie et al, 2000, Goreux, 2001).

The CSO purchases diamonds both from De Beers mines as well as from non-De Beers producers, and sells the diamonds at ten annual “sights” (sales) to 160 “sightholders” designated by the company. De Beers packages and prices a mixture of rough gem quality and industrial diamonds into “parcels”, which the sightholders buy, sight unseen, and transport to other cities for either cutting and polishing or for onward sale (Smillie et al, 2000).

However, De Beers' control of world supply and prices for unpolished diamonds and the resulting price stability was costly and benefited other producers who operated outside of the De Beers cartel. In recent years, De Beers has changed its business strategy, from one of aiming to control world production and marketing of unpolished diamonds (horizontal integration) to one of vertical integration from production in its kimberlite mines to transformation into jewelry and marketing under the "De Beers" brand name, preferring to be known as "the Supplier of choice" (Goreux, 2001).

Antwerp is the world center for rough diamonds and the principal market outside De Beers. About 80 percent of rough diamonds and more than 50 percent of polished stones pass through the city. Other major diamond centres are London, Lucerne, New York, Tel Aviv, Johannesburg, Bombay and Dubai and stones often pass through more than one city before being sold to a manufacturer (Goreux, 2001). The Diamond High Council (the Hoge Raad voor Diamant (HRD)) is a non-profit organization and the official voice of the entire Belgian diamond industry with the objective of strengthening Antwerp's position as the world center for diamonds (Smillie et al, 2000).

## 1.3 Conflict or Blood Diamonds

Conflict (or blood) diamonds, defined by the UN as stones mined in territories controlled by rebels and used to finance conflict, were first seen in Angola in the early 1990s, followed by Sierra Leone and the Democratic Republic of Congo later that decade. In the cases of Angola and Sierra Leone, the UN Security Council imposed embargoes on imports of weapons into those countries and on the export of diamonds, as well as the establishment of sanctions committees (Goreux, 2001). No such sanctions have yet been imposed in the case of the Democratic Republic of Congo.

The characteristics of alluvial diamonds make them highly desirable and ideal for rebel forces to finance their activities and benefit financially. As already mentioned, the widespread nature of deposits, often found in remote areas and exploited by poor unemployed artisanal producers using basic equipment makes it difficult to regulate production. In addition, the small size but high value of diamonds makes them very easy to transport and smuggle. Lastly, it extremely

difficult to identify where diamonds originate from. These factors make it difficult to police the trade in conflict diamonds.

A number of characteristics of the Belgian diamond industry facilitate the smuggling and illegal marketing of diamonds such as conflict diamonds, and inhibit tracking their real source:

- Neither the Government of Belgium or the HRD have data estimating the quantity or source of smuggled diamonds (i.e. those entering Belgium without being declared to customs officials, and which are not licensed for import by the Ministry of Economic Affairs and the HRD Diamond Office).
- Belgium has few active policies to control diamond smuggling.
- The HRD documents diamonds as originating from the last country of export, even if these are non-diamond producing countries such as the UK.
- It is the HRD, the industry representative, which monitors diamond imports and exports for the Belgian government.

Resulting anomalies due to these factors include substantial imports of diamonds documented as originating from countries which have no diamond deposits such as Rwanda and Uganda, two key players in the Democratic Republic of Congo conflict. Diamond exports from these two countries have only occurred in the last few years, coinciding with their occupation of eastern DRC (UN, 2001).

## **2. The Conflict in the Democratic Republic of Congo**

The Democratic Republic of Congo (formerly Zaire) has a complex and turbulent history. The most recent conflict stems from 1994-95 when refugees from the civil conflict in neighboring Rwanda spilled over into eastern Zaire. In 1996, fighting between the Zairian forces of Mobutu Sese Seko and the rebel Alliance of Democratic Forces for the Liberation of Congo-Zaire (AFDL), led by Laurent Désiré Kabila and supported by Angola, Rwanda and Uganda, resulted in the conquest of eastern Zaire. Laurent Kabila and the ADFL went on to consolidate power over the whole of Zaire in 1997, Mobutu left the country for medical treatment, Kabila named himself President and renamed Zaire the Democratic Republic of Congo.

Further conflict flared up in 1998 when Kabila tried to expel Rwandan troops that had remained in the Democratic Republic of Congo after his victory. Rebels backed by Rwanda and Uganda, and some mutinous Congolese troops tried to overthrow the Kabila government, which was supported by troops from Angola, Namibia and Zimbabwe. At this time in 1998 the rebels took control of much of the eastern Democratic Republic Of Congo. However in 1999, rifts emerged between the rebels backed by Rwanda (the Rally for Congolese Democracy or RCD) and those backed by Uganda (the Congolese Liberation Movement or MLC).

