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THE DEMOCRATIC REPUBLIC OF THE CONGO

U.S. Agencies Should Take Further Actions to Contribute to the Effective Regulation and Control of the Minerals Trade in Eastern Democratic Republic of the Congo



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Why GAO Did This Study

Rich in minerals, the eastern Democratic Republic of the Congo (DRC) has long been the site of one of the world's worst humanitarian crises. Since 1998, an estimated 5 million have died as a result of the conflict. GAO was asked to examine the connection between minerals trade and human rights abuses, and the efforts to help control the trade.

This report assesses (1) how the key minerals are mined, transported, and processed; (2) the links between the minerals trade, armed conflicts, and human rights abuses; (3) measures the United States and the international community have taken to control the trade and; (4) challenges faced in controlling the trade. GAO reviewed and analyzed reports, memorandums, and other documents and interviewed officials from the Department of State (State), other United States agencies, the United Nations (UN), and foreign governments as well as representatives from nongovernmental organizations and industry.

What GAO Recommends

GAO recommends that the Secretary of State, in consultation with relevant agencies, (1) provide concrete, actionable steps to help control the minerals trade, including addressing lack of security, governance, and infrastructure, and (2) work with relevant stakeholders to periodically update information on mines and armed groups. State concurred with GAO's recommendations.

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What GAO Found

Tin, tantalum, tungsten, and gold are the key minerals mined in eastern DRC. Tin, tantalum, and tungsten follow a similar supply chain; they are mined by hand, sold to small-scale traders, carried by porters, transported by truck or airplane to the border, and sold to trading houses for export. The minerals transit DRC's neighbors, such as Rwanda, and most are processed in Asia and used in technology products, such as mobile telephones. In contrast, according to U.S. officials and others, most gold is smuggled out of the DRC and is ultimately used by the jewelry industry.

Illegal armed groups and some Congolese national military units commit human rights abuses and are involved in the minerals trade. A UN official stated that approximately 50 percent of the reported human rights abuses are committed by Congolese army units; many soldiers in these units have committed violations in the past as rebels, are poorly integrated into the Congolese military, and are consistently unpaid. To varying degrees, illegal armed groups and some military units illicitly tax minerals at mines and mineral transport routes, but they also make money illicitly taxing other trades, such as trade in charcoal and timber. The minerals trade is not the root cause but one of many factors perpetuating the conflict.

The United States and the international community, particularly the UN, are working to help control the illicit minerals trade, but many efforts are in the preliminary stage. State issued a "white paper" and produced a map of mines and armed groups, but both should be improved. The white paper lacks concrete, actionable steps regarding U.S. contribution to help control the trade, and the map presents data that need updating to enhance its usefulness. Provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. No. 111-203) underscore the importance of U.S. agencies taking action to help address the trade. The UN has made efforts to help control the trade by imposing sanctions, deploying expert teams, and developing mineral training centers. Others, such as a global tin industry association and the DRC government, have also made efforts, but these efforts are in the early stage.

Significant challenges, which are yet to be addressed, exist to monitoring and controlling the minerals trade, including tracking the mine of origin. For example, many mines are in remote areas, lack road access, and are occupied by armed groups, making it challenging to monitor mine activities. Tracking the origin of minerals will rely on DRC mining officials, but these officials suffer from a lack of skills and from corruption. U.S. and foreign officials and others said that lack of security, weak governance, and lack of infrastructure in eastern DRC are significant challenges that, unless addressed, will likely impede efforts to control the minerals trade. Addressing these challenges requires measures to reform the security sector, improve governance, and invest in infrastructure, but little progress has been made in these areas.

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Abbreviations

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| CNDP | Congrès National pour la Défense du Peuple (National Congress for the Defense of the People) |
| DRC | Democratic Republic of the Congo |
| FDLR | Forces Democratiques de Liberation du Ruwanda (Democratic Forces for the Liberation of Rwanda) |
| ICGLR | International Conference on the Great Lakes Region |
| MONUSCO | United Nations Organization Stabilization Mission in the Democratic Republic of the Congo |
| NGO | nongovernmental organization |
| OECD | Organization for Economic Cooperation and Development |
| SEC | Securities and Exchange Commission |
| UN | United Nations |
| USGS | United States Geological Survey |

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United States Government Accountability Office
Washington, DC 20548

September 30, 2010

The Honorable Russell Feingold
Chairman
Subcommittee on African Affairs
Committee on Foreign Relations
United States Senate

The Honorable Sam Brownback
United States Senate

The Honorable Richard Durbin
United States Senate

The eastern portion of the Democratic Republic of the Congo (DRC) has long been the site of one of the world's worst humanitarian crises. Since 1998, an estimated 5 million have died as a result of the conflict. To help ease the hardships caused by years of conflict and war, the United States has provided substantial aid to the DRC. In 2008, the United States provided more than \$700 million in aid, including both bilateral assistance and U.S. contributions to multilateral organizations. In August 2009, the Secretary of State traveled to the eastern portion of the DRC where she saw the consequences of conflict firsthand and called for action. The United States is the largest donor to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO),¹ contributing almost one-third of MONUSCO's \$1 billion annual budget.

In 2006, Congress passed the Democratic Republic of Congo Relief, Security, and Democracy Promotion Act. The act stated that it is the policy of the United States to work for peace and security throughout the DRC by supporting efforts to protect civilians, disarm illegal armed groups, and hold accountable individuals and entities working to destabilize the country. According to Department of State (State) officials, improving security in the eastern portion of the DRC is central to U.S. efforts.

¹From its creation in 1999 to July 2010, the United Nations' deployment was called the United Nations Organization Mission in the Democratic Republic of the Congo. On July 1, 2010, the deployment's name was changed to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo.

However, in the minerals-rich North Kivu and South Kivu regions of the country (hereafter called eastern DRC), illegal armed groups, as well as some units of the Congolese national military, have reportedly continued to commit severe human rights abuses, including mass killings and rapes, and they also reportedly profit from the mining of minerals there. Recognizing the continuing urgency of the human rights situation and the need to take action, in July 2010, Congress included in the Dodd-Frank Wall Street Reform and Consumer Protection Act provisions pertaining to the trade of DRC conflict minerals.²

You asked us to examine the minerals trade in eastern DRC; its connection to human rights abuses; and national and international efforts to monitor, regulate, or control the trade. Specifically, this report assesses (1) the key minerals mined in eastern DRC and how these minerals are mined, transported, and processed; (2) the extent to which there are links between minerals extraction, armed conflicts, and human rights abuses in eastern DRC; (3) the measures the United States and other members of the international community have taken to help monitor, regulate, or control the minerals trade and their effectiveness; and (4) the challenges the United States and other members of the international community face in monitoring, regulating, or controlling the trade, and how these challenges are being addressed.

To respond to these objectives, we reviewed and analyzed reports, memorandums, and other documents from relevant U.S. agencies; foreign governments; multilateral organizations, such as the United Nations (UN); nongovernmental organizations (NGO); academics; and industry organizations. We interviewed officials from State, the Department of Defense, the United States Agency for International Development, the Department of the Treasury (Treasury), and the Office of the United States Trade Representative. We traveled to the DRC, Rwanda, the United Kingdom, and Belgium and interviewed U.S. agency officials, foreign government officials, UN and other multilateral organization officials, and

²Pub. L. No. 111-203, signed into law on July 21, 2010. That act contains provisions that require the Securities and Exchange Commission (SEC) to promulgate regulations, no later than 9 months after the enactment of the act, requiring persons to disclose annually to SEC if any conflict minerals from the DRC or an adjoining country are used in the products of those companies, and to make such information publicly available. In addition, the act requires the Secretary of State to (1) provide Congress with a strategy to address the linkages between human rights abuses, armed groups, the mining of conflict minerals, and commercial products and (2) produce a map of mineral-rich zones, trade routes, and areas under the control of armed groups in the DRC.

representatives from NGOs and industry. We also interviewed UN officials, MONUSCO officials, and U.S. officials of the United States Mission to the United Nations in New York.

Due to the inaccessibility of many locations in eastern DRC and the mining sites in particular, our analysis of conditions in eastern DRC is based largely on the research that has been conducted by UN, U.S., and foreign government officials; NGOs; and academic researchers. We interviewed U.S. and foreign officials who have experience in working on eastern DRC issues and who were knowledgeable about the eastern DRC minerals trade. We consulted with and reviewed reports by NGOs and academic researchers who have worked extensively on DRC issues and on the eastern DRC minerals trade in particular. Many of these NGOs and researchers have conducted research on the eastern DRC minerals trade on behalf of foreign governments or have worked in collaboration with foreign governments. The UN, including MONUSCO, has had a substantial and sustained presence in eastern DRC since 1999. In addition, we believe that MONUSCO's consistent long presence in the DRC, its work on monitoring human rights, and its logistical support for Congolese national military efforts to eradicate illegal armed groups from mining areas make it a valuable and reliable source of information on matters related to conditions in the DRC in general and the mining areas of the eastern DRC in particular. Appendix I provides more detailed information on our objectives, scope, and methodology.

