



# RESOURCE–CONFLICT LINKS IN SIERRA LEONE AND THE DEMOCRATIC REPUBLIC OF THE CONGO

RUBEN DE KONING

## I. Introduction

Over the past two decades much attention has been paid to the role of natural resources in post-cold war conflicts in Africa. In particular, forested countries in West Africa have demonstrated a ‘paradox of plenty’, in which dependence on the extraction of and trade in high-value natural resources has contributed to economic and state decline and aided rebel group mobilization. While it is debated to what extent and under which conditions abundant resources in Africa increase the risk of conflict, it is clear that resource governance should form an intrinsic part of peacemaking and peacebuilding on the continent.<sup>1</sup> Indeed, various national and international efforts have been implemented to this end, both during and after conflict. Examples include resource-specific export bans, possibly supported by peacekeepers on the ground; private–public certification schemes, such as the Kimberly Process for diamonds;<sup>2</sup> negotiated revenue-sharing agreements with belligerents; and more long-term legal reforms to clarify property rights and root out illicit resource extraction and trade.

Although there is a growing repertoire of resource-related policy instruments and initiatives to end war, their success in achieving long-term peace is disputed for a number of reasons. Strategies to impede the trade in so-called conflict commodities are criticized for overemphasizing the economic dimensions of war and neglecting belligerents’ political grievances.<sup>3</sup> In add-

<sup>1</sup> See e.g. United Nations, Office of the Special Adviser on Africa, ‘Natural resources and conflict in Africa: transforming a peace liability into a peace asset’, Conference Report, Expert Group Meeting, 17–19 June 2006, Cairo, <<http://www.un.org/africa/osaa/reports.html>>.

<sup>2</sup> The Kimberley Process is a negotiating process involving states and non-state actors such as non-governmental organizations and the diamond industry to establish and monitor minimum acceptable international standards for national certification schemes of import and export of rough diamonds. The standards are laid out in the 2002 Interlaken Declaration. This voluntary declaration has been signed by 48 states, including most diamond exporting and importing countries. Interlaken Declaration of 5 November 2002 on the Kimberley Process Certification Scheme for Rough Diamonds, <<http://www.kimberleyprocess.com/documents/>>.

<sup>3</sup> Keen, D., ‘Incentives and disincentives for violence’, eds M. Berdal and D. M. Malone, *Greed and Grievance: Economic Agendas in Civil War* (Lynne Rienner: Boulder, CO, 2000), pp. 19–41; and Jackson, S., ‘Protecting livelihoods in violent economies’, eds K. Ballentine and H. Nitzschke, *Profiting from Peace: Managing the Resource Dimensions of Civil War* (Lynne Rienner: Boulder, CO, 2005).

## SUMMARY

● Resource revenues have proven to weaken and corrupt several governments in West and Central Africa. In turn, rebel groups are often able to finance their struggles by tapping into resource sectors. This so-called ‘resource curse’ scenario has inspired national and international policies and interventions aimed at defusing resource driven war economies and at restoring natural resource governance.

This paper focuses on policies and interventions targeted at the mining sectors of Sierra Leone and the Democratic Republic of the Congo (DRC). It finds that, in general, blocking rebel groups’ access to resources resulted in better outcomes for peace than using resources to accommodate rebel parties, but that the means and political will to do so fell short in the DRC.

It argues that although mining sector legal reforms are necessary elements of both countries’ reconstruction, it remains questionable whether such reforms alone can guarantee stability.

It demonstrates that current legal reforms fail to accommodate artisan miners and the local communities they support. Unless their property rights are secured, patterns of labour exploitation, expropriation and marginalization will continue and jeopardize the current level of peace achieved in both countries.



ition, post-conflict legal reforms in resource sectors tend to strengthen the grip of central authorities over resources, at the expense of local resource-users who have no legal documents to prove their claims.<sup>4</sup> In addition, the use of positive incentives—such as granting belligerents' control over and access to resource-rich areas, revenues, businesses or key government positions—is controversial. In a way, such incentives reward violence and possibly incite new rounds of violence by those who feel insufficiently accommodated.<sup>5</sup>

This paper investigates the peacebuilding potential of resource-governance strategies adopted in and towards mining sectors in Sierra Leone and the Democratic Republic of the Congo (DRC). Mining has been responsible for much of these countries' post-colonial growth, but also for their downfall during the 1990s. Diamonds are the dominant resource in Sierra Leone, while the DRC harbours a variety of valuable resources, among which its metals contribute most to official foreign export earnings. Both countries' mining sectors have been subjected to international interventions to defuse the war economy and to help reconstruction. While governments of Sierra Leone and the DRC as well as the international community express satisfaction with their respective approaches, the mining sectors in both countries remain highly volatile to conflict. Recent international news headlines tell the story: 'Electronics groups alarmed after rebels take control of Congo tin source' and 'Sierra Leone: government probes unrest in diamond-mining area'.<sup>6</sup> Of course, resource-fuelled violence does not stop over night. Time is needed to create the capacity and political will among government agencies and within the international community to implement interventions and execute reforms. However, a more complete understanding of the link between resources and conflict may also point to issues that are being overlooked in current policy responses.

Section II of the paper introduces three analytical perspectives on the links between resources and conflict. Two case studies, on Sierra Leone (section III) and the DRC (section IV), briefly describe the background of the conflict followed by an analysis of resource-governance strategies implemented during conflict termination and peacebuilding periods. Finally, the conclusions (section V) reflect on the analytical perspectives together with the experiences in Sierra Leone and the DRC and draw policy lessons regarding peacebuilding strategies that confront conflict resources, accommodate rebel parties, and legalize extraction and trade.

<sup>4</sup> See e.g. Kaimowitz, D., 'Forest law enforcement and rural livelihoods', ed. J. Sayer, *The Earthscan Reader in Forestry and Development* (Earthscan: London, July 2005), 171–92.

<sup>5</sup> Tull, D. M. and Mehler, A., 'The hidden costs of power-sharing: reproducing insurgent violence in Africa', *African Affairs*, vol. 104, no. 416 (2005), pp. 375–98; and Le Billon, P. and Nicholls, E., 'Ending "resource wars": revenue sharing, economic sanction or military intervention?', *International Peacekeeping*, vol. 14, no. 5 (Nov. 2007), pp. 613–32.

<sup>6</sup> Garrett, N. and H. Mitchell, 'Electronics groups alarmed after rebels take control of Congo tin source', *Financial Times*, 5 Mar. 2008; and Integrated Regional Information Networks (IRIN), 'Sierra Leone: government probes unrest in diamond-mining area', 20 Dec. 2007, <<http://www.irinnews.org/report.aspx?ReportId=75952>>.



## II. Perspectives on natural resource conflict

During the 1980s ‘environmental security’ emerged as a new field of study specifically dedicated to explaining the relationship between security issues and the natural environment. The literature on environmental security is broad: it addresses interstate conflict, anti-state opposition and intercommunity struggles; it covers acute violent conflict as well as social disruption and human vulnerability; and it posits both environmental scarcity and abundance as causal factors. Within this field, three dominant perspectives have emerged: environmental scarcity, resource abundance and political ecology.

