

The M23 rebellion and three decades of prolonged conflict What's happening in DR Congo, and how can the violence be stopped?



Eastern Congo has experienced 30 years of protracted conflict. In January 2025, Goma, the provincial capital of North-Kivu, fell to M23. This marks the <u>fifth time in three decades</u> that a Rwandan-backed rebellion has seized control of the city. What is happening in the DR Congo?

Minerals are a means, an end, and a curse, but they are not the entire story

As a starting point, here is the simplified narrative

M23, a rebel group primarily composed of Congolese Tutsi, claims to be fighting for the political <u>rights and security of Congolese</u> <u>Tutsi</u>. Meanwhile, Rwanda – governed by a <u>regime dominated by</u> <u>the country's Tutsi minority</u> – <u>asserts that it must defend itself</u> <u>against the FDLR</u>, an armed group operating in Congo, consisting of descendants of those responsible for the Rwandan genocide against the Tutsi. Amid these justifications, minerals serve as <u>a lucrative bonus for both</u> – not only enriching those involved but also financing weapons, thus helping to control territory and win battles.

Let's add some nuance

First, M23 has recently expanded its declared objective. The leader of their political wing, Alliance Fleuve Congo, stated that they aim to <u>'liberate' the entire Congolese population</u> from an incompetent regime in Kinshasa. While reports indicate that M23 rebels perpetrate <u>indiscriminate violence</u> against civilians, they indeed also seem keen to demonstrate their capacity to govern and to maintain <u>a</u> <u>'disciplined' presence</u> in the areas under their control. Their <u>'land governance' may backfire</u> however, if perceived to tilt the balance too much in favor of the Tutsi community.

Second, Kigali amplifies the objective security threat. Over the pastten years, the FDLR has crossed into Rwandan territory eight times, with civilian casualties reported in only one instance (see



Figure 1).¹To put this into perspective, during the same period, the FDLR were involved in 500 conflict events in eastern Congo, including 172 incidents of violence against civilians. Kigali's exaggeration serves both external and internal purposes. Externally, it helps justify its military presence in DR Congo; internally, it reinforces the regime's legitimacy. As the political elite is a Tutsi minority, <u>it relies on output legitimacy</u> – demonstrating its ability to provide security and other public services. In this context, portraying a continued existential threat strengthens its position. However, for genocide survivors, the perceived threat may not be exaggerated. The impact of being once marked for extermination is <u>deeplyingrained</u>, shaping how survivors view the 'others' who conveyed that message. The trauma endures, and so does the distrust.

Third, minerals have also become an end in themselves rather than merely a means to finance the war effort. Decades of conflict,

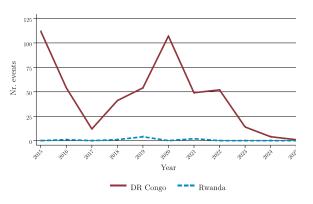


Figure 1: Conflict Events involving FDLR

Notes: Author's own compilation based on <u>ACLED</u> data for Jan. 2015 - Feb. 2025. In the past 10 years, ACLED registered 8 events involving FDLR in Rwanda, including one case of violence against civilians. Over the same period, 500 events involving FDLR were registered in the DRC, including 172 cases of violence against civilians.

collapsing infrastructure, and lawlessness have entrenched <u>a war</u> <u>economy</u> in which <u>hundreds of armed groups</u> fight to expand their influence and secure economic gains. Many of these groups are exploited by (mostly Congolese) <u>political and military elites to further their own interests</u>. These elites have a stake in war, not in peace. Importantly, in this war economy, devoid of the rule of law, economic gains extend beyond minerals. Armed groups in Congo generate revenue through <u>various illicit activities</u>, including <u>illegal taxation</u>, roadblocks, kidnappings for ransom, extortion of farmers, armed robbery, and the <u>illegal trade of timber and charcoal</u>.

We cannot ignore the state of the State...

In recent weeks, many observers have been struck by the sheer weakness of the Congolese army in the face of M23. Soldiers defect, surrender, or <u>flee – often looting as they retreat</u> – exposing the army's deep dysfunction. Corruption is rampant, with <u>'ghost</u>

soldiers' inflating payrolls and troops selling weaponry to the very rebels they are meant to fight. The army also lacks cohesion, having been cobbled together through successive peace deals that integrated former rebel groups into its ranks, referred to as 'brassage' or 'mixage'. This fusion took a turn for the worst when the Congolese army, confronted with the M23 offensive, forged alliances with several militia groups – many of which have atrocious human rights records. Now armed and legitimized, these groups are referred to as 'Wazalendo' or 'patriots' in Swahili. The deficiencies of its security forces prevent the State from fulfilling one of its most essential duties: ensuring security.