We conducted this performance audit from October 2009 to September 2010, in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

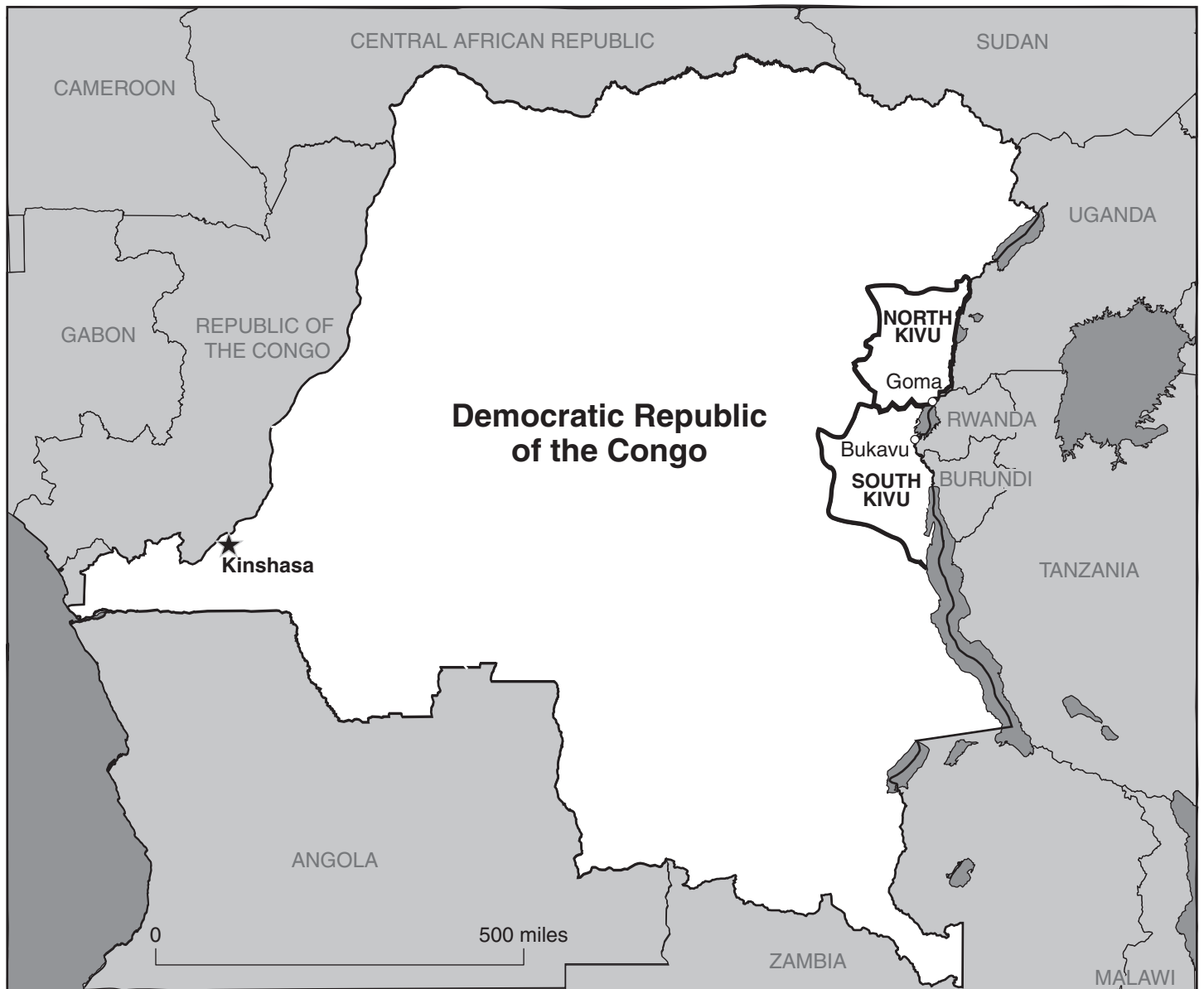
The DRC is a vast minerals-rich nation, with an estimated 66 million people in an area about one-quarter the size of the United States. It was formerly a colony of Belgium and achieved independence in 1960. For almost 30 years of the postindependence period, the DRC was known as Zaire and was ruled by an authoritarian regime under Joseph Mobutu. During the Mobutu regime, the nation's productive capacity shrank and its ethnic tensions grew. Following the 1994 genocide in Rwanda, perpetrators of the genocide and refugees fled into eastern DRC.

The Mobutu regime was toppled in 1997 by Laurent Kabila, who led a rebel group from eastern DRC with the assistance of Rwanda and Uganda. Kabila was assassinated in 2001 and leadership shifted to his son, Joseph Kabila. During the period of the senior Kabila's regime, the nation experienced a period of civil war during which numerous rebel groups—with the assistance of Rwanda, Uganda, and other neighboring countries—captured significant parts of the DRC. The war continued into the regime of Joseph Kabila, and it is estimated that by 2004, about 4 million people had died as a result of the conflict.

To deal with the humanitarian crisis in the DRC, the UN has had a large commitment to the DRC in the MONUSCO peacekeeping force, which has been in place since 1999. MONUSCO has grown from an initial force of about 5,500 troops to over 18,500 troops in 2010. Included within its broad mission, MONUSCO is to facilitate civilian protection, humanitarian assistance, and human rights monitoring—with particular attention to vulnerable groups, including women, children, and demobilized child soldiers. Among multiple priorities, MONUSCO is to monitor the implementation and compliance with measures to curtail the provision of support that illegal armed groups derive from their involvement in the trade of natural resources. MONUSCO also has provided logistical support for Congolese national military efforts to eradicate illegal armed groups from mining areas.

After decades of instability and years of war, the central government in Kinshasa currently has little administrative capacity and even less control over remote regions, such as eastern DRC. The lack of control is exacerbated by the long distances and the rudimentary infrastructure, which make transportation and communication difficult. Despite significant mineral deposits and agricultural potential in eastern DRC, the region remains poor and susceptible to control by armed groups. The North Kivu and South Kivu provinces of the DRC, which border Rwanda, Uganda, Burundi, and Tanzania, have significant natural resources, including mineral deposits (see fig. 1). The Kivus also reportedly have egregious cases of crimes against the civilian population.

Figure 1: Map of the DRC (Denoting the North Kivu and South Kivu Provinces) and Its Neighboring Countries



Source: Map Resources (map).

Tin, Tantalum, and Tungsten Follow the Same Supply Chain to Export, While Gold Is Mostly Smuggled Out of the Country

Tin, Tantalum, Tungsten, and Gold Are the Key Minerals Artisanally Mined in Eastern DRC

Tin, tantalum, tungsten, and gold are the key minerals mined and traded internationally from eastern DRC. The DRC has significant deposits of the ores that contain tin, tantalum, and tungsten.³ These minerals are artisanally mined, mostly in remote, hard-to-reach areas that lack basic transport infrastructure.⁴ In eastern DRC, artisanal miners extract minerals from the ground with rudimentary tools, such as picks, shovels, and hammers, and sometime dig with their bare hands. In the absence of mechanization, and without safety precautions, miners extract minerals from the earth, often in harsh and dangerous conditions.⁵

According to NGOs and academic researchers, artisanal mining has become the primary subsistence activity in eastern DRC. Since the beginning of the twentieth century, tin, tantalum, tungsten, and gold have been mined in eastern DRC. Historically, people in eastern DRC relied on agriculture for subsistence; however, as security deteriorated in the 1990s, according to a UN official, economic activities besides mining became less feasible, and many in eastern DRC turned to informal, artisanal mining for subsistence. Notably, according to an NGO, the tantalum boom of 1998 through 2001 attracted a significant number of miners who abandoned traditional agriculture to work in the mines.

³Tin is found in cassiterite ore, tantalum is typically found in columbite-tantalite ore, and tungsten is usually found in wolframite ore. Quite often, cassiterite ore and columbite-tantalite ore (commonly referred to as coltan) are found together. However, columbite-tantalite ore can also be found with wolframite ore. Other precious and semiprecious stones, including diamonds and amethysts, are also found in eastern DRC; however, tin, tantalum, tungsten, and gold are the main minerals mined and traded there.

⁴Artisanal mining is a form of mining that is characterized by a lack of mechanization or capital investment.

⁵In addition, according to NGO representatives, some child labor occurs at mining sites.

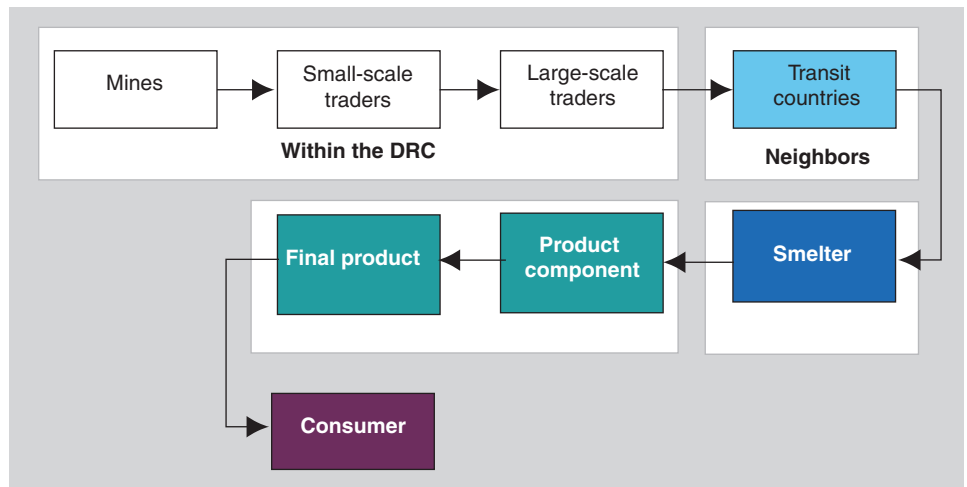
According to NGO reports, the actual number of artisanal miners in the DRC is unknown. However, according to these reports, there are an estimated 2 million artisanal miners in the DRC as a whole, of which approximately 200,000 are in North Kivu. There are no reliable estimates for the number of artisanal miners in South Kivu. Foreign officials and researchers estimate that each artisanal miner supports about five dependents, on average. According to data from the United States Geological Survey (USGS), the DRC accounted for approximately 3.9 percent of tin mined worldwide and 8.6 percent of the tantalum mined worldwide in 2009.⁶

Tin, Tantalum, and Tungsten Follow Similar Supply Chains Out of Eastern DRC

After tin, tantalum, and tungsten are excavated from the ground by artisanal miners, they pass through the hands of intermediaries before they are exported out of the DRC. Figure 2 shows a typical supply chain for DRC-origin minerals. The minerals are usually bought by a small-scale trader, called a *négociant*, who arranges transportation of the minerals to trading towns. The minerals are packed into sacks, generally weighing around 100 pounds, and porters carry the sacks by foot through difficult terrain out of remote mining locations. The minerals are often later transported by large trucks or airplanes to trading towns.

⁶According to a USGS report, DRC is not among the top producers of tungsten or among the countries with the largest deposits of tungsten.

Figure 2: Typical Supply Chain for DRC-Origin Tin, Tantalum, and Tungsten



Source: GAO analysis of the minerals supply chain in eastern DRC.