***There is both a direct and indirect relationship between abundant resources and conflict.***

### **Environmental scarcity**

The ‘environmental scarcity’ thesis examines the relationship between the declining availability of renewable natural resources such as fresh water, cropland, forests and fisheries and the populations of impact. Declining resource availability can result from three interacting processes: environmental degradation, increased demand and unequal distribution of natural resources. When such processes are severe, usually attributed to rapid population growth, they may engender resource capture and ecological marginalization.<sup>7</sup> Resource capture occurs when powerful groups in society take control of scarce and therefore increasingly valuable resources, forcing less powerful groups to marginal areas. Ecological marginalization occurs when environmental degradation forces populations to move into ecologically fragile areas such as hillsides, tropical rain forests and areas at risk of desertification. Examples such as Haiti, Chiapas state in Mexico, Pakistan and Rwanda and are often referenced to demonstrate how environmentally induced marginalization and migration has prompted internal conflict and violence.<sup>8</sup> Regarding the recent civil wars in West and Central Africa, the environmental scarcity thesis has the least relevancy.

### **Resource abundance**

The ‘resource abundance’ thesis—also known as the ‘resource curse’—argues that the presence of non-renewable natural resources (e.g. oil, metals and gemstones) is often negatively related to a state’s economic growth. It suggests that state dependence on non-renewable natural resources and armed conflict are often present in this relationship. In relation to recent civil wars in West and Central Africa, the resource abundance thesis has gained increasing currency.

There is both a direct and indirect relationship between abundant resources and conflict. Directly, natural resources and associated revenues can provide groups with the means and the motives to fight, both instigating and prolonging conflict. The concept of ‘conflict resources’ has been used in

<sup>7</sup> Homer-Dixon, T. F., ‘Environmental scarcities and violent conflict: evidence from cases’, *International Security*, vol. 19, no. 1 (summer 1994), pp. 5–40.

<sup>8</sup> Malone, C., ‘Scarcity and conflict: Homer-Dixon’s findings’, *Peace Magazine*, July/Aug. 1996, p. 16.



***In a more indirect manner, natural resource revenues can negatively affect a country's economic and political stability.***

reference to several recent armed conflicts in Angola, the DRC, Liberia and Sierra Leone. A narrow definition of 'conflict resources' was prompted by the United Nations General Assembly in relation to so-called 'blood diamonds', 'which are used by rebel movements to finance their military activities, including attempts to undermine or overthrow legitimate governments'.<sup>9</sup> Non-governmental organizations (NGOs) usually have a broader definition of the term, like the one of Global Witness in relation to conflict timber, which applies to timber 'that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration, or its representatives, involved in armed conflict, either to perpetuate conflict or take advantage of conflict situations for personal gain'.<sup>10</sup> This broad definition more accurately describes the complex political economy of warring countries where multiple actors use resources, not only to perpetuate warfare, but also to enrich themselves. In addition to these conventional notions of conflict resources, authors have also observed cases in which rebel movements have financed their struggles through the sale or trade of so called 'booty futures'—that is, future rights to resources that are not yet under the seller's control, either to a foreign firm or a neighbouring government.<sup>11</sup>

In a more indirect manner, natural resource revenues can negatively affect a country's economic and political stability. Resource revenues are believed to diminish a government's incentives to innovate and diversify the economy, lead to the over-appreciation of national currency (negatively affecting non-resource exports) and leave the economy vulnerable to price shocks in commodity markets.<sup>12</sup> Politically, resource revenues may undermine the responsiveness of state institutions. When accountability mechanisms are weak, non-tax revenues are easily diverted from state budgets, in turn increasing the opportunities for corruption, limiting public sector expenditure and damaging the credibility of the government.<sup>13</sup>

### **Political ecology**

The debate and criticism of both two theses—scarcity and abundance—has generated an alternative school of thought: political ecology.<sup>14</sup> Political ecology concentrates less on environmental circumstances as causes of conflict

<sup>9</sup> United Nations General Assembly Resolution 55/56, 29 Jan. 2001.

<sup>10</sup> Global Witness, *The Logs of War: The Timber Trade and Armed Conflict* (Fafo Institute for Applied Social Science: Oslo, Mar. 2002), p. 7.

<sup>11</sup> Ross, M. L., *Booty Futures*, unpublished manuscript (University of California: Los Angeles, May 2005), p. 7.

<sup>12</sup> Stevens, P., 'Resource impact curse or blessing?: A literature survey', *Journal of Energy Literature*, vol. 9, no. 1 (June 2003), pp. 3–42; Sachs, J. D. and Warner A. M., 'Natural resource abundance and economic growth', eds G. M. Meier and J. E. Rauch, *Leading Issues in Economic Development* (Oxford University Press: Oxford, 2000); and Ross, M. L., 'The political economy of the resource curse', *World Politics*, vol. 51, no. 2 (Jan. 1999), pp. 297–322.

<sup>13</sup> Ross, M. L., 'What do we know about natural resources and civil war?', *Journal of Peace Research*, vol. 41, no. 3 (May 2004), pp. 337–56; and de Soysa, I., 'The resource curse: are civil wars driven by rapacity or paucity?', eds Berdal and Malone (note 3), pp. 113–136.

<sup>14</sup> Donovan, D., De Jong, W. and Ken-ichi, A., 'Tropical forests and extreme conflicts: introduction', eds W. De Jong, D. Donovan and A. Ken-Ichi., *Extreme Conflict and Tropical Forests* (Kluwer: Dordrecht, 2007), p. 6.



and more on the social and political variables that mediate conflict risk in resource-scarce and -abundant contexts. The political ecology approach examines issues of access, control and distribution of available resources and benefits. It focuses on how institutions and power relations define the nature of communities and state-society interactions, which ultimately determines how resources are turned into assets for some and liabilities to others.<sup>15</sup> For example, researchers have pointed to how post-independence states in the southern hemisphere often inherited and refined colonial institutions that vested absolute power over most natural domains in the national government, which carried out or permitted modes of resource appropriation that overruled pre-existing tenure arrangements and expropriated traditional users.<sup>16</sup> The resilience of colonial concessionary systems—whereby host governments grant companies long-term access to resource rich territories in return for royalties—as a cornerstone of contemporary resource management systems in Africa provides a case in point.

### III. Case study: Sierra Leone

#### **Resource dimensions of the war in Sierra Leone**

Sierra Leone's diamond industry underpinned the country's civil war from 1991 to 1999. Since the 1970s consecutive governments had used the industry for personal enrichment, keeping opposition groups at bay by selectively rewarding investors and enterprises, compliant customary chiefs and other local strongmen. Corruption associated with diamond revenues is widely believed to have created the pre-conditions of war by reducing the legitimacy of the state and by creating a socially excluded underclass.<sup>17</sup> According to some commentators, a significant part of the underclass that joined the main rebel group, the Revolutionary United Front (RUF), consisted of artisan diamond miners and other marginalized rural youths from eastern parts of the country.<sup>18</sup> It is therefore not surprising that diamond areas became important intermediate military objectives for rebels to fund their war efforts and pursue political and economic power.

#### **Impeding and accommodating rebel groups**

During the 1990s international resource-governance strategies were aimed at curtailing rebel groups' access to diamonds. The government's initial strategy was to simply regain control over diamond areas with military force.

<sup>15</sup> Agnew, J. and Corbridge, S., *Mastering Space: Hegemony Territory and Political Economy* (Routledge: New York, 1995).

<sup>16</sup> Acemoglu, D., Johnson, S. and Robinson, J., 'The colonial origins of comparative development: an empirical investigation', *American Economic Review*, vol. 91, no. 5 (Dec. 2001), pp. 1369–401.

<sup>17</sup> Maconachie, R. and Binns, T., 'Beyond the resource curse?: diamond mining, development and post-conflict reconstruction in Sierra Leone', *Resources Policy*, vol. 32, no. 3 (Sep. 2007), pp. 104–15.