The six African countries involved in the war (Democratic Republic Of Congo, Angola, Namibia, Zimbabwe, Rwanda and Uganda) signed a ceasefire accord in 1999, followed by the RCD and MLC. In 2000, the UN Security Council send a 5,500 strong UN force to monitor the ceasefire (MONUC), but fighting continued between rebels and government forces as well as between Rwandan and Ugandan forces. President Laurent Kabila was assassinated by his bodyguard in January 2001, and succeeded by his son Joseph Kabila.

In 2002, the government of Joseph Kabila signed peace deals with Rwanda, which agreed to pull its troops out of eastern Democratic Republic Of Congo, and the Democratic Republic Of Congo agreed to disarm and arrest Hutu gunmen involved in the 1994 genocide in Rwanda. A peace accord with Uganda was also signed, under which Ugandan troops would also pull out of DRC. Local rebel groups took advantage of the vacuum left by the Rwandan and Ugandan troop pull-out in eastern DRC. In December 2002 a peace deal was signed between the Kabila government and main rebel groups, whereby rebels and members of the political opposition were given portfolios in an interim government (see also Chronology of Key Historic events in Appendix 2).

## **2.1 Conflict and Natural Resource Exploitation**

This most recent phase of illegal exploitation of natural resources by foreigners started in about 1996, when the AFDL conquered eastern and south-eastern Zaire, backed by Angolan, Rwandan and Ugandan soldiers. Laurent Kabila signed contracts with foreign companies and "new businessmen" appeared in the eastern DRC who spoke only English, Kinyarwanda and Kiswahili (UN 2001).

In July 2000 the UN Security Council appointed a Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo. The Panel issued its first report in April 2001, and a second updated report in October 2002. In its first report, the Panel found two phases of illegal exploitation of mineral and forest resources: mass-scale looting of stockpiles in conquered territories, followed by the systematic and systemic exploitation using existing systems of controls established by Rwanda and Uganda. Key actors included top army commanders and businessmen as well as government structures. The Panel also found a link between the illegal exploitation of natural resources and the continuation of the conflict in the Democratic Republic of Congo (UN, 2001).

The first report of the Panel found evidence that at least 3 of the countries involved in the occupation of Democratic Republic Of Congo (Uganda, Rwanda and Burundi) were profiting from the illegal exploitation of natural resources such as diamonds (see Boxes 1, 3 and 4.). The illegal exploitation of natural resources by Ugandans and Rwandans differ. Ugandans, mainly top army commanders, have been implicated in exploiting resources of the Democratic Republic of Congo using their hold over collaborators and officials in rebel movements, with the knowledge of the political establishment in Kampala. In the case of Rwanda, there seems to be a "pyramidal and integrated structure coupled with the strict discipline of the group" resulting in "more systemic, efficient and organized" exploitation of resources in the Democratic Republic of Congo. There also appear to be "bridges" between Rwandan and RCD rebel structures, indicating Rwandan involvement in decision making (UN, 2001).

Illegal exploitation of wealth in the occupied regions of DRC has become total, with the occupying forces creating monopolies and fixing prices for both locally produce and the supply of imported consumer and other goods (see Box 1). Some rebels have also been implicated in the production and introduction of counterfeit Congolese francs into the local economy, collecting taxes, and use of child labour (UN, 2001)

### **Box 1: Diamond exploitation in the Rwanda-controlled area**

"The diamond market was the prize Rwanda fought Uganda to have for its own. After the last clash in Kisangani in June 2000, RPA worked through the RCD-Goma administration to funnel all the diamonds in Kisangani through the (RPA) Congo Desk control. The technique was to oblige all local diamond traders to sell to one principal *comptoir* holding exclusive export rights."

"The controversial "conflict" diamonds from Kisangani are marketed by criminal networks. Proceeds from these sales are laundered by the purchase of large quantities of household goods in Dubai - sugar, soap, cloth and medicines - which are then imported to the Democratic Republic of Congo and offered to local sellers at attractive prices. The Rwandan wholesalers use the profits in Congolese francs to buy dollars and, to close the trade circuit, to purchase diamonds."

This way of laundering the revenues from diamond sales has had the effect of undermining and ruining local manufacturing, driving previously flourishing enterprises out of businesses and bringing the local Kisangani economy under Rwanda's control.

Source: UN 2002, page 17

In its second report, the Panel looked at the Democratic Republic of Congo in three parts based on the actors and "elite-networks" involved in the continued exploitation of natural resources, namely the Government-controlled area, the Rwanda-controlled area and the Uganda-controlled area (see Box 2 for characteristics of these elite networks). The Panel found that the original conflict had degenerated into "overlapping microconflicts" over natural resources and associated revenues, which have "...built up a self-financing war economy centred on mineral exploitation." (UN, 2002).