Next, minerals are sold to trading houses, called *comptoirs*, which are larger scale traders authorized to export. According to NGO representatives and academics, entities at each level of the minerals trade supply chain can be prefinanced by those above them. For example, it is very common for small-scale traders and porters to be prefinanced by trading houses. The trading houses both buy and sell minerals and are based in the provincial cities of Goma and Bukavu, located on the DRC-Rwandan border. The trading houses also typically perform some rudimentary processing of the minerals to prepare them for export. The trading houses in Goma and Bukavu then export the minerals, both legally (declared to DRC authorities) and illegally (not declared), to minerals traders in neighboring transit countries, such as Rwanda or Uganda. Figure 3 shows cassiterite ore (containing the mineral tin) being prepared for export at a trading house in Goma, DRC.

Figure 3: Cassiterite Ore (Containing the Mineral Tin) Being Prepared for Export at a Trading House in Goma, DRC



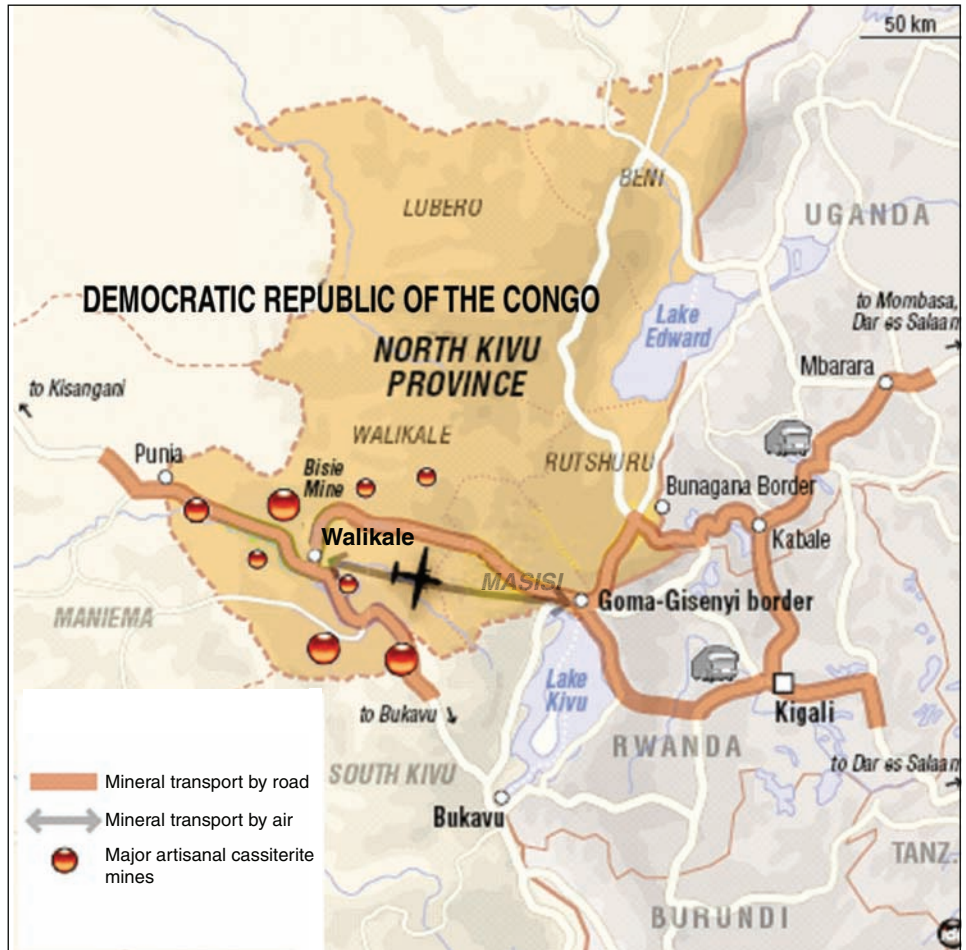
Source: GAO (photograph).

Case Study: Tin Ore Supply Chain from the Bisie Mine Site to Export

Tin, tantalum, and tungsten are transported and traded via multiple routes from numerous mines in eastern DRC. However, the Bisie mine site located in a remote territory in North Kivu reportedly produces up to 70 percent of the tin ore exported from Goma; it provides a good case study in understanding a major tin ore supply chain from North Kivu.

According to UN and U.S. agency officials, NGOs, and researchers, after it has been mined, the tin ore is packed into sacks that generally weigh 100 pounds and typically is carried on foot by porters for about 45 kilometers through difficult terrain, a trek that can take up to 2 days. Traders collect the minerals in a small trading village, then drive the minerals to a makeshift runway where they are loaded onto small airplanes and flown to Goma (see fig. 4). In Goma, after the quality of the material is determined, the minerals are weighed and packaged for export by a trading house, usually in container loads of 25 tons. From Goma, tin ore is transported by road to either Rwanda or Uganda, then is exported to the world market.

Figure 4: Transport of Cassiterite Ore (Containing the Mineral Tin) from the Bisie Mine to Goma



Source: Nicholas Garrett, "Guns, sweat and tears in North Kivu's tin ore mines," *The Africa Report* (October/November 2008), 42.

Central and Provincial Governments Are Unable to Fully Tax the Minerals Trade

The DRC government, at the central and provincial levels, taxes some of the minerals trade; however, due to various factors, they do not tax all of the trade, according to DRC officials and an NGO report. The five official Congolese agencies tasked with regulating the minerals trade collect production and export figures, but the official production figures, recorded at the mining sites differ considerably from official figures recorded at subsequent points, according to an NGO report. For example, according to an NGO report, tin registered for 2006 exports from Goma was approximately 29 percent of the production figure that had been

registered at the mining site in Walikale.⁷ According to these data, it would seem that approximately 70 percent of the ore produced at Walikale was unaccounted for at the point of export in Goma.

Congolese agencies responsible for levying and collecting legal taxes on the minerals trade are impeded by volatile security conditions in mining areas, poor infrastructure, weak capacity, and entrenched corruption, according to U.S., and DRC officials, a foreign official, and industry representatives. According to U.S. agency and DRC officials, in many instances, mining officials cannot access mining sites to regulate the trade due to security concerns and lack of road access. Furthermore, according to U.S., DRC, and foreign officials and a 2008 World Bank report, despite their official status, DRC officials responsible for levying and collecting legal taxes on the minerals trade are often unpaid and either underreport or fail to report official mineral values to illicitly exact taxes for their personal benefit. According to a UN official and NGO reports, some other DRC authorities, who are not legally responsible for levying and collecting taxes on the minerals trade, also extort revenue for their personal benefit.

According to DRC officials, at the point of export, some legal taxes are usually paid to government officials for tin, tantalum, and tungsten; however, official figures on actual quantities exported are often incorrect and underreported. According to academic researchers, between 2007 and 2008, the Congolese state collected over \$6 million from the export of tin, tantalum, and tungsten from eastern DRC, despite consistent estimated underreporting of quantities of exports by approximately 35 percent.⁸ According to one report, due to persistent underreporting and some smuggling, there is a significant shortfall in the amount of legal tax collected by both the central and provincial governments.

⁷Aloys Tegera and Dominic Johnson, Pole Institute, *Rules for Sale: Formal and Informal Cross-border Trade in Eastern DRC* (May 2007), 52.

⁸Nicholas Garrett and Harrison Mitchell, Resource Consulting Services, *Trading Conflict for Development: Utilizing the Trade in Minerals from Eastern DR Congo for Development* (April 2009), 32.

Tin, Tantalum, and Tungsten Transit DRC's Neighboring Countries, Are Processed Mostly in Asia, and Are Used in Technology Products

From trading houses in eastern DRC, tin, tantalum, and tungsten are transported by road, boat, or airplane to neighboring countries, such as Rwanda, Uganda, and Burundi. According to U.S. and foreign officials and an NGO report, in these countries, DRC-origin minerals are sometimes mixed with the same minerals of other national origin. According to NGO reports, tin, tantalum, and tungsten are often transported along established trade routes, such as routes from eastern DRC through Uganda to Kenya, through Rwanda to Uganda and then to Kenya, through Rwanda to Tanzania, and through Burundi to Tanzania.

According to an NGO report and an industry representative, DRC-origin minerals and DRC-origin mixed minerals are then exported from transit countries to smelters, which are located mostly in East Asia. Smelting is the process by which a mineral is extracted from its ore through heating the mineral beyond its melting point. At smelters, DRC-origin tin, tantalum, and tungsten are mixed with the same minerals from other countries. Once minerals have been processed at the smelters, it is technically impossible to determine the minerals' country of origin.

According to an NGO report, tin and tantalum and—to a lesser extent, tungsten—are then purchased by electronics manufacturing companies. The electronics industry is reportedly the largest consumer of tin and tantalum from eastern DRC. The minerals are used in the production of technology products, such as mobile telephones and laptops. The processed metals—for example, tin for solder—are used in electronic components that are sold to electronics manufacturers and are incorporated into technology products sold to the public. According to a 2010 report, tungsten, while also used by the electronics industry, is used by a more diverse group of industries and for a variety of applications.⁹

Most DRC-Origin Gold Is Smuggled Out of the Country and Used by the Jewelry Industry

DRC-origin gold follows more informal and clandestine supply chains out of the country than tin, tantalum, and tungsten, according to an NGO report. Because artisanally mined gold is reportedly found in very small nuggets or gold dust in remote mining areas, it is easily concealed in people's clothing or belongings, according to NGO reports. According to an NGO report, gold mined in North Kivu and South Kivu can be carried by

⁹Tungsten is used heavily in cemented carbides ("hard metals") for hard dies, tools, gauges, and bits and in the production of tungsten steels, which are used in fabricate components in the aerospace industry.

hand, driven, or flown out of mining sites to major trading centers, generally Bukavu, along with other cargo. Once in Bukavu, traders sell gold to trading firms that reduce obvious impurities, then smuggle the gold out of the country, usually through Uganda and—to a lesser degree—through Burundi. Occasionally, gold is also smuggled through Rwanda or other transit countries.