<sup>18</sup> Richards, P., 'Are there common causes to recent West African insurgencies? Economic opportunities and the war economy', Paper presented at the Conference on Conflict and Development Policy in the Mano River Region and Côte d'Ivoire: the regional stakes for stabilisation and reconstruction, Paris, 13–14 May 2003. Artisan mining refers to manual excavations of alluvial mineral deposits that require minimal technology input. Artisan mining is not necessarily illegal. Many African governments issue small-scale or artisan-mining licences.





However, in 1999, unable to sustain their limited military victories and faced with countrywide chaos, the government shifted its strategy to accommodating rebel groups. Under the terms of the 1999 Lomé Peace Agreement the RUF leader, Foday Sankoh, received the dual post of vice-president and chairman of the Commission on the Management of Strategic Resources. During the year that the coalition government held, the appointment proved a failure. Sankoh was either incapable or unwilling to enforce the agreement within the RUF and, while banning all mining activities, allowed mining to continue in RUF-controlled areas.<sup>19</sup> The RUF was finally neutralized through military intervention by British and Guinean troops in the summer of 2000. The RUF was also affected by the UN sanctions of 2000 on diamond exports from Sierra Leone but more importantly by sanctions on Liberian diamonds imposed in 2001, which cut off the opportunity for diamond trade from RUF-controlled sites through Liberian ports.<sup>20</sup> In combination with the arms and timber embargoes on Liberia, the diamond embargo strained Liberia's financial support of the RUF.<sup>21</sup>

### **Post-conflict governance reforms in the diamond sector**

Following the imposition of UN sanctions in 2000, the Sierra Leonean Government's Gold and Diamond Department (GDD) started a diamond certification programme (as the sanctions did not apply to diamonds which were issued a certificate of origin to licensed exporters). Then, to increase the proportion of legally traded diamonds, the government's Mines Department offices increased the number of small-scale mining licences—from 100 licences by the end of the war to 2400 by 2005. Holders of export licences (7 issued by 2005) can only buy diamonds from mining licence holders (2400 issued), licensed dealers (317 issued by 2005) or other licensed exporters, and transactions must be recorded and reported to local and national mining authorities.<sup>22</sup>

In the first three post-war years, the value of GDD diamond exports increased from \$10 million in 2000 to \$75 million in 2003. The steep increase of exports continued after Sierra Leone signed up to the Kimberly Process in 2003, reaching \$141 million in 2005, but falling back to \$125 million in 2006.<sup>23</sup> However, diamonds exported by licence holders still form only a portion of the total value of national diamond production, modestly estimated as \$250–300 million for 2005 by the United States Department of State.<sup>24</sup> According to the World Bank, missed export taxes on illegally exported diamonds could amount to \$3 million per year.<sup>25</sup>

<sup>19</sup> Metzger, K., 'The diamond cut is the deepest', *Mano Vision Magazine*, no. 18 (2000).

<sup>20</sup> United Nations Security Council Resolution 1306, 5 July 2000; and United Nations Security Council Resolution 1343, 7 Mar. 2001.

<sup>21</sup> United Nations, Security Council, Report of the Panel of Experts pursuant to Security Council resolution 1343 (2001), paragraph 19, concerning Liberia, S/2001/1015, 26 Oct. 2001.

<sup>22</sup> Levin, E. A. and Gberie, L., *Dealing for Development? A Study of Diamond Marketing and Pricing in Sierra Leone*, (Partnership Africa-Canada: Ottawa, 17 Mar. 2006).

<sup>23</sup> Tutusaus, J. P., Nelson, S., and Abadje, A., *USAID/Sierra Leone Diamond Sector Program Evaluation* (Amex International Inc.: Washington, DC, May 2007).

<sup>24</sup> Foreign Investment Advisory Service (FIAS), *Sierra Leone Administrative Barriers Study, Phase I* (FIAS: Mar. 2005).

<sup>25</sup> Foreign Investment Advisory Service (note 24).



Furthermore, officially exported diamonds are not necessarily legal by all standards. Diamond-trade GDD certificates of origin are issued to exporters without full evidence of legal sale from diamond mine to the exporter, and there is no law that requires the origin of diamonds or the names of intermediaries to be mentioned on the certificate.<sup>26</sup> It is of no surprise then that local commodity chain analysis shows that diamonds from unlicensed mines and stolen diamonds from licensed mines in Sierra Leone enter the legal trade.<sup>27</sup> These loopholes offer a way in which unlicensed mines are made profitable and by which artisan miners can profit in an industry in which their labour is valued at less than \$1 per day.<sup>28</sup>

In 2001, to provide an incentive for diamond miners and chiefdoms to engage in legal diamond mining, the Sierra Leonean Government set aside a quarter of the 3 per cent export tax to be put into a Diamond Area Community Development Fund (DACDF). On the basis of the number of licences issued in diamond-producing chiefdoms, funds were allocated first to the paramount chiefs directly and later to Chiefdom Development Committees (CDCs). The funds encourage these traditional authorities to monitor and accelerate the legalization of mining activities. In 2004 reports of mis-spending and self-enrichment led to a temporary suspension of DACDF disbursement. Presently, local council oversight of DACDF spending has improved and accountability in spending procedures has increased.<sup>29</sup> Nevertheless, commentators argue that the DACDF disbursement invariably confirms and strengthens the position of CDCs, which already have much of the rights and responsibilities of the artisan diamond sector vested in them, such as, identification of diamond plots, approving licence applications and, not least, overseeing the buying and selling of diamonds.<sup>30</sup> Furthermore, the CDCs are composed of mainly male elites selected by the paramount ruler and generally exclude the participation of other stakeholders, such as women and youths.<sup>31</sup> As such, DACDF disbursement risks maintaining the rift between traditional authorities connected to the formal state bureaucracies and politically marginalised artisan miners—estimated in 2003 to count 200 000–400 000 people<sup>32</sup>—and other rural youths.

**According to the World Bank, missed export taxes on illegally exported diamonds could amount to \$3 million per year.**

<sup>26</sup> Grant, J. A., *Diamonds, Foreign Aid, and the Uncertain Prospects for Post-Conflict Reconstruction in Sierra Leone*, WIDER Research Paper no. 2005/49 (UN-WIDER: Helsinki, Aug. 2005).

<sup>27</sup> Levin and Gberie (note 22).

<sup>28</sup> Global Witness, *Rich Man, Poor Man, Development Diamonds and Poverty Diamonds: The Potential for Change in the Artisanal Alluvial Diamond Fields of Africa* (Partnership Africa-Canada and Global Witness: Washington, DC, Oct. 2004); and Foreign Investment Advisory Service (note 24).

<sup>29</sup> Tutusaus, J. P., Nelson, S., and Abadje, A., *USAID/Sierra Leone Diamond Sector Program Evaluation*, (AMEX International: Washington, DC, 20 July 2007).

<sup>30</sup> Jackson, P., 'Reshuffling and old deck of cards? The politics of local government reform in Sierra Leone', *African Affairs*, vol. 106, no. 422 (Jan. 2007), pp. 95–111.

<sup>31</sup> Temple, P., *Improving the Effective Use of the Diamond Area Community Development Fund (DACDF)*, Report by the Integrated Diamond Management Program for submission to the Government of Sierra Leone High Level Diamond Steering Committee (Management Systems International/United States Agency for International Development: Washington, DC, Dec. 2005).