### **Box 1: Characteristics of the "Elite" Networks involved in illegal natural resource exploitation in the DRC**

1. "The networks consist of a small core of political and military elites and business persons and, in the case of the occupied areas, selected rebel leaders and administrators. Some members occupy key positions in their respective Government or rebel groups.
2. Members of these networks cooperate to generate revenue and, in the case of Rwanda, institutional financial gain.
3. The elite networks ensure the viability of their economic activities through control over the military and other security forces that they use to intimidate, threaten or carry out selected acts of violence.
4. The networks monopolize production, commerce and fiscal functions.
5. The elite networks maintain the façade of rebel administrations in the occupied areas to generate public revenues that they then divert into the networks, thereby depleting the public treasury.
6. The elite networks derive financial benefit through a variety of criminal activities including theft, embezzlement and diversion of "public" funds, undervaluation of goods and assets, smuggling, false invoicing, non-payment of taxes, kickbacks to public officials and bribery.
7. The elite networks form business companies or joint ventures that are fronts through which members of the networks carry on their respective commercial activities.
8. The elite networks draw support for their economic activities through the networks and "services" (air transport, illegal arms dealing and transactions involving natural resources of the Democratic Republic of Congo) of organized or transnational criminal groups."

Source: UN 2002, pages 6 and 7.

The UN Panel identified a number of strategies used to generate revenues for the different elite networks through illegal exploitation of natural resources such as diamonds:

1. Asset stripping of state mining companies
2. Control of procurement and accounting
3. Organized theft (See Box 3)
4. Using a corporate façade as a cover for criminal activities
5. Requisitioning funds from public enterprises such as utilities and parastatals.

**Box 3: Organized theft of diamonds in the Government-controlled area**

"The state-owned Société Minière de Bakwanga (MIBA) diamond company has been plundered by a management that condones widespread theft by company insiders. Three theft-rings operate in the MIBA compound known as the *polygone*. The first of these rings was organized and operated by 48 Zimbabwean soldiers who had been stationed at five different locations throughout the large mining site. Zimbabwean military personnel allow groups of people to enter the *polygone* and dig for diamonds, and in exchange receive compensation in the form of money and diamonds.

A second theft ring is operated by the Brigade Minière or provincial mining police, who are trained to guard the mine. Previously sacked for theft, Brigade Minière Commander ..... has returned in force. In exchange for protection, the Commander receives sacks of diamond-rich gravel. However, the diamond-diggers are often caught in exchanges of fire between the Brigade Minière and the Zimbabweans in their efforts to control the diamond thefts.

These losses are probably modest compared to the losses from a third theft ring that involves high-level MIBA managers and occurs inside the cleaning, sorting and classification operation facility. The thefts include gem and near-gem production. About 50 per cent of all company revenues are generated by the 3 to 4 per cent of gem or near-gem production. The drop in revenues resulting from theft has been estimated at about 25 per cent of total revenue, roughly US\$25 million per annum. Under pressure from its creditors, MIBA was obliged to engage the services of ..... a private security firm, which determined that a criminal syndicate was operating inside the classification operation."

Source: UN 2002, page 11

## **2.2 Diamond Production in the Democratic Republic of Congo**

The importance of the diamond sector in the economy of the Democratic Republic of Congo should not be underestimated, it contributed 70.9 percent of the value of exports in 1999, valued at US\$520 million and the principal source of the country's revenue (Daito and Lumbi, 2001). The value of diamond production in 1999 was estimated at US\$725 million, with an average price of US\$33 per carat, half the world average per carat because of the high proportion of lower value industrial diamonds (Goreux, 2001).



**Table 1: Diamond production in the Democratic Republic of Congo 1995-2001**

<b>Year</b>	<b>Millions of Carats</b>
1995	17.0
1996	20.6
1997	22.2
1998	15.0
1999	21.1
2000	17.3
2001	18.2

Source: 1995-1998 Smillie et al, 2000, 1999-2001 Diamond Registry, 2002.

Diamond production in the Democratic Republic Of Congo is centred on the Provinces of Kasai Orientale and Kasai Occidental both in the south of the country (see Map). Most diamond mining is in government-controlled territory, with the only industrial mine operated by Société Minière de Bakwanga (MIBA<sup>1</sup>) and widespread artisanal mining in the Kasai region. In government-held areas the purchase of raw diamonds was nationalized and foreigners banned from diamond producing areas. The monopoly on the purchase of raw diamonds is handled by a joint-venture company (Goreux, 2001). Outside the government-controlled area, diamonds are found in Kisangani, under Rwanda-control and in Buta and Isiro under Ugandan-control (see Boxes 1 and 4).