Official export data on DRC-origin gold are extremely limited, and U.S. agency officials, foreign officials, and NGO representatives said that most gold from eastern DRC is smuggled out of the country. According to NGO reports, 90 to 95 percent of gold mined in eastern DRC is smuggled out of the country. A U.S. agency report stated that estimated exports of gold from the DRC in 2008 were only 240 kilograms. However, according to a UN report, the DRC's senate estimated that \$1.24 billion worth of gold, equivalent to 40 tons, is smuggled out of the DRC annually without any customs declaration. Approximately 80 percent of gold from eastern DRC is reportedly exported to the Middle East, especially Dubai, to produce gold jewelry. According to a report produced by a research organization, while the primary consumer of gold is the jewelry industry, some gold is also used by other industries, including the electronics industry.¹⁰

¹⁰Business for Social Responsibility, *Conflict Minerals and the Democratic Republic of the Congo: Supply Chain, Government and Capacity Building: An Overview for Participants in the DRC Conflict Minerals Forum*, Business for Social Responsibility (May 2010), 8.

Illegal Armed Groups and Parts of the Congolese National Military Commit Human Rights Abuses and Are Involved in the Minerals Trade

Illegal Armed Groups and Some Congolese National Military Units Commit Serious Human Rights Abuses in Eastern DRC

According to UN, U.S., and foreign officials and NGO representatives, illegal armed groups and some Congolese national military units are consistently and directly involved in human rights abuses against the civilian population in eastern DRC.¹¹ According to UN officials and NGO representatives, many illegal armed groups, such as the Forces Democratiques de Liberation du Rwanda (FDLR)¹² and, until January 2009, the Congr s National pour la D fense du Peuple (CNDP),¹³ have been involved in severe human rights abuses against the civilian population. According to U.S. officials and NGO representatives, there is a culture of impunity in eastern DRC in which those who have committed human rights abuses do not face justice for the crimes they have committed.

According to UN, U.S., and foreign officials and NGO representatives, in terms of the numbers of reported human rights violations, it appears that some units of the Congolese national military are among the primary armed groups in eastern DRC committing violent acts and severe human rights abuses. According to a UN official in the DRC, based on information gathered in eastern DRC, approximately 50 percent of the reported human rights violations are committed by Congolese national army units. According to State's 2009 *Human Rights Report*, some Congolese national military units committed many serious human rights abuses with impunity,

¹¹MONUSCO officials and UN expert panels, leading subject matter experts on the situation on the ground in eastern DRC, have substantiated this information. See appendix I for more information on the UN's and MONUSCO's substantial, long term presence in eastern DRC.

¹²The FDLR includes soldiers and officers from the former pro-Hutu Rwandan regime that planned and carried out the Rwandan genocide predominantly against Rwandan Tutsis.

¹³The CNDP, a generally pro-Tutsi rebel group in eastern DRC, was officially absorbed into the Congolese national military in January 2009.

including unlawful killings, disappearances, torture, and rapes. The report also stated that in eastern DRC, some national military units summarily executed civilians and killed civilians during clashes with illegal armed groups. Furthermore, the report stated that military operations carried out in 2008 and 2009 were accompanied by a marked increase in human rights abuses and killings by Congolese national military units. Citing estimates by a coalition of more than 80 human rights and humanitarian NGOs, the report further indicated that for each enemy combatant disarmed during these military operations, 7 civilians were raped, 1 was killed, and 900 were forced to flee.

According to U.S. officials and NGO representatives, some Congolese national military units in eastern DRC face significant challenges that contribute to their involvement in human rights violations. According to U.S. officials and NGO representatives, the Congolese national military has absorbed over 50 former rebel groups as prescribed by peace processes in the DRC. According to NGO representatives, many of these soldiers committed human rights violations in the past as rebels, are poorly integrated now into the Congolese national military, and continue to commit human rights violations. In addition, according to U.S. officials, NGOs, and researchers, many units of the Congolese national military are consistently unpaid, have never received training, keep their weapons while off duty, and have developed and maintain cooperative economic relationships with various illegal armed groups, such as the FDLR.

Complicating the situation, according to a 2009 UN Group of Experts report, a U.S. agency official, and NGO representatives, many Congolese soldiers have divided loyalties, in that former rebel soldiers often remain loyal to commanders in their former command structures. In eastern DRC, this situation is exemplified by the absorption of the CNDP into the Congolese national military. Prior to its absorption in January 2009, the CNDP was in direct conflict with the DRC government. According to a U.S. agency official and UN officials, even after their absorption into Congolese national military units, many of these ex-CNDP soldiers are still poorly integrated and remain loyal to their commanders in the former CNDP command structure.

According to U.S. officials and NGO representatives, some extreme violence, such as massacres of villages, rapes, and mutilations of civilians, may also result from efforts of the illegal armed groups and some units of the Congolese national military to generate fear and consolidate control over economic activities, including mining activities. For example, according to an NGO report, an August 2009 armed attack that ended in the

deaths of 30 people and the wounding of 50 people at the Bisie mine site in North Kivu was linked to conflict over control of mineral resources.¹⁴ According to UN officials and NGOs, workers in mining areas operate in dangerous and exploitative work environments where they are vulnerable to human rights abuses perpetrated by illegal armed groups and some units of the Congolese military. Miners work in mining areas that are often in remote locations without viable transport infrastructure, thereby making them vulnerable to human rights abuses. According to a UN official and an NGO representative, illegal armed groups or the military will sometimes force workers to continue working in conditions that are unsafe.

Illegal Armed Groups and Some Congolese Military Units Generate Income from Involvement in the Minerals Trade and Other Economic Activities

According to UN, U.S., and foreign officials and NGO representatives, some Congolese military units and illegal armed groups in eastern DRC derive income, to varying degrees, from the minerals trade. According to a high-level UN official, in general, the minerals trade accounts for between 20 and 40 percent of armed groups' revenue. According to U.S. agency officials, foreign government officials, and NGOs, units of the Congolese military that are frequently not paid their salaries generate income from their involvement in the minerals trade. According to U.S. officials, a former head of the UN Group of Experts, and NGO representatives, illegal armed groups—including the FDLR, various illegal local militia or civil defense groups, and other smaller illegal armed groups—also generate income from their involvement in the minerals trade.

For example, according to a 2009 report, the FDLR earned up to 75 percent of its income from its involvement in the minerals trade (most of it from the gold trade).¹⁵ The FDLR is now more involved in the gold trade than in other minerals and generates a substantial percentage of its income from gold, according to DRC and UN officials and the 2009 report. A 2009 NGO report estimated that in 2008, illegal armed groups and some Congolese military units cumulatively generated between \$137 million and \$225 million from their involvement in the trade of tin, tantalum, tungsten, and gold in North

¹⁴David Sullivan and Noel Atama, The Enough Project (Center for American Progress), *Digging In: Recent Developments on Conflict Minerals*, (January 2010).

¹⁵Nicholas Garrett and Harrison Mitchell, Resource Consulting Services, *Trading Conflict for Development: Utilizing the Trade in Minerals from Eastern DR Congo for Development* (April 2009), 6.

Kivu and South Kivu,¹⁶ even though these minerals reportedly represented a small fraction of the DRC's total mineral exports. According to a USGS report, the DRC's broader minerals trade is worth billions of dollars annually. According to data from USGS, in 2008, combined exports of tin, tantalum, tungsten, and gold accounted for less than 4 percent of the DRC's total mineral exports.¹⁷ This percentage suggests that while tin, tantalum, tungsten, and gold are important sources of subsistence income for populations in the Kivus, these minerals are of much more limited importance to the overall economy of the DRC.

According to former members of UN Group of Experts teams, foreign officials, and NGO representatives, illegal armed groups and some units of the Congolese national military derive income from the direct control or illicit taxation of mineral mining areas, of mineral transport routes, and of numerous other economic activities. According to NGO representatives, workers in mining areas are often obligated to pay a percentage of their earnings as illicit taxes or to surrender minerals mined on certain days to armed groups in control of the mines or the local area. Foreign government officials and NGO representatives reported that at mining sites, individual mining pits are actually "owned," or at least controlled, by a commander from the Congolese military or an illegal armed group. In addition, vendors at mining sites, who charge miners exorbitant rates for food, shelter, and other basic goods, are also obligated to pay illicit taxes to armed groups in control of the mines or the local area.

According to UN officials and NGO representatives, illegal armed groups and some units in the Congolese national military also derive illicit income from extorting payment from civilians transporting minerals at checkpoints along transit routes. Until the point of export, individuals involved in the minerals trade are subject to various forms of illicit taxation by illegal armed groups and Congolese national military units. In a 2009 UN report, it was estimated that local military commanders at the

¹⁶The Enough Project (Center for American Progress), *A Comprehensive Approach to Congo's Conflict Minerals* (<http://www.enoughproject.org/publications/comprehensive-approach-conflict-minerals-strategy-paper>) (Apr. 24, 2009).

¹⁷To the extent that a significant amount of the minerals are underreported and/or smuggled out of eastern DRC, this statistic could underestimate the export value of these minerals from eastern DRC. According to the same USGS report, cobalt, copper, crude petroleum, and diamonds accounted for about 96 percent of mineral exports from DRC in 2008.

Bisie mine site can earn up to \$60,000 annually from these illicit taxes.^{18,19} UN officials also noted that illegal armed groups and units of the Congolese national military that are involved in the minerals trade do not act alone. These groups and units are involved with Congolese and foreign businesses that control many economic activities, including the minerals trade.

In addition to deriving income from the minerals trade, illegal armed groups and Congolese military units also derive income from direct control or illicit taxation of other diverse economic activities. According to U.S. agency officials, foreign government officials, and NGOs, some groups and units generate significant revenue through their control of transport routes and their involvement in the agriculture, cattle, charcoal, timber, sugar, and petroleum trades. According to a nongovernmental research organization based in North Kivu, groups and units are thoroughly entrenched in both import and export activities and will control whatever economic activities are available and lucrative. For example, according to a 2009 UN report, armed groups are significantly involved in the charcoal trade. According to a research organization, in 2009, the charcoal trade around Goma was worth an estimated \$25 million a year.²⁰ In another example, according to a former head of the UN Group of Experts, many recently integrated members of the Congolese national military are involved in the trade of tens of thousands of cattle worth from \$300 to \$900 each.²¹

¹⁸This estimate is based on industry estimates of an average of 500 tons a month of tin production from the Bisie mine.

