



## United Nations Expert Panel Investigation of Illegal Exploitation of Natural Resources and Other Forms of Welch in the Democratic Republic of the Congo

### Overview

In 2000, the UN Security Council authorized the creation of a Panel of Experts to investigate the illegal exploitation of natural resources in the Democratic Republic of the Congo (DRC). The Panel's first report, published in April 2001, was highly critical of the situation in the DRC. Both the Rwandan and Ugandan governments condemned the report's findings, arguing that it contained factual errors and relied too much on unconfirmed information. However, the governments acknowledged that the report's portrayal of the exploitation of resources by the military and others was fundamentally correct. The report attracted widespread media attention and strengthened the international campaign against conflict diamonds.

The conclusions of the second report, published in November 2001, reinforced the April 2001 report. The Panel stated that the illegal exploitation of resources was continuing unabated. While the UN Security Council declined to act on the report's central recommendation to ban the export of natural resources from the DRC, Burundi, Rwanda, and Uganda for as long as they continue to aid and abet illegal exploitation, the Security Council did extend the Panel's mandate once again.

In the third report, published in October 2002, the Panel stated that "elite networks" consisting of key political and military elites and business persons continue to plunder the country's natural resources and public coffers with impunity. By employing an array of criminal activities, the elite networks continue to fuel the military conflict in order to retain their control over the country's vast natural resources. Annex I of the third report recommended placing financial restrictions on 29 companies. Annex II recommended placing a travel ban and financial restrictions on 54 individuals. Annex III of the third report named 85 companies as having violated the OECD's *Guidelines for Multinational Enterprises*. The OECD Guidelines for Multinational Enterprises describe clear standards of what endorsing governments believe represents good corporate behavior, and multinational companies from OECD countries are expected to adhere to their contents in their business operations worldwide. Governments that have endorsed the Guidelines have obligations to promote adherence by multinational companies, and the OECD has provided clear implementation procedures in this regard. Through National Contact Points (NCPs), endorsing governments are required to publicize the Guidelines and handle complaints brought against those who are in breach.

Companies and some governments sharply criticized the Panel's third report, because it did not describe in detail how all the companies named had violated the OECD Guidelines.

In January 2003, the Security Council issued Resolution 1457 in which it strongly condemned the illegal exploitation of natural resources in the DRC, noted its concern that this plunder fueled the conflict and demanded that all governments act immediately to end these illegal activities. In addition, the Security Council instructed the Panel to analyze existing and new information, including material supplied by individuals and corporate actors, in order to update its findings and/or clear companies named for violating the OECD Guidelines. Individuals and companies named in the third report were also invited to submit their reactions. Many of the reactions were published online in June 2003.

The Panel issued its final report in October 2003 and has since been dissolved. The Panel once again reiterated that, despite the withdrawal of foreign armies, a vicious cycle of resource-driven conflict has taken hold of the country in which networks of high-level political, military and business persons in collaboration with various rebel groups are intentionally fueling the conflict in order to retain their control over the DRC's natural resources, particularly in the eastern and northeastern regions of the country.

A section of the final report was excised by the Security Council because the Panel names members of the new Transitional Government that it maintains are perpetuating conflict, purportedly with backing from the Rwandan and Ugandan governments. Control of the DRC's natural resources remains the motivating factor.

The Panel recommended in its final report several reforms “that have to be initiated immediately in order to allow the democratically elected central government – once in place – to ensure the legal exploitation of natural resources in the DRC.”<sup>1</sup>

A central recommendation is the need to ensure the transitional government regains control of its natural resources, which the Panel states, will be no small undertaking and the Congolese government will need the full support of the international community. The UN Panel also recommended steps that should be taken to help the new Congolese government manage its natural resource wealth so that it benefits the Congolese people, rather than finances the purchase of more arms and conflict.

The most pressing of these is the need to establish an arms monitoring team, new armed forces and effective border patrols in order to break the cycle of illegal exploitation of natural resources, arms trafficking and conflict. The Panel has also urged a number of reforms to rebuild the DRC's governance and institutional structures, including an overhaul of the country's historically defunct accounting and auditing systems to establish transparency of revenues and expenditures. The Panel recommended that a natural resource fund should be created and called for the full disclosure and transparency of revenues earned from the extractive industries sectors – both by governments and by companies. The Panel also noted that critical infrastructure needs to be rebuilt, such as schools, hospitals, roads, sanitation, etc.

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<sup>1</sup> Final Report of the Panel of Experts, Paragraph 52, Page 14.