It has been estimated that between 2.8 and 3 million people lived directly and indirectly from diamonds in the DRC, and the diamond industry used to provide substantial social and infrastructural services in the areas where it is based. For example, MIBA managed two hospitals, and financed a number of social projects such as primary and secondary schools around Mbuji-Mayi (Daito and Lumbi, 2001). However, the continuing conflict and diversion of funds from government and state companies has resulted in the disappearance of the public sector, collapse of services such as clean water provision, unpaid salaries to soldiers and the government sector, which has precipitated a collapse in the urban economies of Mbuji Mayi, Kananga and to a lesser extent Lubumbashi (UN, 2002).

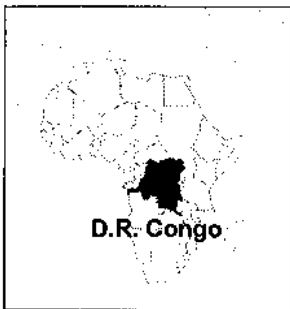
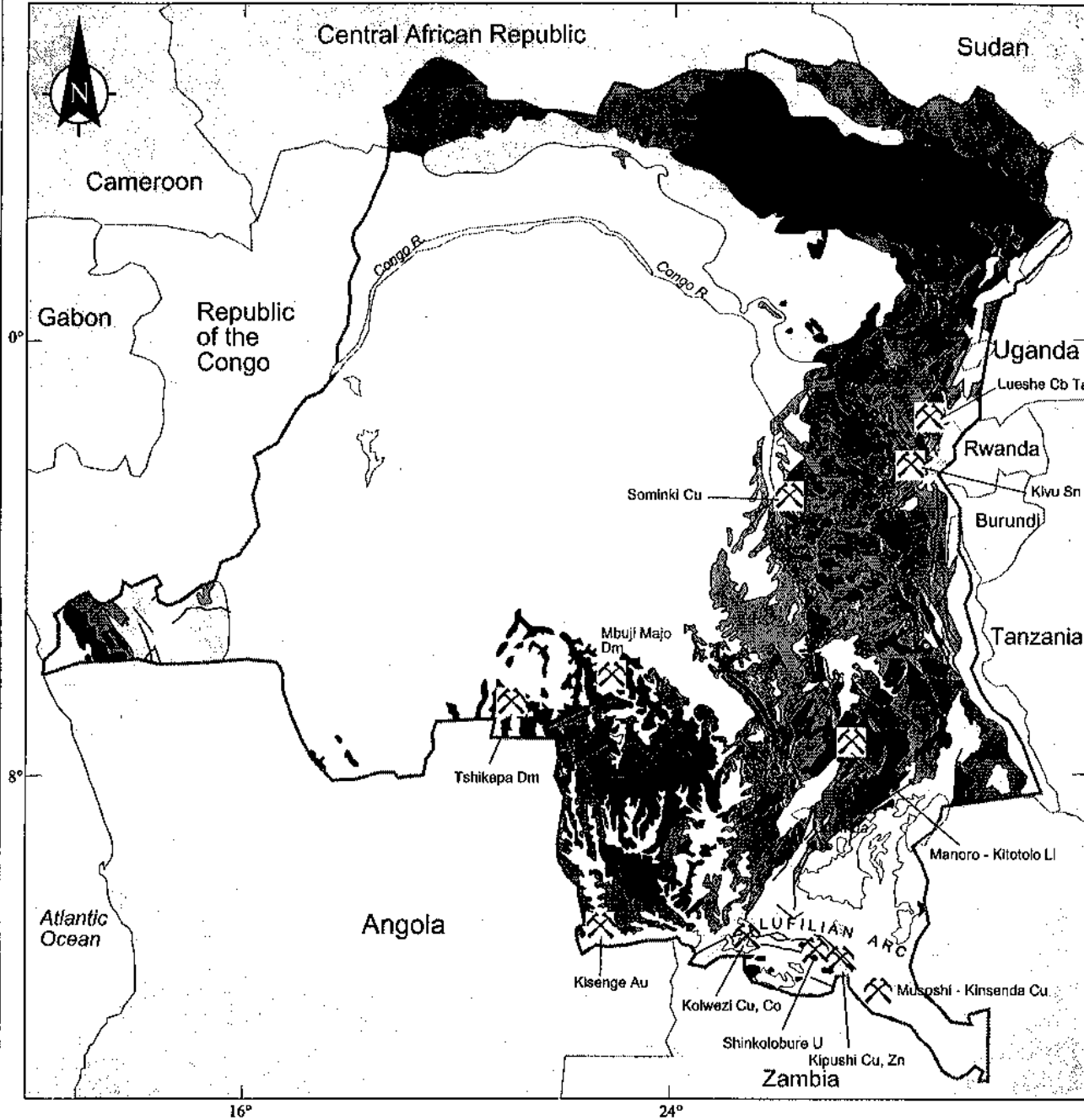
**Box 4: Diamond exploitation in the Uganda-controlled area**

In the area controlled by Uganda, diamond-rich areas are found around Buta and Isiro, controlled by the RCD-Nationale rebel group. The elite network in this area controls all elements of the diamond trade, from local buying houses, through army protection, tax exemption, export and connections in Antwerp under the aegis of a front company. Some of the individuals concerned have been implicated in activities such as counterfeit currency and money laundering as well as diamond smuggling.