¹⁹Letter from the Chairman of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo addressed to the President of the Security Council (S/2009/603), United Nations Security Council (Nov. 23, 2009), 50.

²⁰Center on International Cooperation, "Mining and Conflict in Eastern DR Congo" (April 2009), 1.

²¹Jason Stearns "Why Legislation on Mineral Trade is a Good Thing" Weblog. Congo Siasa, (<http://congosiassa.blogspot.com>) (July 26, 2010).

Minerals Trade Is One of Several Factors Fueling the Conflict in Eastern DRC

The minerals trade is one of several factors that contribute to continuing human rights abuses and conflicts in eastern DRC. According to U.S. officials and NGO representatives, while the minerals trade is one of several economic activities perpetuating conflict by providing resources to both illegal armed groups and some Congolese national military units, it is not the root cause of conflict. Recent research suggests that resource exploitation is a consequence of violent conflict, rather than its cause, and may result from the breakdown of the rule of law.²² As we have previously noted, many in eastern DRC only turned to informal, artisanal mining for subsistence as security in the country deteriorated. While cutting the illicit incomes of certain illegal armed groups and some Congolese military units would reduce the incentive for their members to remain in the area, it is difficult to determine the extent to which their numbers or involvement in human rights violations would be reduced.

According to U.S. officials, foreign officials, and NGO representatives, other factors contribute to conflict in eastern DRC. Factors contributing to conflict in eastern DRC include long-standing land tenure conflicts; interethnic conflicts, including Hutu versus Tutsi; and conflicts between Rwandan-speaking and non-Rwandan-speaking peoples. According to a former head of the UN Group of Experts and foreign officials, existing conflicts over land tenure were heightened after the migration of approximately 1 million Rwandans into eastern DRC following the 1994 genocide. This migration involved Hutus and Tutsis and included Hutu elements that participated in the planning and execution of the Rwandan genocide. It exacerbated existing tensions between Rwandan communities in the DRC and other ethnic groups, and tensions were intensified as a result of Rwanda's occupation of eastern DRC from 1998 to 2002.

²²Earlier studies argued that mineral wealth caused civil war; however, these studies used measures of natural resource wealth that have significant limitations. A recent study, which used an improved measure of natural resource abundance, found that "resource-rich countries have on average a lower propensity to enter a civil war, but countries that end up with civil strife will experience increasing dependence on [natural resources]." See Christa N. Brunnschweiler and Erwin H. Bulte, "Natural Resources and Violent Conflict: Resource Abundance, Dependence, and the Onset of Civil Wars," *Oxford Economic Papers*, vol. 61 (2009). Other evidence indicates that the "resource curse" afflicts countries with weak institutions, such as corruption and limited rule of law, and that countries with more effective institutions see faster economic growth from resource exports. See Halvor Mehlum, Karl Moene, and Ragnar Torvik, "Institutions and the Resource Curse," *The Economic Journal*, vol. 116 (2006).

United States and the International Community Are Working to Help Monitor, Regulate, or Control the Minerals Trade, but Illicit Trade Continues and Many Efforts Are Only Preliminary

State's Action Plan and Map of Mines Should Be Improved

State's "White Paper" Is of Limited Usefulness in Communicating U.S. Plans to Stakeholders

According to State officials, State has drafted an internal document entitled the Strategic Action Plan for Conflict Minerals in the Eastern DRC that was approved by the Secretary of State in March 2010 and includes short-, medium-, and long-term diplomatic and programmatic approaches. State's plan, communicated to external audiences through a three-page white paper, provides an indication of U.S. priorities but does not effectively communicate the steps that the United States is planning to take in the region.²³ GAO has reported on the guidelines for information sharing and communications as important aspects of federal internal controls. For example, effective communications should include an adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency

²³According to State, the plan is intended to be one element of State's larger strategy on the DRC and builds on past and ongoing activities. We requested the plan from State, but State provided us with the three-page white paper which State said is a publicly available document that describes U.S. plans for eastern DRC. Therefore, GAO's assessment of State's Strategic Action Plan relies on an examination of the white paper and on testimonial evidence from State officials on the plan.

achieving its goals.²⁴ The U.S. Congress is a critical stakeholder for U.S. policy toward the DRC that, as we have previously stated, has recently passed a law to address the minerals trade in eastern DRC. Also, multilateral organizations and other U.S. international partners are significant external stakeholders that can have an important impact on the ability to achieve the goals the United States shares with numerous other stakeholders in the region.

Our review of the white paper shows that it lacks concrete, actionable steps that the United States could take to help address the lack of security, weak governance, and lack of infrastructure that U.S. and foreign government officials have acknowledged as significant challenges.²⁵ For example, describing its plan on building DRC capacity, State notes in the white paper that it is “exploring bringing DRC mining officials to the U.S.,” “may also seek the vice-chairmanship of the Kimberley Process,” and “seeks a new economic officer at Embassy Kinshasa to focus on natural resource and environmental issues.” However, none of these three actions demonstrates a firm commitment on behalf of the United States to accomplish a goal. Moreover, State does not clarify how and to what extent these actions will directly contribute to addressing the challenge of weak governance or any of the other challenges that State officials have acknowledged could impede efforts to monitor, regulate, or control the minerals trade in eastern DRC. For example, given the importance that most parties have placed on mining sector reform and lack of capacity among DRC personnel, a more specific commitment by the United States to assist in the training of DRC officials could provide valuable information to other stakeholders about the intentions of the United States to contribute to this capacity building effort. Without this information, other stakeholders considering capacity building efforts could be unable to determine how U.S. efforts might complement ongoing international efforts.

²⁴Federal internal controls provide standards and an overall framework for establishing and maintaining internal controls and for identifying and addressing major performance and management challenges in government. See GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

²⁵The white paper includes the following six focus areas: (1) increasing public statements about the conflict minerals trade, (2) enhancing diplomatic efforts to target the conflict minerals trade, (3) encouraging responsible natural resources trade, (4) supporting the UN Mission in the DRC, (5) building capacity of the DRC government, and (6) protecting small-scale artisanal miners and mining communities.

As we have previously stated, information sharing is particularly important when communication involves external stakeholders that may have a significant impact on the agency's ability to achieve its goals. In this case, Congress, as a critical stakeholder for U.S. policy toward the DRC, has been active in discussions on the issue and has also recently passed legislation mandating additional efforts of agencies such as State and the Securities and Exchange Commission (SEC). A staff of the Chairman of a key congressional subcommittee of jurisdiction on DRC issues expressed concern about the lack of concrete and actionable steps in State's action plan, based on the white paper, for the United States to help address the challenges to monitor, regulate, and control the minerals trade. This concern existed at the time that Congress was considering the legislation mandating additional agency actions related to eastern DRC under the Dodd-Frank Wall Street Reform and Consumer Protection Act.²⁶ Also, multilateral organizations and other U.S. international partners are significant external stakeholders that can have an important impact on the United States achieving its goals toward the DRC. While acknowledging that the United States has been supportive of UN and other international efforts in the DRC, a foreign government official and a UN official said they were unclear about whether and how the United States plans to contribute to addressing the challenges of insecurity, weak governance, and lack of infrastructure toward addressing the conflict minerals situation in eastern DRC. Members of the international community have made significant efforts in the region, and success in addressing the many challenges in the region will likely require close collaboration with the international community.

²⁶Pub. L. No. 111-203.

State Has Produced an Initial Map of Mines but Has No Plans to Make Improvements

As directed by the National Defense Authorization Act, Fiscal Year 2010,²⁷ State produced a map of mines occupied by armed groups in eastern DRC, although State noted certain deficiencies with the data. For example, on the map, State noted that there is incomplete information on the number and location of mines, and that, due to a lack of verifiable data, it is difficult to locate many mine sites and to establish which mines are active. State also noted that it is difficult to verify whether armed groups are present at mine sites and are illicitly taxing the miners or porters as they move the minerals due to their remoteness.

While we recognize the challenges associated with this project, representatives of organizations with whom we spoke indicated the importance of using the best available information on the location of mines and of armed groups in the region.²⁸ However, State officials indicated that there are no plans to regularly update the map, even though the source data may no longer reflect the current mining and armed groups' activities. According to U.S. agency and UN officials, the situation in eastern DRC is fluid and evolving; new mines are being dug, old mines are being abandoned, and armed groups can rapidly move to or withdraw from mines or mineral trading routes. According to a senior MONUSCO official and an industry representative, a map produced on the basis of the best available information at one point in time is not particularly useful when trying to assess whether the ongoing minerals trade in eastern DRC is conflict free. The industry representative also said that a comprehensive spreadsheet with the latest information on specific mines under the influence of specific armed groups would be much more useful than a static map.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, underscores the importance of U.S. agencies taking action to help address the trade of DRC conflict minerals. The act includes provisions requiring the Secretary of State to (1) provide Congress with a

²⁷See section 1252 of the National Defense Authorization Act, Fiscal Year 2010, Pub. L. No. 111-84, enacted on October 28, 2009. The act states that "the Secretary of State, in consultation with the Secretary of Defense, should, consistent with the recommendation from the United Nations Group of Experts on the [DRC] in their December 2008 report, work with other member states of the United Nations and local and international nongovernmental organizations...to produce a map of mineral-rich zones and areas under the control of armed groups in the [DRC]..."

²⁸The map is based on data from a July 2009 study by the International Peace Information Service, which is a Belgian nongovernmental organization.

strategy to address the linkages between human rights abuses, armed groups, the mining of conflict minerals, and commercial products and (2) produce a map of mineral-rich zones, trade routes, and areas under the control of armed groups in the DRC. Under the act, U.S. firms are also required to ensure that the minerals they purchase in the region are conflict free. State's ability to make incremental improvements in subsequent updates of information on the location of mines and armed groups could also serve as an indication of progress.