<sup>32</sup> Even-Zohar, C., *Sierra Leone Diamond Sector Financial Policy Constraints* (Management Systems International: Washington, DC, June 2003), <<http://www.diamondintelligenceonline.com/download/files/pnacu151.pdf>>.



***The conditions in the diamond sector that contributed to civil war are to a large extent still present and could spark violence again at the local level.***

Faced with an artisan diamond sector difficult to bring under control, the government has begun to attract larger kimberlite (deep-shaft) and industrial alluvial mining operations, which had been suspended during the war. Kimberlite diamond production now comprises around 15 per cent of total legal diamond exports.<sup>33</sup> Industrial mining has the potential to stabilize the diamond sector by improving working conditions, raising production levels and legal revenues, and introducing more effective management and marketing. The reality, however, differs. In most of the areas where industrial prospecting and mining takes place, social unrest is rife as a result of communities' displacement from concessions, unpaid compensations and surface taxes, and concession allocation irrespective of farmers' properties, local commons and existing artisan mining plots.<sup>34</sup>

### **Concerns about governance reform**

The current governance reforms' focus on legalization tends to favour industrial mining over artisan mining and extends state control over diamond areas through traditional elites rather than elected local councils and posted civil servants. Meanwhile, most of the labourers working in artisan diamond mines continue to work under deplorable conditions. Rural unemployment—as a result of unequal access to land—draws scores of young people to diamond mining areas, keeping wages low and enabling labour exploitation by local elites, licence holders and other investors and supporters.<sup>35</sup> In turn, popular views of national- and local-level corruption and mismanagement associated with the state's concession allocation, licensing and controlling efforts motivate artisan miners to evade the legal system and protest against industrial operations. The conditions in the diamond sector that contributed to civil war are to a large extent still present and could spark violence again at the local level.

## **IV. Case Study: Democratic Republic of the Congo**

### **Resource dimensions of the war in the Democratic Republic of the Congo**

The collapse of the infamous regime of President Mobutu Sese Seko of what was then known as Zaire was intimately linked to disastrous economic policies. During the 1970s and 1980s the regime had nationalized almost all foreign and private businesses operating in the country's various natural resource sectors. Corruption and inefficient management of these semi-

<sup>33</sup> GDD figures for 1998–June 2006, published in Maconachie and Binns (note 17).

<sup>34</sup> 'The shoot out at Koidu Holding, a journalist's account to the Jenkins–Johnston Commission of Inquiry', *Standard Times Press* (Freetown), 1 Feb. 2008; Campaign for Just Mining and the National Advocacy Coalition on Extractives, 'To mine or not to mine?', 2006, <[http://www.nmjd.org/NMJD\\_Report.htm](http://www.nmjd.org/NMJD_Report.htm)>; and Global Witness, 'Peacebuilding Omission? A submission on the need to integrate natural resource management in the Peacebuilding Commission's post-conflict reconstruction strategies in Sierra Leone and elsewhere', Oct. 2007.

<sup>35</sup> Le Billon, P., *Resource Wars? Natural Resources and Armed Conflicts in Iraq and Sierra Leone*, Paper presented at the Colloque GECOREV: Shared Natural Resource Management—from Local to Global, University of Versailles, 26–28 June 2006.





public companies reduced state budgets to a minimum and led to a collapse of the formal economy. On top of this the government insisted that all trade should pass through the capital, Kinshasa, in the west of the country. Under these circumstances an informal resource-based economy took root in the eastern part of the country during the 1990s, oriented towards markets in Kenya, Tanzania and Uganda.<sup>36</sup>

By tapping into and controlling the informal trade in precious metals and gemstones, Laurent Kabila was able to build an opposition army and overthrow the Mobutu regime in 1997. In the years to come, newly formed armed groups opposing the governments of Laurent (1997–2001) and Joseph Kabila (2001–) would follow the same strategy, often openly supported by either Rwanda or Uganda, in their effort to gain territorial control. Years of civil war in the east of the country also triggered local conflicts over land and resource deposits between ethnically organized militia aligned to either the central government or to foreign powers.

### Resource governance in peace negotiations

The peace process in the DRC has been preoccupied with political power sharing and military integration. In the 1999 Lusaka Ceasefire Accord, Laurent Kabila's government acknowledged territorial control by rebel groups, but halted their advance towards Mbuji-Mayi, a town in Kasai province considered to be critical by the government for its diamond resources and connection to copper mines in Katanga province. The accord froze the opposition's frontline but also enabled rebel parties—most notably factions of the Congolese Rally Democracy (*Rassemblement congolais pour la démocratie*, RCD)—to set up parallel administrations regulating and taxing artisan mining operations and even offering concessions to foreign investors.<sup>37</sup>

Following the accord, the Inter-Congolese Dialogue (ICD), which took place at Sun City, South Africa, from 25 February 2002 to 12 April 2002, led to the signing of a transitional agreement in December 2002 by the government and the main rebel parties. As part of the political accommodation process that led to the formation of a transitional government in June 2003, some key ministry positions—including mining, economic affairs and agriculture—were given to the opposition and former rebel groups. However, Joseph Kabila kept control over most of the country's revenues and positions within major state-owned mining companies were not shared among signatories as promised in peace negotiations.<sup>38</sup> Other promises made by negotiating parties to return illegally acquired property and to protect the national heritage against all forms of looting made during negotiations were not included in the agreement.<sup>39</sup> Only the promise of reviewing the content and validity of the economic and financial conventions signed during the war was kept through the work of the Lutundula Commission. However, the

<sup>36</sup> See Vlassenroot, K. and Raeymaekers T., 'The politics of rebellion and intervention in Ituri: the emergence of a new political complex?', *African Affairs*, vol. 103, no. 412 (2004), pp. 385–412.

<sup>37</sup> 'DRC rebels offers concessions', *African Business*, Nov. 2002.

<sup>38</sup> Stearns, J. K., 'Congo's peace: miracle or mirage?', *Current History*, May 2007, pp. 202–207.

<sup>39</sup> Office of the Facilitator for the Inter-Congolese Dialogue, Communiqué final des travaux du pre-dialogue [Final communiqué of the pre-dialogue work], Gaborone, 2001, cited in Grignon, F., 'Economic agendas in the Congolese peace process', ed. M. Nest, *Democratic Republic of the Congo: Economic Dimensions of War and Peace* (Lynne Rienner: Boulder, CO, 2005).



commission's recommendations to put a moratorium on new contracts, to cancel contracts signed between foreign companies and the state-owned copper-cobalt miner Gécamines, and to take legal action against a number of prominent political and corporate figures were never debated in the Congolese Parliament, precluding any follow-up.<sup>40</sup>

### **Mining in the post-conflict reconstruction period**

The DRC holds roughly 34 per cent of the world's cobalt reserves, which are critically important to high-technology industries, as well as 10 per cent of the world's copper reserves. Extraction, refining and distribution of these resources require huge investment and the involvement of foreign corporations. The pull-out of these corporations during the civil war decimated output, and the price for cobalt on the world market rose fivefold during the 1998–2003 Congolese War.<sup>41</sup> In 2006 the Congolese Government began reviving its core copper and cobalt mining sectors in Katanga province. Major international corporations, which control the rest of the world's supplies, as well as new competitors are now eager to secure access to Congolese mines and commit to high output targets in the very short term in order to cash in on high prices.