UN, 2002.

<sup>1</sup> Société Minière de Bakwanga (MIBA) is 80% owned by the Government and 20% by SIBEKA, an **filiale** of Société Générale de Belgique, which is now a part of Groupe Indosuez (Daito et Lumbi, 2001)

# Democratic Republic of Congo Geology



Symbol Legend	
	Normal fault
	Geological Boundary
	Working mine

Geology Legend		
	Post "Karoo"	Tertiary to Recent continental clastic sediments
	"Karoo" Equivalent Series	Mid Carb to Triassic continental clastic sediments and volcanoes
	Upper Proterozoic	Sandstones, limestones and shales of the Kundelungu Supergroup
	Middle Proterozoic	Psemmites and pelites
	Lower Proterozoic	Metamorphosed clastic sediments and carbonites
	Archaean	Undifferentiated gneiss and intrusives
	Archaean Greenstone	Metasediments and Metavolcanics

## 2.3 Transit and end-user issues

The transport and marketing of illegally exploited natural resources such as diamonds is key to continuation of their exploitation (see Box 5). There are 11 African states through which such resources could pass, four of which are directly involved in the conflict (Burundi, Rwanda, Uganda and Zimbabwe). Of these 11 countries, none of the seven which responded to a request for information from the Panel had procedures or plans to investigate commodities from the DRC transiting through their countries to identify conflict goods (UN, 2002)

### **Box 5: Diamonds and transit trade issues**

"Reliable sources have told the Panel that gem diamonds from Mbuji Mayi in the Democratic Republic of Congo account for much of the phenomenal increase in diamonds transiting through Dubai in recent years. Exports from the United Arab Emirates to Antwerp increased to US\$149.5 million in 2001 from US\$4.2 million in 1998 according to the Diamond High Council's statistics. The Panel has been told of chartered flights direct from Mbuji Mayi to Dubai, and other routes via Dar es Salaam, on which illicit diamond exports have been carried. Likewise, Dubai has become a transit point for coltan from the Uganda-controlled area and a portion of diamonds originating from Kisangani in the Rwanda-controlled area."

Source: UN 2002, page 26

Efforts at the marketing and consumer end of the commercial chain are key to controlling the continuing exploitation of conflict resources from the DRC, and ending the conflict. While there is concern in end-user countries that measures to do this must not interfere with legitimate trade in primary products or impose excessive burdens on those countries, there are a number of initiatives which should contribute towards halting or reducing such exploitation.

The Kimberly Process is an industry scheme to certify diamonds as "conflict-free" which entered into force on 1 January 2003. Producer-countries such as the DRC will issue the certificates, but the effectiveness of the scheme depends on all producer countries being members, and independent monitoring of the conflict-free certificates, which is not currently part of the scheme. Without proper policing of the new scheme, such certificates could become part of the problem in a country such as the DRC with no proper government control, and the smuggling and conflict would continue.

Other measures which exists in relation to business activities in some countries are the OECD Guidelines for Multinational Enterprises, the European Commission's Green Paper on Social Responsibility and the United Nations Global Compact. Regional and intergovernmental organizations such as the Southern African Development Community (SADC), the African Union (AU), the Economic Commission for Africa (ECA), the World Customs Organization and the World Trade Organization might also have a role to play in transit and end-user matters.

### 3. Towards a Solution

#### 3.1 The Peace Process

A number of initiatives occurred in 2002 aimed at bringing peace to the Democratic Republic Of Congo. In April the Kinshasa government signed a power-sharing deal with the Ugandan-backed MLC rebels, under which the MLC leader Jean Pierre Bemba would be premier, but this deal was rejected by the Rwandan-backed RCD rebels. President Kabila then signed peace deals with the Presidents of Rwanda in July and Uganda in September, under which the two countries agreed to withdraw their troops from the eastern Democratic Republic Of Congo. In September-October these two countries said their troops had been withdrawn, but local militias took advantage and filled the vacuum left by the departed Rwandan and Ugandan troops. UN-sponsored talks began in South Africa on a power-sharing plan between the Kinshasa government and the two main rebel groups (RCD and MLD). In December 2002, a peace deal was signed in Pretoria, South Africa between the Kinshasa government and the main rebel groups, under which rebels and members of the political opposition were given portfolios in an interim government. There have however been outbreaks of fighting in early 2003.

#### 3.2 Origins of the Conflict: Grievance or Greed?

Any lasting solution to the civil conflict in the Democratic Republic of Congo fuelled by the illegal exploitation of diamonds and other natural resources must address the real causes of the civil conflict itself. Therefore whether the conflict is based on real grievances or on greed fueling the exploitation of natural resources, which in turn continues the conflict, is key to any solution (see Box 6).