U.S. Companies Will Be Required to Declare DRC-Conflict Products, but Industry Has Concerns about Meeting U.S. Time Frames

The recently passed Dodd-Frank Wall Street Reform and Consumer Protection Act²⁹ also included provisions that mandate SEC to create rules by April 2011 to require persons to disclose annually whether any conflict minerals from the DRC or an adjoining country are used in their products. Under the act, conflict minerals are defined as coltan, cassiterite, wolframite, gold, and their derivatives.³⁰ The first full fiscal year after SEC creates these rules, any U.S. entity that uses a conflict mineral for the functioning or production of a product must annually disclose the following to SEC: (1) due diligence measures taken, (2) independent audits performed, (3) a list of "non-DRC conflict-free" products made, (4) conflict mineral processing facilities, (5) the mineral country of origin, and (6) the efforts made to determine the mine of origin. The information must also be available on the entity's public Web site, and disclosure will continue for at least 5 years or until the President decides that no armed groups are benefiting from the minerals trade.

Industry representatives have expressed uncertainty and concern about meeting the time frames laid out in the act. First, a representative of a global metal association expressed uncertainty whether the regulations on disclosure will start in the next fiscal year, April 2011, or in the following fiscal year, April 2012. Second, there is uncertainty about whether the actual regulations promulgated by SEC will mirror the provisions laid out in the act. Third, there is uncertainty about whether the act's provisions will be applied to a broad range or narrow range of products. For example, industry representatives claimed it is unclear (1) whether they will be required to track every piece of coltan, cassiterite, wolframite, gold, and

²⁹Pub. L. No. 111-203.

³⁰In addition, the Secretary of State can add other minerals or their derivatives to the list if the Secretary determines that they are financing conflict in the DRC or an adjoining country.

their derivatives in every product they make or (2) if they can make general purchasing policy decisions and declare products they know “not to be DRC conflict free.” Some in the industry are concerned that if the regulations are applied to a broad range of products, it will be almost impossible to meet the requirements of the regulations and could lead to a de facto embargo. Finally, industry representatives have expressed concern that the act’s time frames are making it harder to implement efforts already started, such as ITRI’s tin traceability scheme, pointing out that initiatives and efforts in early stages will no longer be relevant if tight regulatory time frames overtake their efforts.³¹

We did not assess the potential effects of the act’s provisions in addressing the conflict minerals situation in eastern DRC, nor can we assess the validity of the industry’s claims. However, as we discuss later in the report, we note that our research indicates that there are significant challenges that, unless addressed, could undermine efforts to develop an effective system to monitor, regulate, and control the conflict minerals trade in eastern DRC.

³¹ITRI is dedicated to supporting the tin industry and expanding tin use. It is largely funded by tin producers and smelters, and its primary goal is to ensure an innovative, competitive, and sustainable market for tin. As of March 2010, ITRI’s members included Omsa (Bolivia), Malaysia Smelting Corp, Thailand Smelting & Refining, PT Koba Tin (Indonesia), PT Timah (Indonesia), Minsur S.A. (Peru), Metallo-Chimique (Belgium), Fenix Metals Limited (Poland), Yunnan Chengfeng (China), Yunnan Tin (China), and Talison (Australia). According to an ITRI representative, ITRI members have agreed to follow the requirements of the initiative.

Members of the
International Community
Are Working to Help
Control the Minerals
Trade, but the Illicit Trade
Continues and Many
Efforts Are in Preliminary
or Proposal Stage

International Community Has
Made Efforts to Help Control
the Minerals Trade through UN
Activities and the Contact
Group on the Great Lakes
Region

With U.S. support, the UN has made efforts to help monitor, regulate, and control the minerals trade by imposing UN Security Council sanctions, deploying UN Group of Experts' teams to eastern DRC, and developing MONUSCO training centers. Major donor countries have researched aspects of the DRC minerals trade through the Contact Group on the Great Lakes Region (Contact Group).

Through UN Security Council sanctions, the international community has targeted individuals and entities that support illegal armed groups in eastern DRC through the illicit trade of natural resources.³² According to U.S. agency officials, the United States strongly supports UN resolutions designed to target individuals and entities involved in the illicit minerals trade in eastern DRC. In accordance with UN Security Council resolutions, the United States established a DRC sanctions program to impose financial sanctions and a travel ban on various individuals and entities that contribute to conflict and human rights abuses in the eastern DRC.

According to U.S. and UN officials, to help monitor the impact of sanctions and determine whether additional sanctions are needed, the UN periodically recruits consultants to serve on a Group of Experts team. Each Group of Experts team examines the current situation in eastern DRC and reports on the impact of UN sanctions on various individuals and entities that contribute to conflict and human rights abuses in eastern DRC. Their reports also provide details on the flow of arms, related materiel, and illegal armed groups in eastern DRC. According to U.S. and

³²The UN Security Council passed UNSCR 1857 in December 2008, which allows the UN Security Council to impose financial and travel restrictions on various individuals and entities, including those "supporting the illegal armed groups in the eastern part of the Democratic Republic of the Congo through illicit trade of natural resources." According to a UN official, as of June 2010, the list of individuals and entities targeted by DRC sanctions was last updated in March 2009.

UN officials, these teams are important investigative bodies and the United States strongly supports their work.

In response to a proposal from the DRC government, the UN, through MONUSCO, has developed plans to create five pilot mineral trading centers in eastern DRC. The purpose of these centers is to create secure areas close to mine sites where miners can sell their minerals to small-scale traders, under the regulations, monitoring, and relative safety of DRC mining and police officials. These centers will allow DRC civilian agents to more closely regulate the minerals trade and assess appropriate legal taxes closer to the mining sites. Construction is under way at two mineral trading center sites, but none are yet operational.

MONUSCO will fund, with support from bilateral donors, the five pilot trading centers; however, according to a MONUSCO official, the plan requires the DRC government to deploy trained, competent, and fairly paid mining officials and police units to operate the centers. According to MONUSCO officials, the trading centers will help formalize, regulate, and contribute to a shift of the minerals trade away from the control of armed groups by providing greater civilian oversight and control of the trade along key trade routes. Based on the success of the pilot trading centers, the next objective will be to build trading centers throughout eastern DRC. The United States diplomatically supports the development of mineral trading centers as well as other efforts of the broader international community, particularly the efforts of the UN, to help control the minerals trade.³³

According to U.S. and foreign government officials, major donor countries—including the United States—have worked collectively on minerals trade issues and engaged the DRC government through the Contact Group.³⁴ The purpose of the Contact Group is to coordinate the

³³According to State officials, State has been engaged in significant diplomatic outreach to the DRC and neighboring countries. In the last 6 months, dozens of senior State officials have traveled to the region. For example, the Assistant Secretary of State for African Affairs met with DRC President Joseph Kabila in April 2010 to discuss the U.S. priority on improving the security situation in the eastern DRC and concern about illegal exploitation of natural resources. In addition, the Senior Advisor for the Great Lakes region traveled to Europe and New York to work with U.S. partners and UN officials on issues of common interest.

³⁴The Contact Group on the Great Lakes Region is composed primarily of officials from donors to the DRC—namely, the United States, European countries, and the UN.

efforts of donors to optimize the impact of their aid to the DRC. To help further research and address DRC minerals trade issues, the Contact Group formed a task force on natural resources in the Kivus chaired by the EU special envoy. According to a senior U.S. agency official, the United States works closely with its partners on the task force.

Representatives from task force countries researched (1) mapping of mining sites and trading routes, (2) potential traceability and certification schemes for minerals, (3) possible due diligence procedures for international companies, and (4) opportunities to move the minerals trade into a more legal trade. According to foreign officials, the task force's major conclusions were that there is no immediate solution to the problems in eastern DRC, and that the challenges will require sustained commitment from the international community, in cooperation with the DRC government. According to a senior U.S. agency official, the task force more recently developed recommendations to discuss with the DRC government, and members of the task force met with DRC mining officials and talked about ways to improve oversight of the mining sector.

Despite efforts of the international community, the illicit taxation and exploitation of the minerals trade continues. Notwithstanding DRC law, which prohibits Congolese national military units from engaging in the minerals trade, and national and international laws, which prohibit illegal armed groups from engaging in the trade, some Congolese national military units and illegal armed groups continue to profit from their illicit involvement.

Private Industry, the DRC Government, and Others Also Have Made Efforts to Help Control the Minerals Trade, but Some Efforts Are in the Preliminary or Proposal Stage

Other efforts are being proposed or have been started by private industry, the DRC government, and others to help monitor, regulate, or control the minerals trade. In cooperation with the DRC government, the global tin association—I TRI—has developed a three-phase tin supply chain initiative designed to improve due diligence, transparency, and traceability within the cassiterite (tin) supply chain in the DRC. Phase 1 has been completed. It involved establishing harmonized document requirements for trading houses to export minerals, including written declarations confirming the lack of involvement of illegal armed groups in their supply chains. According to an I TRI representative, I TRI smelting companies will only buy tin from DRC trading houses that provide the required documentation.

According to the same I TRI representative, phase 2 is in its preliminary stage. I TRI's intent is to develop a system to trace the origin of minerals from the mine site to the exporter (i.e., a trading house in Goma or Bukavu) and to develop chain of custody data. According to the I TRI

representative, ITRI is currently trying to put this system in place and has set up two pilot traceability projects, in North Kivu and South Kivu.³⁵ The primary purpose of this system is to tag bags of minerals to identify their mine of origin, then for these tags to follow the bags of minerals up to the point of export. The ITRI representative said that phase 3 is just a proposal at this point, but its concept is to assess social and environmental factors at mine sites and to consider incentives and methods to improve these factors. The ITRI representative also stated that the initiative will eventually need an accurate and regularly updated list of mine sites under the influence of armed groups; importantly, ITRI does not have the capacity to generate this information. The situation on the ground in eastern DRC changes quickly, ITRI will need a list of specific mines considered free of the influence of armed groups so that these minerals can be legitimately exported.