Yet, its shortcomings extend much further. The DR Congo consistently ranks at the <u>bottom of global governance indices</u>, performing dismally in areas such as the rule of law, control of corruption, and government effectiveness – at a level comparable to Taliban-run Afghanistan (see Figure 2). The Congolese people are the ones paying the price for the lack of justice, peace, and functional governance. Despite sitting atop some of the world's richest mineral deposits, <u>three out of four Congolese live in extreme poverty</u>, and almost <u>8 out of 100 children die before their fifth birthday</u>.

...which brings us to the true curse

The state of the State results from the true resource curse – a force that corrodes the state from within. To grasp its impact, imagine a country without natural resource revenues. How would its government secure funding? Through taxation. A tax-based system requires a productive population generating income, which in turn incentivizes the state to invest in security, infrastructure, education, and healthcare. A capable bureaucracy is also essential to collect taxes. Conversely, when citizens pay taxes, they enter a bargaining process with the state. Taxpayers hold the government accountable, expecting public goods and services in return for a share of their hard-earned income.

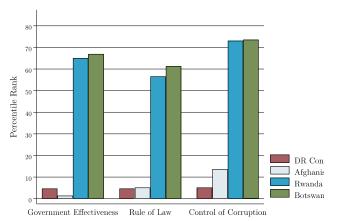


Figure 2: Governance Indicators

Notes: Author's own compilation based on data from the <u>Worldwide</u> <u>Governance Indicators</u> for the year 2023.

¹ The violence in Congo does affect Rwanda through the influx of <u>nearly 100,000 Congolese</u> <u>refugees</u>, most of whom are Tutsi.



When resource wealth replaces taxation, the crucial feedback loop between state and citizens is severed, weakening governance and eroding the social contract. In such a system, political elites can secure a steady flow of revenue without relying on a productive population or a capable state. As a result, they have <u>no stake in</u> <u>fostering economic productivity and no incentive to build strong</u> <u>institutions</u>.

Furthermore, because resource rents make holding onto power extraordinarily valuable, a political elite may seek to cling to power by actively <u>eroding checks and balances</u> rather than strengthening them, and by deliberately <u>manipulating divisions in society</u>, ensuring that no single group or institution can challenge them. The high stakes of staying in office also fuel intense internal struggles for political control, fostering deep distrust among ruling elites. In this climate of paranoia, leaders often prefer private security forces over a strong national army – fearing that a well-equipped military could stage a coup against them. DR Congo leaders illustrate this point well: Mobutu Sese Seko relied for protection on the Special Presidential Division (DSP) – an elite force drawn mainly from his own Ngbandi ethnic group, while Félix <u>Tshisekedi reportedly relies</u> <u>on an Israeli military firm</u> for his personal safety.

It's history, stupid!

Yet, there are countries with large resource rents that do not fall prey to the resource curse. Think for instance of Botswana, one of the world's largest diamond producers. It is argued that Botswana had <u>inclusive political institutions</u> in place before discovering its natural wealth, which enabled it to manage these resources effectively. In contrast, the DR Congo inherited one of the most brutally extractive colonial systems, a legacy that its post-colonial leaders continued.

History can make the toxic cocktail of mineral wealth and preexisting extractive institutions even more lethal by adding <u>a third</u> <u>ingredient: ethnic divisions and grievances</u>. Rulers can manipulate these divisions through divide-and-rule tactics, favoring certain ethnic groups over others to prevent a united opposition. In turn, the aggrieved groups can be mobilized by political challengers, fueling ethnic-based rebellions. Such uprisings are more likely to succeed if rebels seize control of resource-rich areas, using mineral wealth to finance their insurgency. This dynamic helps explain why <u>civil wars often erupt in mineral-rich regions home to marginalized</u> <u>ethnic communities</u>.

However – and now we entirely let go of all simplistic narratives – the cocktail can be just as toxic when resource abundance is replaced by resource scarcity. This is a key lesson of the Rwandan genocide against the Tutsi, which unfolded in a country with no significant mineral wealth, yet where the Hutu political elite <u>weaponized</u> <u>ethnicity to maintain power</u>. Combined with economic hardship and land scarcity, ethnic divisions became a catalyst, amplifying both the scale and intensity of the violence.