##### **Box 6: Causes of Conflict: Grievance or Greed?**

Civil conflict was far more common than international conflict in the second half of the 20<sup>th</sup> century. Political science tends to explain conflict in terms of motive or *grievance* based resentments, hatred or inequalities, which form the basis for such conflicts, whereas economic theory tends to regard conflict as an industry which generates profits, in other words in terms of *greed* or opportunity to exploit economically valuable natural resources .

Recent quantitative research tried to explain the causes of recent civil conflicts by examining 78 civil conflicts over the period 1960-99, and a number of explanatory variables associated with grievance and greed. This work suggests that grievance has much less to do with most civil wars, rather it is the greed factor which is most strongly correlated for a number of reasons. Whereas many rebels often portray themselves as fighting against genuine grievances, contrary to popular perception, this economic analysis portrays them as more analogous to organized crime, banditry or piracy, "Rebellion is large-scale predation of productive economic activities."

In many ways the economic theory of conflict argues that the real motivation for conflict (grievance, greed or lust for power) is not important, without the possibility to sustain that conflict. This study also argues that it is not possible to tell the real motivation for rebellion from rebel discourse, and sometimes such discourse is contrary to the rebels behavior, for example when rebel demands are met but they are not satisfied and make more demands.

The study identified the following risk factors as being associated with civil conflict include:

1. The export of primary commodities contributing a substantial share of GDP, with 26% primary commodity dependence being the most dangerous level.
2. Geographical characteristics – a highly geographically dispersed population is harder for the government to govern. The Democratic Republic of Congo, with 52 million people (22.5 persons per sq. km.) has a 50% risk of conflict due to geographical characteristics alone.
3. Historical characteristics – the most important of these include a recent civil war, and the size of a country's diaspora. There is a 40% chance of further conflict immediately after the end of hostilities, which decreases by about 1% for each year of peace. A large diaspora overseas also appears to increase the chance of conflict

reoccurring and being sustained.

4. Economic opportunities, or lack of them, are associated with civil conflict, with key variables such as lack of education, fast population growth and economic decline.
5. Ethnic and religious composition. The risk factor doubles where any one ethnic group constitutes between 45% and 90% of the population, whereas ethnic and religious diversity appears to make a country safer.

Factors such as inequality of incomes or assets, or a lack of democratic rights were not found to affect the risk of conflict. With the exception of ethnic dominance by one group over another, societies with diverse ethnic and religious beliefs appear to be more stable and safer than homogenous societies, possibly because diversity makes rebellion more difficult.

Collier argues that conflict is not caused by divisions, but rather it actively needs to create them, and "...that where rebellions happen to be financially viable, wars will occur. As part of the process of war, the rebel organization must generate group grievance for military effectiveness. The generation of group grievance politicizes the war. Thus, the war produces the intense political conflict, not the intense political conflict the war." For example the Democratic Republic Of Congo is a highly ethnically diverse society, but President Laurent Kabila used one common characteristic, that they were all Bantu, to forge diverse ethnic groups into a common fighting group against the Tutsis, who are not Bantu, manufacturing both the grievance and the group (Collier, 2000).

This statement and some of the findings of this work is supported by a study linking the civil war in Sierra Leone with diamond exploitation "The point of the war may not actually have been to win it, but to engage in profitable crime under the cover of warfare." (Smillie et al, 2000).

These findings have important implications because of the environmental or natural resource dimension of many conflict situations, in terms finding solutions to the real cause of the conflict.

Source: Collier 2000, Collier and Hoeffler, 2001.

### 3.3 Recommendations

In its second report, the Panel of Experts made a very comprehensive set of recommendations to address and end the conflict in the Democratic Republic of Congo and other neighboring Great Lakes countries, covering immediate assistance (peace dividend), institutional reforms and financial and technical measures to be considered in the case of non compliance (see Table 2).

**Table 2: Recommendations for the DRC by the UN Panel of Experts**

Broad Area	Initiative	Objective
Peace Dividend (initiatives for reconstruction and sustainable development)	<b>Quick-disbursement of aid</b> for the DRC and other Great Lakes countries involved in the conflict, for reconstruction and rehabilitation	To create jobs, rebuild infrastructure and improve conditions for the local population in areas such as education, health, water and sanitation.
	<b>Regional economic integration</b> and trade through a multilateral framework agreement	To reorient the regional trading system to post-conflict imperatives, promote regional economic integration, marginalize criminal and military-driven trade in favour of legitimate commercial development that is transparent and growth-oriented