As part of its efforts to demilitarize and formalize the mining sector, the DRC government has recently deployed mining officials to eastern DRC and is planning a project with the World Bank to increase the technical capacity of DRC mining sector governance. Working with the World Bank and the United Kingdom's Department for International Development, the DRC government plans to implement project PROMINES. The aim of the project is to build the capacity of DRC mining officials and to encourage the mining sector to become more formal and transparent, including in eastern DRC. According to a senior State official, this could be beneficial in eastern DRC because it is vitally important to increase the capacity of DRC mining officials to monitor the minerals trade in eastern DRC.

The German government's Federal Institute for Geosciences and Natural Resources, through a cooperation agreement with the DRC government, has launched a pilot mineral certification project for South Kivu. This scheme will be similar to a pilot mineral certification scheme for small mines that German officials have launched in Rwanda. In addition, the Organization for Economic Cooperation and Development (OECD) is drafting due diligence guidelines on supply chain management for companies extracting materials from conflict zones and fragile states. While not yet fully developed or designed exclusively for companies involved in the minerals trade in eastern DRC, OECD representatives said that these guidelines will be an important contribution from governments

³⁵In cooperation with the tantalum industry, ITRI is looking for a tin-tantalum mine in South Kivu for a pilot project that will involve the miners tagging both tin and tantalum.

to private industry on how the minerals trade should be conducted following the appropriate due diligence guidelines.³⁶

A Central African multilateral organization, the International Conference on the Great Lakes Region (ICGLR), has worked with a prominent NGO to develop a proposal for a regional tracking and certification scheme for conflict minerals after the minerals have been exported from the DRC.³⁷ According to a senior U.S. agency official, ICGLR has sometimes been dismissed by many in the international diplomatic community as lacking capacity and not being effective in implementing initiatives. Nonetheless, the senior U.S. agency official said that U.S. officials who attended the last ICGLR meeting reported that the group had reached an agreement on major points to develop a strategy on handling the region's minerals trade.³⁸ The goal is to create a Central African regional certification scheme for minerals, with a common set of rules.³⁹

³⁶State officials reported that they reviewed and provided comments on these proposed due diligence guidelines to OECD representatives.

³⁷International Conference on the Great Lakes Region member countries include Angola, Burundi, the Central African Republic, Republic of the Congo, the DRC, Kenya, Rwanda, Sudan, Uganda, Tanzania, and Zambia.

³⁸According to the senior U.S. agency official, the major points included (1) developing a regional database of mineral imports and exports, (2) developing the capacity to track and monitor regional trade in minerals, and (3) establishing independent monitors for the system.

³⁹At the ICGLR meeting, it was suggested that the U.S. convene meetings between Central Africa regional government officials, experts, and end-users of the minerals. State reported that it is working to set up these meetings with high-level State representation.

Significant Challenges to Monitoring, Regulating or Controlling the Minerals Trade from Eastern DRC Have Yet to Be Addressed

A Number of Challenges Exists to Tracking Minerals' Mine of Origin

According to U.S. agency officials, foreign government officials, and others, it will be very difficult to correctly identify and track the origin of minerals from specific mines to points of export in Goma or Bukavu. There are a number of challenges to tracking the mine of origin for minerals artisanally mined in eastern DRC:

- Artisanal mining in eastern DRC is rudimentary. No paperwork exists at the mines that reliably documents which minerals are extracted from which mine sites.
- Due to the remoteness of the mine sites and the lack of infrastructure, especially the lack of roads to the sites, it is virtually impossible for DRC mining officials, representatives from international organizations, or others to consistently monitor mine activities at many sites.
- The presence of some Congolese national military units and illegal armed groups at the mine sites pose a security threat to DRC officials or representatives from international organizations who might be present at the sites.
- According to U.S. agency officials and industry representatives, certification schemes rely on the active participation and cooperation of DRC mining officials. However, according to U.S. agency officials and representatives of artisanal miners, DRC mining officials suffer from a lack of capacity, such as an insufficient number of trained mining officials and mining police to cover the mines, and endemic corruption.
- Identifying and tracking the mine of origin for gold would be especially difficult because gold is typically found in very small nuggets or as gold dust that is usually smuggled out of eastern DRC. According to an industry

representative, to date, no entity in the international community has proposed a certification scheme for gold. The difficulty of tracking the mine of origin for gold is important because, according to UN officials, illegal armed groups, such as the FDLR, that have engaged in some of the most brutal and egregious human rights violations are reportedly heavily involved in the gold trade. While Congolese military units seized tin and tantalum mines during military offenses in 2009, much of the gold trade remains under the control of illegal armed groups.⁴⁰

Lack of Security, Weak Governance, and Lack of Infrastructure Are Significant Challenges That, Unless Addressed, Will Likely Hamper Efforts to Monitor, Regulate, or Control the Minerals Trade

Lack of Security, Weak Governance, and Lack of Infrastructure Are Significant Challenges

Unless they are effectively addressed, U.S. agency officials, foreign government officials, and others have identified lack of security, weak governance, and lack of infrastructure as significant challenges that will likely hamper efforts to monitor, regulate, or control the minerals trade. According to U.S. agency officials, UN officials, and others, the minerals trade cannot be effectively monitored, regulated, or controlled as long as armed groups and some units of the Congolese national military continue to commit human rights violations and exploit the local population at will.

In addition, U.S. and foreign government officials have also indicated that weak governance and lack of state authority in eastern DRC is a significant challenge. According to UN officials, if Congolese military units are withdrawn from mine sites, civilian DRC officials will need to monitor, regulate, and control the minerals trade. Such effective civilian oversight will not occur if civilian officials in eastern DRC continue to be corrupt, to be severely underresourced, or to lack the necessary skills to perform their duties. U.S. and foreign government officials also said that lack of

⁴⁰According to a MONUSCO official, illegal armed groups' control of much of the gold trade is due, in part, to the fact that the gold mines are often found deep in the jungle and can be spread over a very wide area that would be difficult for Congolese military units to control.

infrastructure in eastern DRC, especially road access to mining sites, is a significant challenge. According to U.S. agency officials and industry representatives, the minerals trade cannot be effectively monitored, regulated, or controlled unless civilian DRC officials, representatives from international organizations, and others can readily access mining sites to check on the enforcement of laws and regulations and to ensure visibility and transparency at the sites.

The challenges of insecurity, weak governance, and lack of basic infrastructure in eastern DRC were also identified in a GAO 2007 report, which pointed out that some of these challenges have to do with the vast expanse of territory in the region and the associated difficulties in implementing programs.⁴¹ In addition, the DRC shares borders with several nations that have played important roles in either the stability or the instability of the country, so the participation and cooperation of these nations are essential.⁴² The success of efforts to monitor, regulate, or control the minerals trade will ultimately depend upon the DRC government's cooperation, commitment, and actions.

Three Interrelated Actions Are Necessary to Address Challenges, but Little Progress Has Been Made

U.S. agency officials, foreign government officials, and others told us that the following three interrelated actions are necessary to address the challenges of lack of security, weak governance, and lack of infrastructure in eastern DRC: (1) comprehensive security sector reform, (2) measures to increase the capacity of civilian DRC officials, and (3) investments in infrastructure.⁴³ According to U.S. and UN officials, through security sector reform, units in the Congolese national military need to be transformed from acting as predators against the civilian population into a force that refrains from committing human rights abuses. Security sector reform includes a withdrawal of Congolese military units to barracks in locations away from the mines, regular pay and support of the troops from

⁴¹GAO, *The Democratic Republic of the Congo: Systematic Assessment Is Needed to Determine Agencies' Progress toward U.S. Policy Objectives*, [GAO-08-188](#) (Washington, D.C.: Dec. 14, 2007).

⁴²The DRC is bordered by Rwanda, Uganda, Sudan, Central African Republic, Republic of the Congo, Angola, Zambia, Tanzania, and Burundi.

⁴³The current illegal taxation of mining and transport of minerals in eastern DRC means that minimal revenue is returned to the DRC central or provincial governments. The lack of revenue from mining compounds the challenges these governments face in implementing reforms of the security and civilian governance sectors and making infrastructure investments.

the government, and comprehensive training for the troops to not engage in human rights violations and sexual and gender-based violence.

To address the lack of security, the United States and other donors are making some efforts to train specific Congolese national military units, and the UN hopes to provide some barracking of Congolese military units. For example, the United States and Belgium are providing training to certain Congolese national military units. However, according to U.S. and foreign government officials, while security sector reform is a critically important long-term issue, there has been very little progress to date. According to foreign government officials, some units trained by foreign donors in the past quickly resumed behaviors of committing human rights violations after their training was completed. This was, in part, because the units were not consistently paid by the DRC government after their training. A senior U.S. official said that, recently, the United States has reached broad agreement with other training countries to coordinate their efforts, and that the United States is pushing the DRC government to take responsibility for security sector reform.

To address weak governance, U.S. and foreign government officials said measures to increase the capacity of civilian DRC officials, including efforts to reestablish military and civil law and justice, and the training of law enforcement officials are needed.⁴⁴ The DRC government is making some attempts to improve governance by deploying mining officials in eastern DRC and pursuing the PROMINES project with the World Bank. According to a UN official, through the DRC stabilization plan, the UN hopes to enhance the Congolese police presence and build some administrative buildings in eastern DRC. However, these efforts are still mostly in the pilot stage.

To address lack of infrastructure, U.S. and DRC officials stated that investments in infrastructure, especially developing and improving roads to mine sites, are needed to facilitate access. Reliable roads will facilitate visibility and transparency at mine sites by allowing civilian DRC officials, representatives from international organizations, and others faster and easier access to the mines and will reduce opportunities for civilians transporting minerals to be exploited by armed groups. According to a UN official, the UN hopes to build some basic infrastructure in eastern DRC,

⁴⁴According to UN officials, human rights abuses are reportedly committed by some Congolese soldiers as well as by some civilian DRC officials.

including roads, through the DRC stabilization plan. However, these efforts are still mostly in the pilot stage.