To clean up and stabilize the mining sector, the government—rather than executing recommendations made by the Lutundula Commission—embarked on a new mining review, which was completed in March 2008. Despite renegotiations and clarifications of 60 mining contracts announced to contract-holders, all foreign, the Ministry of Mining stated that it intends 'to minimize confrontation and solve matters quickly so that the review would have the least possible impact on operations and revenues'.<sup>42</sup> The government has used findings of outdated and irregularly acquired contracts to put pressure on foreign companies to accept joint ventures in which state-owned companies receive a larger share of revenues than negotiated before. In turn, Western governments—guarding their companies' interests—have not pressed hard for scrutiny of concession awards.<sup>43</sup> Present concessionary reforms are a purely legal exercise to judge the validity of contracts negotiated between companies and the state and take no consideration of the actual situation on the ground in valuating the companies' business practices.

In the mineral-rich Kasai and Katanga provinces, the revived extractive industries have in recent years contributed to political rivalry and violence. Katanga's mining industry is controlled by non-Katangan administrators, many of whom are from northern regions of the country and are tied to President Joseph Kabila. This generates resentment among Katangans who feel that they do not equally share in the resource wealth of the province.

<sup>40</sup> Grignon (note 39).

<sup>41</sup> Mbendi, 'Democratic Republic of the Congo—mining: copper mining', [n.d.], <<http://www.mbendi.co.za/indy/ming/cppr/af/zr/p0005.htm>>.

<sup>42</sup> Olivier, M., 'DRC completes mining review, makes details available to firms', *Mining Weekly*, 18 Feb. 2008.

<sup>43</sup> 'Le scandale géologique—under investigation again', *Africa Confidential*, vol. 48, no. 20 (5 Oct. 2007), pp. 6–7.



Attempts to challenge the situation led to the arrests of Katangan politicians in 2005.<sup>44</sup>

The thorniest security issues in Kasai and Katanga provinces relate to conflicts between state and private security personnel who protect formal industrial mining concessions and the 50 000–75 000 artisan producers who enter formal concession areas each day to dig for alluvial cobalt and copper ores.<sup>45</sup> In diamond concession areas around the town of Mbuji-Mayi in Kasai, which are operated by the national diamond mining company *Minière de Bakwanga* (MIBA), clashes between MIBA security guards and trespassers are intensifying.<sup>46</sup> In Katanga security personnel are reported to be involved in illegal smuggling, extortion and violent eviction of artisan miners.<sup>47</sup>

Although the war may be over in large parts of the DRC, both formal and informal resource sectors remain highly militarized, pitting local populations against the state–business alliances. The Ministry of Mining's review glosses over the issue of militarization in order to safeguard necessary foreign investment and kick-start the national economy after the years of civil war. Foreign companies, having already invested heavily without extraction actually happening, acquiesce to the government's demand for larger stakes and responsibilities in mining operations, including the provision of security arrangements.

***Western governments—guarding their companies' interests—have not pressed hard for scrutiny of concession awards.***

### **Persisting war economies in the east**

While the central government has effectively brought the northern and central provinces back under control, several parts of Kivu function as strongholds of rebel groups that refuse to integrate into the national army, prolonging civil war. Two mining sites seem particularly important to these non-integrated groups.

The cassiterite (tin oxide) mine of Bisie in Walikale district, North Kivu, is the most lucrative and contested and is controlled by the non-integrated 85th Brigade, formerly of the Congolese Army. If it were reintegrated into the national army, the 85th Brigade would be dissolved and lose access to profits from a trade estimated to be worth \$800 000 per month to the local economy.<sup>48</sup> While the government suspended all cassiterite production in the district in 2008, mineral trading companies continue to transport ores to

<sup>44</sup> International Crisis Group (ICG), *Katanga: The Congo's Forgotten Crisis*, Africa Report no. 103 (ICG: Nairobi/Brussels, 9 Jan. 2006).

<sup>45</sup> Netherlands Institute for Southern Africa (NIZA) and International Peace Information Service (IPIS), *The State vs. the People: Governance, Mining and the Transitional Regime in the Democratic Republic of Congo* (NIZA and IPIS: Amsterdam, 2006), <<http://www.ipisresearch.be/download.php?id=128>>.

<sup>46</sup> Misser, F., *DR Congo: A Regional Analysis*, A Writenet Report Commissioned by the United Nations High Commissioner for Refugees, July 2007, <[http://www.ecoi.net/file\\_upload/432\\_1187941615\\_2007-07-dr-congo-writenet.pdf](http://www.ecoi.net/file_upload/432_1187941615_2007-07-dr-congo-writenet.pdf)>.

<sup>47</sup> Kisangani, E. F., 'Legacies of the war economy: economic challenges for post-conflict reconstruction', ed. Nest (note 39); 'Round Table DRC Resources Meeting hosted by the All Party Parliamentary Group on the Great Lakes Region of Africa', 6 Dec. 2006, <<http://www.appggreatelakes.org>>; and Bavier, J., 'Riots hit Congo copper town after police kill miner', Reuters, 6 Mar. 2008, <<http://www.alertnet.org/thenews/newsdesk/L06909027.htm>>.

<sup>48</sup> United Nations, Interim Report of the Group of Experts on the Democratic Republic of Congo, pursuant to Security Council Resolution 1698 (2006), S/2007/40, 31 Jan. 2007, p. 7.

**Box 1.** Pyrochlore: a complex conflict commodity.

The mineral pyrochlore is a source of niobium, a rare earth metal that became important within the last twenty years because of its enlarged range of applications in aerospace industries. Apart from the pyrochlore mine in Leushe there are only two places in the world where the material is found in significant quantities: one in Brazil and one in Canada.

Up to 2003 the mine was exploited by the Congolese company, Société Minière du Kivu (SOMKIVU) and its main (German) shareholder, Gesellschaft für Elektrometallurgie (GfE). Both operated under a 20-year mining convention signed in 1982 between the German company's US-based owner, *Metalurg*, and the Zairean Government. From 2000 to 2003 the exploiting companies negotiated their access with the RCD rebels controlling the area. This arrangement and consequently mining activities stopped in 2003 after the transitional government took office and rebel-dominated administrations were dismantled. In 2004 the mine was captured by General Nkunda who lost it to regular Congolese armed forces in 2006. Although battles over the mine continue, it is unlikely that the mine has been operative since 2003. Potential marketing opportunities are limited because of poor accessibility, decayed infrastructure and the reluctance of international buyers to be associated with the easily traceable niobium.

The strategic importance of pyrochlore is more complex than the concept of 'conflict resources' suggest. An independent researcher argues that Nkunda's military presence in the area helps SOMKIVU to fend off Krall Investment Uganda, a Congolese subsidiary of a Ugandan company which claims to have bought the legal rights from the government in 1999. Rather than exploit the mine, as SOMKIVU stated to intend, the company would prevent others to do so in order to maintain the monopoly position of *Metalurg*, which controls all of the world's significant pyrochlore mines.

The pyrochlore mine of Lueshe, North Kivu, is another critical mine. In 2004 the mine was captured by General Laurent Nkunda, who launched a rebel movement during the 2006 elections, claiming to protect the interests of Tutsi inhabitants in eastern DRC. While the mine was recovered by regular Congolese armed forces in 2006, Nkunda's counterattacks in November 2007 on government troops' positions in the region of Rutshuru, where the mine is located, demonstrate the mine's strategic importance.