<b>Institutional Reforms</b>	<b>Capacity-building for State institutions</b> to retrain and professionalize the entire national security apparatus, including military and intelligence, law enforcement and regulatory bodies such as customs, revenue authority, immigration and natural resources agencies.	To enable a legitimate transitional government to control the country's borders and natural resources without foreign intervention
	<b>Promoting legitimate and accountable civil administrations</b> in the eastern DRC through a comprehensive economic and social development programme	Transition to a legitimate civilian administration capable of providing security and law-enforcement.
	<b>Good governance in the DRC</b> and its compliance with peace agreements linked to disbursement of development assistance.	To ensure that the Kinshasa government adheres to the peace agreement signed with Rwanda and Uganda, as well as its commitments to democratization and to curbing the illegal exploitation of its natural resources.
	<b>Reform of natural resource sectors</b> (mining and forestry) including review of all concessions and contracts signed during both wars.	To establish the validity of economic and financial agreements. For the rehabilitation of the mining and forestry sectors and sustainable revenue generation.
<b>Financial and technical measures</b> (in case of non-compliance with agreements and continuation of illicit and illegal exploitation of natural resources)	<b>Governments</b> of the countries where individuals, companies and financial institutions involved in illegal activities are based have the power to regulate and sanction through national legislation.	To investigate and prosecute illegal traffickers.
	<b>Reducing Official Development Assistance.</b> Aid disbursements to Burundi, Rwanda, Uganda and Zimbabwe could be made conditional on their compliance with the peace process and verification of measures taken to halt illegal and illicit exploitation of resources.	To promote peace and good governance
	<b>Restrictions on business enterprises and individuals</b> through travel bans, freezing of personal assets, barring companies or individuals accessing banking facilities, funding or engaging in commercial activities.	To stop these enterprises or individuals from contributing revenues to the elite networks, and thereby contributing to the ongoing conflict and human rights abuses.
	<b>Adherence of businesses to the OECD Guidelines</b> for Multinational Enterprises	To reduce demand for conflict goods and promote socially responsible business practices.
	<b>Regional organizations</b> have many important roles to play such as regional integration through the East African Community, re-establishing historical and legal trading patterns, improving customs and trade monitoring mechanisms, and improving air-traffic control mechanisms in the Great Lakes region.	To promote post-conflict peace-building and co-operation.

	<b>Monitoring commodity trade</b> from conflict areas could be done using specialized industry organizations such as the Tantalum Niobium International Study Centre, the International Coffee Federation, and the International Gold Council together with UNCTAD.	The resulting data could be the basis of policing trade in commodities from conflict areas.
	<b>Implementing the Kimberly Process</b> , agreed to by the main diamond producing and consuming countries, requires universal participation and internal controls from extraction to exportation to be effective.	Aims to certify diamonds as "conflict-free" by the producing-country government.
	<b>Protecting timber and forestry products</b> through the work of intergovernmental and non-governmental organizations at regional and international levels.	To halt illegal logging and certify timber as "conflict-free".
	<b>Halting trade in endangered species</b> by supporting implementation of the Lusaka Agreement on Cooperative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora.	To control and ultimately eliminate loss of biodiversity.
<b>Monitoring</b>	<b>A Monitoring Process</b> should be established.	To monitor progress in implementing all the recommendations made, and halting illegal and illicit activities, including non-compliance, as well as the humanitarian impacts.

### 3.4 Discussion

This paper has attempted to a brief but comprehensive overview of the complex conflict situation in the DRC, without being able to go into great detail. What seems clear is that, regardless of the origins of the conflict in this country, its continuation is based on greed fuelled by the opportunity to illegally exploit the country's vast natural resource endowment, resulting in immense human suffering of the local population. The numerous parties involved, have evolved from crude looting to sophisticated, multi-faceted and deeply entrenched networks of exploitation and control over the resources and the associated populations.

A peace agreement is in place, and although the scale of conflict has declined since the withdrawal of foreign troops in 2002, there are still many rebel militias and signs that this fragile peace may not hold. In addition, the peace deal does not address some of the key economic issues behind the conflict, and has no timetable for demobilization of armed groups and their integration into the army and police force; key pre-requisites for ending the armed conflict.

A comprehensive package of recommendations has been made to re-establish government authority and control over the country and its endowment of valuable natural resources for the benefit of the population of the DRC, but little or no progress has been made in implementation. Any solution to the conflict must be comprehensive and all-embracing, involving the agreement and participation of all the parties involved both within the country, the Great Lakes sub-region and all neighboring countries involved in some way. But the solution also needs to actively target the commercial aspects of the conflict, which work to sustain it. This means along the whole chain from producer to consumer.

In the case of diamonds the Kimberly Process of certification has been launched to certify diamonds as "conflict-free". However, this scheme has its flaws and will only succeed if it has universal membership by producers, and an independent monitoring programme. Without these two elements, it is open to abuse, particularly where there is a lack of governance and oversight. In addition, the international diamond industry itself lacks transparency in the way it operates, which facilitates the illegal marketing of conflict diamonds. It is too early to pass judgement on the Kimberly Process, but without addressing the highlighted shortcomings in the process as well as reform and greater transparency within the international diamond industry it is less likely to succeed.