Conclusions

In eastern DRC, diggers using basic tools or their hands mine tin, tantalum, tungsten, and gold to sell for export to the world market. Illegal armed groups and some Congolese national military units are involved in the trade of these minerals. These groups and units continue to commit serious human rights abuses and engage in violence against civilians. However, the minerals trade is only one of several economic activities perpetuating conflict. The United States has provided substantial humanitarian aid to the DRC; the Secretary of State visited eastern DRC and called for action; and the United Nations has a large peacekeeping force in the DRC, to which the United States is the largest donor. However, the eastern DRC continues to be plagued by violence against the civilian population from state and nonstate armed groups exploiting the minerals in the region. Due to the urgency of the situation, the DRC government, industry groups, and the international community—including the United States—are making efforts to regulate and control the minerals trade in eastern DRC. However, many of these efforts are in the preliminary or proposal stage, and significant challenges exist that could undermine their efficacy—including insecurity, weak governance, and lack of infrastructure in eastern DRC.

Recent actions by State, including its summarizing U.S. plans in a three-page white paper, and producing a map of mines and armed groups, demonstrate the U.S. government's interest and engagement in working with other stakeholders to address the deadly conflict in the minerals-rich eastern DRC. However, the white paper does not go far enough to provide concrete, actionable steps, including steps the United States will take to contribute to addressing the challenges of lack of security, weak governance, and lack of infrastructure in eastern DRC that could impede efforts to monitor and regulate the minerals trade. Addressing these challenges will require close collaboration between the United States and other stakeholders; thus, providing a more concrete, actionable plan would enable U.S. partners to determine how U.S. efforts might complement their own. Also, State's map of mines and armed groups, notwithstanding the noted limitations, is a step in the right direction. However, while State may have used the best available data for the map, the document presents information at a point in time, whereas U.S. and UN officials have acknowledged the fluidity of the situation in the mining areas. Periodically updating the information to capture the changing situations of the mines and armed groups may contribute to increased

transparency and enhance the efforts to monitor and regulate the mining sector. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which requires the Secretary of State to provide Congress with a strategy and to produce a map of mineral-rich zones, underscores the importance of the United States taking further action, in collaboration with other stakeholders, to help address the trade of DRC conflict minerals.

Recommendations for Executive Action

To respond to the urgent humanitarian crises and reinforce U.S. commitment to work for peace and security in eastern DRC, in collaboration with the DRC government and international partners, we recommend that the Secretary of State, in consultation with the heads of other relevant U.S. agencies, take the following action:

- Provide Congress and other international stakeholders with concrete, actionable steps that the United States could take to help monitor, regulate, and control the minerals trade in eastern DRC, including steps to help address the challenges of lack of security, weak governance, and lack of infrastructure in eastern DRC.

Recognizing the role that timely information on mines and armed groups could play in monitoring, regulating, and controlling the conflict minerals trade in eastern DRC, we recommend that the Secretary of State, in consultation with the Secretary of Defense and working with other relevant international stakeholders, take the following step:

- Make every effort to periodically update information based on the best available data on mines, armed groups, and mineral trading routes subject to illicit taxation by illegal armed groups or Congolese military units.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of State, Department of Defense, United States Agency for International Development, Department of the Treasury, and the United States Trade Representative for their review and comment. We received written comments from State that are reprinted in appendix II. State concurred with our first recommendation that the Secretary of State provide Congress and other international stakeholders with concrete, actionable steps the United States could take to help monitor, regulate, and control the minerals trade in eastern DRC, including steps to help address the challenges of lack of security, weak governance, and lack of infrastructure in eastern DRC. State also concurred with our second recommendation that the Secretary

of State, in consultation with the Secretary of Defense and working with other relevant international stakeholders, make every effort to periodically update information, based on the best available data, on mines, armed groups, and mineral trading routes subject to illicit taxation by illegal armed groups and Congolese military units. State stated that it is taking steps, in coordination with the DRC government, other partners, and regional initiatives, to help address the illicit trade in minerals. State also stated that the Department will develop and share the strategy and map of mineral-rich zones that are required by the Dodd-Frank Act. State noted, however, that the Department's ability to address these problems is constrained by its insufficient resources and lack of access to relevant areas of the DRC. The United States Trade Representative and the United States Agency for International Development had no comments on this report. However, the United States Agency for International Development stated that the agency will use the information in this report to inform future programming. We received technical comments from Treasury, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and other interested parties. We also will make copies available to others on request. In addition, this report will be available on GAO's Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-4347 or yagerl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.



Loren Yager, Director
International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

To examine the minerals trade in the eastern Democratic Republic of the Congo (DRC), its connection to human rights violations; and national and international efforts to monitor, regulate, or control the trade, we assessed (1) the key minerals mined in eastern DRC and how these minerals are mined, transported, and processed; (2) the extent to which there are links between minerals extraction, armed conflicts, and human rights abuses in eastern DRC; (3) the measures that the DRC, the United States, and the international community have taken to monitor, regulate, or control the minerals trade and their effectiveness; and (4) the challenges and limitations that the DRC, the United States, and the international community face in monitoring, regulating, or controlling the trade, and how these challenges are being addressed. To address these objectives, we reviewed and analyzed various reports, memorandums, and other documents from relevant U.S. agencies; foreign governments; multilateral organizations, such as the United Nations (UN); nongovernmental organizations; and industry organizations. We interviewed officials from the Department of State (State), the Department of Defense, the United States Agency for International Development, the Department of the Treasury (Treasury), and the Office of the United States Trade Representative.

We reviewed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; Treasury's DRC sanctions regulations; State documents and reports, including State Country Reports on Human Rights; United States Geological Survey's Mineral Commodities Summaries and Minerals Yearbooks; other documents, cables, reports, and memorandums from relevant U.S. agencies; reports issued by the UN Group of Experts on the DRC; and World Bank reports and program documents. We also reviewed various documents and reports on the global tin association's tin traceability initiative for eastern DRC. In addition, we reviewed numerous reports by nongovernmental agencies, subject matter experts, and academics on a variety of issues related to eastern DRC.

During the course of our review, we traveled to London (United Kingdom), Brussels (Belgium), Goma (eastern Democratic Republic of the Congo), and Kigali (Rwanda) and interviewed U.S. agency officials, various foreign government officials, officials from multilateral organizations, and representatives from both western and local nongovernmental organizations and industry. We also interviewed UN officials, United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) officials, and U.S. officials of the United States Mission to the United Nations in New York. We interviewed a number of current and former members of the UN Group of Experts panels. The UN

and MONUSCO, in particular, have had a substantial, long-term presence in eastern DRC for the past decade that positions them as the leading subject matter experts on the situation on the ground in eastern DRC. The Human Rights Division of MONUSCO, the United Nations Joint Human Rights Office, has operated on the ground in the DRC since 1996 and monitors, investigates, and reports on human rights abuses by means of its in-country network, which includes more than 120 human rights officers throughout the DRC; military observers; and working relationships with nongovernmental organizations. Also, the UN Panel of Experts and, subsequently, the UN Group of Experts have examined the link between natural resource exploitation in the DRC and conflict since 2000.

Because of the inaccessibility of many locations in eastern DRC and the mining sites, in particular, our analysis of conditions in mining areas is based largely on in-depth research and site visits conducted by representatives from various western and local nongovernmental organizations, UN officials, U.S. and foreign government officials, and international subject matter experts.

We conducted this performance audit from October 2009 to September 2010, in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of State



United States Department of State

Chief Financial Officer

Washington, D.C. 20520

SEP 17 2010

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "THE DEMOCRATIC REPUBLIC OF THE CONGO: U.S. Agencies Should Take Further Actions to Contribute to Effective Regulation and Control of the Minerals Trade in Eastern DRC," GAO Job Code 320728.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Adam Keith, Desk Officer, Bureau of African Affairs at (202) 647-4966.

Sincerely,

A handwritten signature in black ink, appearing to read "Barbara Retzlaff", written over a large, stylized flourish.

Barbara Retzlaff

cc: GAO – Loren Yager
AF – Johnnie Carson
State/OIG – Evelyn Klemstine

Department of State Comments on GAO Draft Report

**THE DEMOCRATIC REPUBLIC OF THE CONGO: U.S. Agencies Should
Take Further Actions to Contribute to Effective Regulation and Control of
the Minerals Trade in Eastern DRC**
(GAO-10-1030, GAO Code 320728)

The Department of State appreciates the opportunity to comment on GAO's draft report entitled "*The Democratic Republic of the Congo: U.S. Agencies Should Take Further Actions to Contribute to Effective Regulation and Control of the Minerals Trade in Eastern DRC.*"

The GAO report recommends the following to the Secretary of State:

Recommendation 1: Provide Congress and other international stakeholders concrete, actionable steps the U.S. could take to help monitor, regulate, and control the minerals trade in eastern DRC, including steps to help address the challenges of lack of security, weak governance, and lack of infrastructure in eastern DRC.

Recommendation 2: Make every effort to periodically update information, based on the best available data, on mines, armed groups, and mineral trading routes subject to illicit taxation by illegal armed groups of Congolese military units.

Response:

We concur with the report's recommendations. The Department is taking steps, in coordination with the DRC government, other partners, and regional initiatives, to help address the illicit trade in minerals. The Department will develop and share the strategy and map of mineral-rich zones that are required by the Dodd-Frank Act. We will also coordinate our efforts bilaterally and in multilateral forums with the DRC government and with other key partners working in the security, mining, and infrastructure sectors.

The Department concurs with the report's observations regarding the complexity of monitoring and controlling the minerals trade in eastern DRC. It highlights, though only very broadly, many of the key challenges, including insecurity, limited civil government authority, and lack of infrastructure. The report also correctly notes that the minerals trade is only one of several factors perpetuating the conflict and is not the root cause. The unique challenges and different supply chain for

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gold are sufficiently highlighted, which is important given the key role of gold relative to other minerals as a source of revenue for armed groups.

The Department would emphasize that the ability of U.S. agencies and their partners to help the DRC government effect rapid change in the context of systemic institutional weakness is limited. We also note that our ability to address these problems is constrained by our insufficient resources and the lack of access to relevant areas of the DRC. Coordinating our efforts with the DRC government and its other partners is thus critical to ensuring that our leverage is maximized.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Loren Yager, (202) 512-4347 or yagerl@gao.gov

Staff Acknowledgments

In addition to the individual named above, Godwin Agbara, Assistant Director; Ian Ferguson; Qahira El'Amin; Michael Hoffman; Ernie Jackson; and Karen Deans made key contributions to this report.

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