Sources: Johnson, D., 'Deutsch-Österreichischer bergbaukrieg im Kongo' [German-Austrian mining war in Congo], *Taz Themen des Tages*, 16 Feb. 2004, <[http://www.kongo-kinshasa.de/taz/taz2004/taz\\_040216.php](http://www.kongo-kinshasa.de/taz/taz2004/taz_040216.php)>; Barouski, D., Interview with German-Foreign-Policy.Com, 4 Apr. 2008, <<http://www.german-foreign-policy.com/en/fulltext/56140>>; Wild, F. and Sguazzin, A., 'Congo's only niobium producer plans to restart mining', *Bloomberg News*, 20 Nov. 2007, <<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aCWyCiGWpOGM>>; and Barouski, D., 'Update on the situation in North Kivu', *World News Update*, 24 Nov. 2007, <<http://groups.yahoo.com/group/congres-des-congolais-amerique/message/4416>>.

processing facilities in the DRC and Rwanda, where it is mixed with ores from other parts of the country and then legally transported to South Africa and Belgium for further processing.<sup>49</sup>

In addition to the rebel groups and non-integrated army brigades, Rwandese Hutu militia and remnant Mayi-Mayi groups continue to be involved in illegal resource extraction and taxation of minor deposits of cassiterite, coltan and gold in North and South Kivu provinces.<sup>50</sup> Although their positions are linked to the presence of natural resources, these resources form no key military objectives. The survival of Hutu militia, however, does give Nkunda's group a political reason to keep his men under arms. It is of little surprise therefore that the most recent Goma Agreement—signed on 23

<sup>49</sup> Barouski, D., "Blood minerals" in the Kivu Provinces of the Democratic Republic of Congo', *ZNet*, 1 June 2007.

<sup>50</sup> The term Mayi-Mayi or Mai-Mai refers to any kind of community-based militia group active in the Second Congo War and its aftermath in the Democratic Republic of the Congo (DRC), formed to defend their local territory against other armed groups.



January 2008 by major armed factions in North and South Kivu, but excluding Rwandese Hutu militias—has not led to an end of hostilities.<sup>51</sup> Violent skirmishes and human rights violations continue, and armed groups retain control over their territories, making no effort to demobilize as agreed in Goma.<sup>52</sup>

### Scope for UN sanctions

The pervasive war economy in the eastern DRC has so far not generated the necessary international action to obstruct trade in conflict resources as in the cases of Sierra Leone and Liberia. In the period 2000–2003 UN panels of experts documented the ways in which illegal resource exploitation fuelled war in the DRC and called for trade sanctions on the DRC, Burundi, Rwanda and Uganda and financial restrictions against companies involved in illegal exploitation and trade.<sup>53</sup> While the reports led to multinational companies cutting ties with actors in the conflict and to Burundi and Uganda announcing independent enquiries to investigate allegations, no commodity sanctions or company restrictions (on the basis of involvement in illegal resource trade) were declared.

Following a second round of investigations that focused on the link between natural resource revenues and the financing of military activities in 2005 and 2006, the UN panels of experts again called for sanctions based on DRC laws regarding natural resource exploitation.<sup>54</sup> A report by the UN Secretary-General expressed reservations about declaring such sanctions, raising the issue of legality—which, if taken as a benchmark for sanctions, could negatively affect artisan miners who are not the key players in the war economy.<sup>55</sup> Considering the lack of enforcement capacities of the UN and the Congolese Government, the Secretary-General's report assessed that sanctions would 'do little to reduce the use of force in extracting minerals, diminish fraud and encourage responsible corporate behaviour'.<sup>56</sup>

As a result of diverging views, no unified recommendation has been made to the UN Security Council. However, Security Council Resolution 1596—added to the 2003 arms embargo in 2005<sup>57</sup>—was applied recently to freeze assets and ban travel of individuals and entities supporting and financing militias in the eastern DRC by means of trade in gold and weapons.<sup>58</sup> According to the panel of experts, measures against key gold traders have halted

<sup>51</sup> United Nations, Security Council, S/PRST/2008/2, 30 Jan. 2008.

<sup>52</sup> Human Rights Watch, 'DR Congo: Peace Accord Fails to End Killing of Civilians', *Human Rights News* (HRW: Brussels, 21 July, 2008), <<http://www.hrw.org/english/docs/2008/07/18/congo19396.htm>>.

<sup>53</sup> United Nations, Security Council, Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of the Congo, S/2001/357, 12 Apr. 2001, p. 42; and United Nations, Security Council, Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo, S/2002/1146, 16 Oct. 2002, p. 32.

<sup>54</sup> United Nations, S/2001/357 (note 57), p. 15.

<sup>55</sup> United Nations, Security Council, Report of the Secretary-General pursuant to paragraph 8 of resolution 1698 (2006) concerning the Democratic Republic of the Congo, S/2007/68, 8 Feb. 2007.

<sup>56</sup> United Nations (note 59), p. 18.

<sup>57</sup> United Nations Security Council Resolution 1596, 18 Apr. 2005.

<sup>58</sup> United Nations, Security Council, 'Sanctions Committee concerning Democratic Republic of Congo adds two individuals, five entities to asset freeze, travel ban list', SC/8987, 29 Mar. 2007.





most gold-buying activities in Ituri and North Kivu.<sup>59</sup> Resolution 1596 has not been applied to business parties collaborating with renegade brigades and other militias controlling or fighting over valuable resource deposits other than gold.

## V. Conclusions

### **From analytical perspectives to peacebuilding strategies**

Sierra Leone and the Democratic Republic of the Congo are two of the most prominent examples of resource-driven civil wars in Africa. Elements of the three different perspectives on natural resource conflict apply. The environmental scarcity thesis is applicable only in Sierra Leone, where unequal access to land contributed to youth grievances in the run up to civil war. The resource abundance thesis contributes greatly to understanding the link between resource and conflict in both Sierra Leone and the DRC. In both countries, pre-war governments were weakened and lost much of their credibility as a result of mismanagement and corruption in non-renewable resource sectors. Furthermore, easily extractable high-value resources provided revenues for armed parties in both countries to pursue war efforts and survive militarily, thereby intensifying and prolonging civil war. Equally relevant is the political ecology thesis, which helps explain the conflict volatility of both countries' mining sectors. The modes of resource production and wealth generation in both countries continue to pose security risks as a result of elite capture, labour exploitation, extortion and expulsion of artisan producers and local communities.

The analytical perspectives of the two case studies reveal three dimensions of resource conflict for which peacebuilding strategies are still needed: (a) armed groups actively fighting over resource deposits; (b) soldiers and ex-soldiers preying on informal resource-driven economies; and (c) informal resource-driven economies characterized by labour exploitation, expropriation and criminalization. These dimensions often emerge as stages in local or national conflict cycles, and therefore have separate priorities in terms of policy interventions. Tackling the first dimension most importantly demands firm international action to curb rebel groups' access to conflict resources and marketing opportunities abroad (this can also have positive spin-off effects on the other two dimensions). Tackling the second dimension demands government-led strategies that accommodate former combatants. Tackling the third dimension involves broad development-oriented resource-governance reforms that improve local livelihoods in war-affected, resource-rich areas. Peacebuilding efforts towards these ends have been implemented with varying degrees of national and international engagement and success in the two countries considered. The following subsections compare experiences, draw lessons and provide some key policy recommendations.

<sup>59</sup> United Nations, Final Report of the Group of Experts on the Democratic Republic of the Congo, pursuant to Security Council resolution 1698 (2006), S/2007/423, 18 Jul. 2007, p. 24.



## Curbing access to resources

In terms of curbing rebel groups' access to natural resources and associated revenues, international intervention—by means of commodity sanctions and military enforcement of these sanctions—has been much more feasible in Sierra Leone than in the DRC.