One area that has not been addressed in the search for a solution to the situation in the DRC is that of the use of traditional structures and institutions in relation to the restoration of governance and the management of local resources. Although it seems that such traditional structures were badly affected by the waves of violence and exploitation associated with the DRC's historical past, once sustained peace is achieved this area should be explored further to encourage sustainable exploitation of resources by and for the local population.



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### Abbreviations

AFDL	Alliance of Democratic Forces for the Liberation of Congo-Zaire, led by Laurent-Désiré Kabila
AU	African Union
CSO	Central Selling Organisation
HRD	The Diamond High Council (the Hoge Raad voor Diamant)
MIBA	Société Minière de Bakwanga
MLC	Congolese Liberation Movement, headed by Jean-Pierre Bemba.
MONUC	United Nations Organization Mission in the Democratic Republic of Congo
RCD	Rassemblement congolais pour la démocratie (Rally of Congolese Democracy)
RPA	Rwandan Patriotic Army
SADC	Southern African Development Community
UPDF	Ugandan People's Defence Forces
UNCTAD	United Nations Conference on Trade and Development

## Chronology of Key Historic events in the Democratic Republic Of Congo<sup>2</sup>

- 19<sup>th</sup> century King Leopold II of Belgium colonises the Congo basin in the 1870s. European powers recognise Leopold's claim to this area at the Conference of Berlin (1884-85). Belgians conquer Katanga (1881-82) and then Eastern Congo (1892-94)
- 1960 Belgian Congo granted independence from Belgium, Patrice Lumumba is elected Prime Minister, and Joseph Kasavubu President of the renamed Democratic Republic of Congo
- 1965 Lieutenant General Mobutu, Commander in Chief of the Army, seized power and declared himself President
- 1970 President Mobutu Sese Seko renamed the Democratic Republic Of Congo the Republic of Zaire
- 1994-95 Refugee crisis due to war in neighbouring Rwanda changed sub-regional population dynamics and created a security situation along the border between Zaire and Rwanda
- 1996 Tensions from neighboring Rwanda spilled over to eastern Zaire. War between Zairian forces and the Alliance of Democratic Forces for the Liberation of Congo-Zaire (AFDL), led by Laurent Désiré Kabila and supported by Angola, Rwanda and Uganda, resulted in the conquest of eastern Zaire.
- 1996 Illegal exploitation of resources by foreigners aided by the Congolese army began with the first “war of liberation” as the AFDL conquered eastern and south-eastern Zaire, backed by Angolan, Rwandan and Ugandan soldiers.
- May 1997 Peace talks between Mobutu and Kabila failed, Mobutu left the country and Laurent Désiré Kabila named himself President, consolidating power around himself and the AFDL. Zaire was renamed the Democratic Republic of Congo.
- Aug. 1998 President Kabila tried to expel Rwandan troops that had remained in the Democratic Republic Of Congo after his victory. Fighting broke out between the Congolese army and Rwandan and Ugandan troops, in northern, western and eastern parts of the Democratic Republic Of Congo. Congolese were assisted by Angolan, Namibian and Zimbabwean, Sudanese and Chadian troops CHECK. The Congolese army mutinied, and the mutiny in Kivu Province turned into a drive to overthrow the government. Opposing the Kabila government were the Rally for Congolese Democracy (RCD), Rwanda and Uganda, while the Movement for the Liberation of Congo (MLC) emerged later. Defending the Kabila government were the former Rwandan army (ex-FAR)/Interahamwe militia, Angola, Namibia, Chad, Zimbabwe and the Congolese army (FAC).

<sup>2</sup> Compiled from UN Report, Background Notes: DRC, US Department of State, January 2000, and BBC 2002..

- January 2001 President Laurent Désiré Kabila was assassinated, and his son Joseph Kabila became President.
- April 2002 Talks aimed at bringing an end to the Democratic Republic Of Congo's 4 year old war fail, apparently blocked by the Rwandan-backed Rally for Congolese Democracy (RCD-Goma)
- July 2002 Peace accord signed between Presidents of DRC and Rwanda, Rwandan troops to leave DRC, and DRC agrees to disarm and arrest Rwandan Hutu gunmen implicated in the 1994 genocide.
- Sept. 2002 Peace accord signed between Presidents of DRC and Uganda, and Ugandan troops to leave DRC.
- Sept/Oct 2002 Ugandan and Rwandan forces withdraw from eastern DRC.
- Dec. 2002 Peace deal signed in Pretoria, South Africa, between the government in Kinshasa and the main rebel groups (RCD and MLC). Rebels and members of the political opposition are given portfolios in an interim government.