We emphasize this to highlight that, even without mineral wealth, Eastern Congo harbors a volatile mix of conflict-driving factors. As in many parts of Africa, colonial powers imposed arbitrary borders, leaving a minority <u>Rwandophone-speaking community</u> within Congolese territory. Belgian colonial authorities further facilitated forced migration from densely populated Rwanda to Congolese plantations. To make matters worse, colonial policies deepened ethnic divisions through indirect rule, a system of selective favoritism that planted the seeds of lasting <u>grievances</u> <u>over land rights in the Kivus</u>. This historical foundation has been exploited by post-independence political actors and armed groups who deliberately reinforced the <u>dichotomy between 'natives' and</u> <u>'Rwandophones'</u> for political survival, further fueling grievances. Rwanda's involvement in Congolese affairs, coupled with the ongoing M23 rebellion, will add to the anti-Tutsi sentiment and rhetoric.

We cannot change history. What can we do?

From Ceasefire to Comprehensive Action: Immediate Aid and Long-Term Solutions

Given the current crisis, with close to <u>7 million internally displaced</u> <u>persons</u> in the DRC and heavy fighting causing civilian casualties, an immediate ceasefire and humanitarian aid are essential. It is undeniably clear that <u>Rwanda backs the M23 rebels</u>. Without Rwanda's support, M23 would lose much of its operational strength. Therefore, the most effective way to reach a ceasefire is to impose sanctions on Rwanda. Elsewhere, it has been argued that <u>sanctions</u> could include banning mineral exports from Rwanda, halting funding for its peacekeeping forces, and suspending development aid.

However, stopping Rwanda will not resolve the 30-year long protracted conflict. While Rwanda's interference has played an overwhelming role – also in the past, by fueling the two Congo wars – the conflict has taken on a dynamic of its own. Eastern Congo is entrenched in a war economy, where numerous armed groups, often instrumentalized by politico-military entrepreneurs, compete for power and economic gain. This is compounded by weak governance, ethnic and regional tensions, and the conflict's own socioeconomic and humanitarian repercussions. The latter encompass poverty, unemployment, insecurity, displacement, trauma, the breakdown of social structures, and the recruitment of youth as rebels, all of which perpetuate the conflict and complicate stabilization efforts.

The key question remains how this protracted conflict can effectively be addressed. Given its complexity, <u>no singular solution exists</u>, <u>necessitating a multifaceted approach</u> incorporating diplomatic, judicial, military, humanitarian, and economic initiatives. As economists, our focus is on economic initiatives, without losing sight of the politics, however.

The politics of economics: learning from two previous policy failures

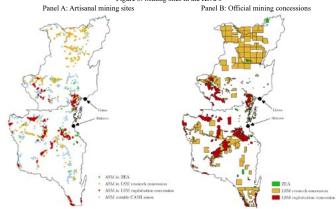
In 2002, near the end of the Second Congo war, the DRC adopted a World Bank-backed mining code to <u>attract foreign direct</u> <u>investments</u> through favorable fiscal regimes, leading to <u>a surge in</u> <u>industrial mining permits</u>. This influx of investment failed however to transform the (war) economy. Instead, it reinforced the resource



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curse by increasing cash flows from large-scale mining companies, thereby raising the value of state capture without strengthening the social contract with the population. Unsurprisingly, these cash flows became associated with high-level corruption, and were used by leaders to cling on to power through repression and patronage. In Economics 101, the government could have used the mineral revenues to invest in public goods and foster linkages with the local economy, e.g. though mineral processing. But this was wishful thinking in the case of DR Congo. As stated by the most recent Nobel prize winners in economics: "well-intentioned economic policies might tilt the balance of political power even further in favor of dominant groups".² To make matters worse, capital-intensive industrial mining hardly creates jobs. Worse: it crowds out artisanal mining, which in Eastern Congo alone, provides a livelihood to an estimated 500,000 artisanal miners and their dependents, as well as supporting a multitude of actors providing goods and services in and around the more than 3,400 artisanal mining sites. Since the mining code officially recognized only a handful of artisanal mining zones, most artisanal miners operate illegally within concessions granted to industrial mining companies (see Figure 3). We found that when these companies move from the research to the exploitation phase, depriving thousands of people of their livelihoods, violence around the mining concession increases.

The second failure is an example of a well-intended measure gone wrong: the US legislation that aimed to break the link between Figure 3: Mining sites in the Kivu's



Notes: This map shows the location of mining sites in North-Kivu and South-Kivu at the end of 2022. Information on artisanal mining (ASM) was obtained from IPIS, while data on official mining concessions comes from CAMI. Only 4% of ASM sites registered by IPIS operate in official Artisanal Exploitation Zones (ZEA); 64% are located in industrial large-scale mining (LSM) concessions (34% in concessions with a research permit, 30% in concessions with an exploitation permit); while the remaining 32% of ASM sites are located in areas not covered by a mining permit.