First, the DRC is approximately 32 times larger than Sierra Leone, shares longer borders with more countries and suffers more from infrastructure breakdown. This limits the prospect of enforcing a full commodity embargo in DRC by the relatively small number of UN peacekeepers. Second, rebel groups in the DRC have become highly fragmented, consisting of a large number of relatively small, autonomous operations that draw on several natural resources. Resource commodity chains are tapped into rather than fully controlled. In contrast, in Sierra Leone the relatively unified RUF drew on one single resource and fully controlled key extraction sites, which formed relatively easy and legitimate targets in counter-insurgency operations. Third, eastern DRC's war economy became practically integrated into that of East Africa—with Rwandan and Ugandan business interests extending deep into the DRC. Although Sierra Leone's war economy was connected to Guinea, it rested on individual smuggling. Enforcement of sanctions in the DRC would require the full cooperation of Uganda and Rwanda like that provided by Guinea in the case of Sierra Leone. This remains unlikely to happen. Fourth, whereas Sierra Leone's diamonds are luxury items and not in any way vital to industrial production processes and therefore more susceptible to embargo, the value of DRC's conflict resources to high-tech industries in western countries explains the UN's reluctance to advocate sanctions in the Security Council.

These contrasting geographical, political and economic conditions illustrate why the UN Security Council rebuffed the commodity sanctions recommended by panels of experts. However, the case can still be made for selective commodity sanctions (also recommended by the panels of experts<sup>60</sup>) rather than full embargoes on each commodity that is in some way benefiting armed factions. The criteria of calling selective sanctions are argued here to include: the existence of bottlenecks in transport and transformation; a small number of sites where the minerals are mined; a high level of rebel infiltration into the sector; and a low level of local livelihood dependence on the commodity in question. Although more research is needed to quantify and evaluate these criteria for the different resources and political economies in eastern DRC, it can be argued that a ban on cassiterite, pyrochlore and tantalum from mining areas in North Kivu could be enforced by peacekeepers and through legal prosecution of enterprises involved in the commodity chain. Selective commodity sanctions would help to persuade non-integrated brigades to respect the Goma Agreement and proceed with their integration into the Congolese Army. It would also allow the Congolese Government time to review and clarify exploration and exploitation rights to these and other mining sites in

*In terms of curbing rebel groups' access to natural resources and associated revenues, international intervention has been much more feasible in Sierra Leone than in the DRC.*

<sup>60</sup> United Nations (note 48), p. 13.



eastern DRC, most of which have not been included in the current ministry's mining review process.

### **Accommodating rebels**

Unable to neutralize rebel groups with military might, the Congolese Government's peacemaking strategy has been one of political accommodation. As part of the Inter-Congolese Dialogue, rebel leaders—in return for giving up regional military predominance and associated access to resources—were given respectable positions in the government and the national army. The integration of dominant rebel groups in the transitional government successfully reduced fighting in more than half of the territory formerly held by rebel groups. This stands in contrast with Sierra Leone where attempts to accommodate the RUF leadership through power and wealth sharing failed to improve the security situation.

Accommodation efforts towards RUF actually intensified resource looting and associated violence.

Whereas the negotiations to accommodate rebel leadership in the DRC proved more successful than the ones in Sierra Leone, the opposite is true for the accommodation of lower ranks. In Sierra Leone individual soldiers were offered significant incentives to put down their arms, give up looting opportunities and enrol in relatively well-funded demobilization and reintegration programmes.<sup>61</sup> Their counterparts in the DRC, who opted for reintegration in the national army, gain little more than \$10 a month, while demobilization allowances to ex-combatants are practically unpaid.<sup>62</sup> Considering the bleak prospects for common soldiers in the DRC when opting for integration or demobilization, many prefer to join groups of defected soldiers who continue to make a living in the bush, based on extortion and looting, while hoping to negotiate better positions in the army in the near future.<sup>63</sup> Otherwise, those soldiers who do integrate under poor conditions are inclined to extort from those involved in informal economic activities such as artisan mining. Better-funded military integration programmes in the DRC are needed to keep soldiers from preying on the local informal economy.

The two case studies illustrate that using resource wealth sharing in peace negotiations is counterproductive when the rebel leadership lacks aspiration or capacity to govern the territories they control and instead allows its soldiers to prey on local resources and communities. However, this does not mean that there are no ways in which resource sectors can be used to help demobilize combatants. Artisan mining sectors in both countries absorb many ex-soldiers who are unable to obtain formal employment or reintegrate

<sup>61</sup> Ginifer, J., Bourne, M. and Greene, O., *Considering Armed Violence in the Post-conflict Transition: DDR and Small Arms and Light Weapons Reduction Initiatives*, Centre for International Cooperation and Security, Briefing paper (University of Bradford: Bradford, Sep. 2004).

<sup>62</sup> Eriksson Baaz, M. and Stern, M., 'Making sense of violence: voices of soldiers in the Congo (DRC)', *Journal of Modern African Studies*, vol. 46, no.1 (2008), pp. 57–86.

<sup>63</sup> 'Eastern Congo peace deal signed', BBC News, 23 Jan. 2008, <<http://news.bbc.co.uk/2/hi/africa/7204898.stm>>.

***Better-funded military integration programmes in the DRC are needed to keep soldiers from preying on the local informal economy.***



in the rural economy.<sup>64</sup> The UN and other aid agencies in the DRC should start thinking about how to support artisan mining as part of their reintegration strategy.

### **Post-conflict development-oriented resource-governance reforms**

Strategies for state-led post-conflict resource-governance reforms differentiate between Sierra Leone and the DRC. This is largely because of the contrast in modes of resource extraction. In the DRC the resource wealth largely rests in subsoil metals that require multimillion-dollar investment by foreign companies. Thus, the Congolese Government focuses on securing the locations that can attract these investments and at the same time increasing the government's stake in joint ventures with foreign companies. In Sierra Leone alluvial diamonds—which require little industry to mine—still constitute the main source of potential resource revenues. As a result, Sierra Leone's governance efforts focus on increasing the level of legal production and exports through local state agents.

Both governments face protest from local communities that largely depend on artisan mining activities. In Sierra Leone the legal approach and intensified law enforcement risks disenfranchising those with limited means to formalize their position in the commodity chain. Increasing the detection and enforcement capacity of mining authorities therefore needs to be accompanied by more competition in diamond dealing, easier procedures to legalize operations and the creation of democratic and transparent licence allocation and verification authorities at local council levels.<sup>65</sup>

The Congolese Government has not yet attempted to increase formal revenues from artisan production as it prioritizes industrial operations. Conflicts between the two in Kasai and Katanga provinces are likely to proliferate in the immediate future.<sup>66</sup> These will require alternative dispute resolution and compensation mechanisms, in combination with cooperative extraction, processing and marketing arrangements between artisan producers and industrial mining companies. Such corporative arrangements would reduce the illegal exports of unprocessed ores, increase local income-generating opportunities and help to increase citizens' appreciation of industrial mining in their areas. In addition to accommodating artisan producers, government agencies and companies can raise their community credibility by committing themselves to follow sound contracting and payment principles as well as allow or establish oversight mechanisms, such as national or international watchdogs to independently monitor the functioning of state mining authorities, including the security services.

<sup>64</sup> Grant (note 26); and Spittaels, S. and Hilgert, F., *Mapping Conflict Motives: Katanga—Update: December 2007–May 2008* (International Peace Information Services: Antwerp, 25 June 2008).

<sup>65</sup> Recently, international donors and national NGOs started to support the formation of artisan miners' cooperatives in order to promote realistic fair trading and employment agreements with licence holders, dealers and investors. See Smillie, I., 'Background paper on micro development issues', Partnership Africa–Canada, Aug. 2005, <<http://www.pacweb.org/programs-diamond-dev-e.php>>.

<sup>66</sup> See also Cornwell, R., 'The mining sector in the Democratic Republic of Congo: problems and prospects', *African Security Review*, vol. 16, no. 1 (Mar. 2007).



***The resource-driven war economies of the Democratic Republic of the Congo and Sierra Leone cannot be eliminated by stricter law enforcement alone.***

Both countries also face another acute governance matter: the decentralization of resource revenues. In the DRC official mining revenues are supposed to flow down to provincial governments. However, the constitutional requirement that 40 per cent of national (resource) tax revenues be returned to provincial coffers is yet to be put into practice.<sup>67</sup> Furthermore, the relevant articles of the constitution fail to specify how the money is to be divided between the provincial and lower levels. The Congolese Government needs to step up the financial decentralization process and extend it to sub-provincial levels as well as establish equalization funds to prevent a widening gap between resource-rich border provinces and resource-poor central ones.<sup>68</sup>

Meanwhile, Sierra Leone has made significant efforts to distribute centrally collected taxes among diamond-producing chiefdoms and to devolve licensing functions to chiefdom level. The financial reforms demonstrate the government's goodwill to inject resource revenues in local development. However, the lack of transparency and responsiveness of chiefly authorities risks creating local resentment. Sierra Leone's decentralization process would need to provide a better balance of power between chiefly authorities and elected local councils, in order to increase public scrutiny over revenue spending and licensing.

### **Final remarks**

The resource-driven war economies of the Democratic Republic of the Congo and Sierra Leone cannot be eliminated by stricter law enforcement alone but will require an approach that re-establishes and democratizes local governance, settles issues of land rights and acknowledges user rights of artisan producers. To date, national and international conflict termination strategies have focused on blocking rebel groups' access to conflict commodities through sanctions, military interventions and certification schemes. In the post-conflict period, the priorities of national governments have been to increase the volume of legal resource trade and to attract foreign investment in industrial extractive industries. Neither of these approaches helps communities and artisan producers to clarify and strengthen their rights in relation to external investors and the state. If left underdressed, local grievances associated with extractive industries risk jeopardizing the level of peace that has been achieved in Sierra Leone and most of the DRC.

<sup>67</sup> United Nations, United Nations Development Assistance Framework (UNDAF) for the Democratic Republic of Congo, Aug. 2007, <[http://www.undp.org.cd/Downloads/UNDAFFinal%20-%20August\\_.pdf](http://www.undp.org.cd/Downloads/UNDAFFinal%20-%20August_.pdf)>.

<sup>68</sup> International Monetary Fund (IMF), *Democratic Republic of the Congo: Poverty Reduction Strategy Paper—Joint Staff Advisory Note*, IMF Country Report no. 07/331 (IMF: Washington, DC, Sep. 2007) <<http://www.imf.org/external/pubs/ft/scr/2007/cr07331.pdf>>.





## RECENT SIPRI PUBLICATIONS

### **SIPRI Yearbook 2008: Armaments, Disarmament and International Security**

Oxford University Press, 2008

### **Humanitarian Military Intervention: The Conditions for Success and Failure**

By Taylor B. Seybolt

Hardback and paperback

Oxford University Press, 2007/2008

### **Transparency in Transfers of Small Arms and Light Weapons: Reports to the United Nations Register of Conventional Arms, 2003–2006**

SIPRI Policy Paper no. 22

By Paul Holtom

SIPRI, July 2008

### **The Impact on Domestic Policy of the EU Code of Conduct on Arms Exports: The Czech Republic, the Netherlands and Spain**

SIPRI Policy Paper no. 21

By Mark Bromley

SIPRI, May 2008

### **Terrorism in Asymmetrical Conflict: Ideological and Structural Aspects**

SIPRI Research Report no. 23

By Ekaterina Stepanova

Oxford University Press, 2008

### **The Effectiveness of Foreign Military Assets in Natural Disaster Response**

By Sharon Wiharta et al.

SIPRI, 2008

### **Reforming Nuclear Export Controls: The Future of the Nuclear Suppliers Group**

SIPRI Research Report no. 22

By Ian Anthony, Christer Ahlström and Vitaly Fedchenko

Oxford University Press, 2007

### **United Nations Arms Embargoes: Their Impact on Arms Flows and Target Behaviour**

By Damien Fruchart et al., SIPRI and the Uppsala University Special Program on the Implementation of Targeted Sanctions

SIPRI/Uppsala University, 2007

**SIPRI** is an independent international institute dedicated to research into questions of international peace and security. Since its establishment in 1966, SIPRI has provided reliable and unbiased information, analysis and recommendations to policymakers, researchers, the media and the interested public.

SIPRI publications are peer-reviewed, use only open sources and are transparent about the sources used. SIPRI does not adopt institutional positions. The views expressed in its publications are those of the authors.

#### GOVERNING BOARD

Ambassador Rolf Ekéus,  
Chairman (Sweden)  
Dr Willem F. van Eekelen, Vice-  
Chairman (Netherlands)  
Dr Alexei G. Arbatov (Russia)  
Jayantha Dhanapala  
(Sri Lanka)  
Dr Nabil Elaraby (Egypt)  
Rose E. Gottemoeller  
(United States)  
Professor Mary Kaldor  
(United Kingdom)  
Professor Ronald G. Sutherland  
(Canada)  
The Director

#### DIRECTOR

Dr Bates Gill (United States)



#### STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE

Signalistgatan 9  
SE-169 70 Solna, Sweden  
Telephone: +46 8 655 97 00  
Fax: +46 8 655 97 33  
Email: sipri@sipri.org  
Internet: www.sipri.org

SIPRI INSIGHTS ON PEACE AND SECURITY NO. 2008/2

# RESOURCE–CONFLICT LINKS IN SIERRA LEONE AND THE DEMOCRATIC REPUBLIC OF THE CONGO

RUBEN DE KONING

## CONTENTS

I. Introduction	1
II. Perspectives on natural resource conflict	3
Environmental scarcity	3
Resource abundance	3
Political ecology	4
III. Case study: Sierra Leone	5
Resource dimensions of the war in Sierra Leone	5
Impeding and accommodating rebel groups	5
Post-conflict governance reforms in the diamond sector	6
Concerns about governance reform	8
IV. Case Study: Democratic Republic of the Congo	8
Resource dimensions of the war in the Democratic Republic of the Congo	8
Resource governance in peace negotiations	9
Mining in the post-conflict reconstruction period	10
Persisting war economies in the east	11
Scope for UN sanctions	13
V. Conclusions	14
From analytical perspectives to peacebuilding strategies	14
Curbing access to resources	15
Accommodating rebels	16
Post-conflict development-oriented resource-governance reforms	17
Final remarks	18
Box 1. Pyrochlore: a complex conflict commodity	12

## ABOUT THE AUTHOR

**Ruben De Koning** (Netherlands) is a social scientist/development specialist. He has done extensive field research in the Horn of Africa and Central Africa where he studied interstate border disputes, small-arms violence, and rebel movements—in the context of natural resource scarcity and abundance. He holds a Master in Development Studies from the University of Nijmegen. He was a consultant for Pax Christi Netherlands in 2003 and SIPRI in 2008. From 2004 to 2007 he worked as a research associate at the Center for International Forestry Research in Bogor Indonesia and Yaoundé, Cameroon. Presently he is at the United Nations Development Programme's Oslo Governance Centre.