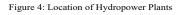
conflict and minerals in the DRC. <u>Section 1502 of the 2010 Dodd-Frank act</u> required all U.S.-listed companies to disclose whether the minerals used in their supply chains – mainly tin, tantalum, tungsten (the 3Ts) and gold – are conflict-free, meaning they do not benefit armed groups. Because 'conflict-free' proof is not easy to provide, many electronic companies <u>stopped sourcing minerals</u> from Eastern Congo. This <u>hurt the livelihoods</u> of artisanal miners and their families. Furthermore, instead of ending violence, the legislation led to an <u>intensification and displacement of the</u> <u>conflict</u>. Militias that had been taxing artisanal 3T miners shifted to other income sources, looting civilians and battling rival groups for control of gold mines, since gold is easy to smuggle, and its production was therefore less affected.

These failures highlight that the protracted conflict is a wicked problem that defies simple solutions. Key lessons are that any economic policy must create jobs, factor in the behavior of armed groups, and avoid creating additional opportunities for a rapacious regime. Ideally, it should strengthen the social contract between the government and citizens, fostering some form of accountability.

What Concrete Economic Policies Promote Peace? Lessons from a Relative Success Story.

In 2014, <u>Virunga Energies</u> – a private electricity provider, part of the public-private partnership <u>Virunga Alliance</u> – began the construction of a hydropower plant in the Bwisha chiefdom of North-Kivu. In the following years, two additional hydropower plants were constructed in Rwenzori chiefdom and at the border of the Baswaga and Batangi chiefdoms (see Figure 4). Together, the construction works generated nearly 60,000 monthly labor contracts, allocated on a rotating basis among the chiefdoms' inhabitants. To measure the impact on violence, <u>we analyzed nearly 9,000 conflict events in</u> <u>North-Kivu between 2009 and 2022</u>, comparing trends and patterns of violence in chiefdoms where employment was provided with those in other chiefdoms of the province. We find that the employment resulted in an immediate and significant decrease in violence, with an average 93% decline in monthly conflict events during the employment period.

In one of the most remote, rebel-controlled chiefdoms, the decline in violence was however preceded by a temporary surge in battles between the military and armed groups. The security forces we spoke with indicated that the rebels initially perceived the construction project as a threat, fearing it was part of a government attempt to regain control over the chiefdom. In response, they sought to sabotage the project. However, once it became evident that Virunga was not there to challenge their authority, they withdrew. This yields two key lessons. First, when introducing economic policies in rebelcontrolled areas, a certain level of protective force may be required





Notes: Map of North-Kivu indicating the location of the three hydropower plants (with a red cross) and highlighting the chiefdoms in which they are located (in blue). Virunga National Park is indicated in green. Author's own compilation.

² In 2018, the DRC revised its mining code. <u>Key changes</u> included raising royalty rates, ensuring their distribution not only to the central government but also to local administrative units, and requiring mining companies to invest in local economic development. However, these reforms <u>have yet to make a significant impact</u>.



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to prevent the immediate capture or sabotage of operations. Second, in contexts where politico-military entrepreneurs have vested interests in the war economy, refraining from a sudden crackdown on illicit activities and actors – initially allowing their revenue streams to remain intact – may help reduce resistance.

We can also draw lessons from a comparison of this construction project and <u>other</u> <u>employment interventions in Eastern Congo</u> that failed to find an impact on social cohesion, crime and violence. As such, the construction program had a much higher treatment intensity, with a per capita wage injection that was about 34 times greater. Furthermore, it was managed by Virunga, which has been described by some as a "<u>state</u> <u>within a state</u>" and a "place that 'works' in the otherwise chaotic and conflict-ridden eastern DRC", while the other projects were implemented by the <u>DRC's Social Fund</u>, which faces similar capacity and transparency issues as other Congolese government institutions.

The reduction in violence brought by the construction project did not last however, which also entails a lesson. Violence returned to pre-employment levels about 2.5 years after the construction period ended. This underscores the need for more than just temporary jobs. Transformative projects are required, to kickstart a peace economy – one that, with careful nurturing, can gradually evolve into a more appealing alternative to the war economy. Reliable electricity, like that provided by Virunga Energies, could be a crucial part of that equation. For instance, Virunga's electricity powers a soap factory and a chocolate factory, creating jobs and adding value to natural resources - palm oil for soap and cocoa for chocolate. This stands in sharp contrast to industrial mining, which is capital-intensive and exports raw materials without adding local value. Electricity further holds significant potential for mineral processing, enhancing linkages between mineral extraction and the local economy. Instead of supporting industrial concessions to supply these minerals, we advocate for the formalization of artisanal mining operations. If implemented in the right way, such an approach could improve the working conditions of hundreds of thousands of miners and their families. Moreover, it could bring miners into the formal tax system, requiring competent state institutions to collect revenues and fostering an accountability relationship between the State and its citizens.

February 2025

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