

# BTI 2010 | Congo, Democratic Republic

## Country Report

<b>Status Index</b>	1-10	<b>3.17</b>	# 121 of 128	
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scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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**Key Indicators**

Population	mn.	<b>62.4</b>	HDI	<b>0.39</b>	GDP p.c.	\$	<b>3724</b>
Pop. growth	% p.a.	<b>2.9</b>	HDI rank of 182	<b>176</b>	Gini Index		<b>44.4</b>
Life expectancy	years	<b>46</b>	UN Education Index	<b>0.61</b>	Poverty <sup>2</sup>	%	<b>79.5</b>
Urban population	%	<b>33.3</b>	Gender equality <sup>1</sup>	-	Aid per capita	\$	<b>19.5</b>

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

## Executive Summary

After the first relatively free and fair democratic elections in the Democratic Republic of the Congo (henceforth, DRC) in 2006, the country showed few signs of further democratic and economic transformation during the period under consideration (January 2007 – January 2009). Major challenges and deficits persisted and have partially worsened, specifically in the area of security and the rule of law, but also as regards political and civil rights. Political institutions, particularly the parliament, may have made some progress in strengthening their roles, but overall capacities still remained weak. The newly elected government under Prime Minister Antoine Gizenga lacked the capacity and the political will to jump-start the reconstruction of the war-ravaged country. Government agencies were paralyzed by cronyism and patronage politics, while political opposition was substantially suppressed by the police and paramilitary organizations. Local elections, originally scheduled for 2007, will be held in 2010, if at all.

While most parts of the country were officially at peace, the state's monopoly over violence was highly deficient. A 17,000-strong U.N. peacekeeping force (United Nations Mission in the Democratic Republic of the Congo, MONUC) was still in the country to secure a fragile peace. Violent challenges to state authority continued to be launched in some regions, including Bas Congo, Ituri, North Kivu and South Kivu in eastern Congo. The resumption of full-fledged war in North Kivu in 2007 was a powerful illustration of the precarious situation. New hopes for peace in the region, however, evolve from the results of negotiations between the Congolese and Rwandan governments in January 2009.

Economic performance was poor. Real GDP growth averaged 7.5% in 2007 – 2008, but this was largely the result of inflows of foreign investments in the mining sector. Undeterred by the appalling political, economic and legal climate, over the past two years, mining companies invested heavily in the country. Chief among them was China, which agreed to provide the DRC with a \$9 billion loan, which is to be reimbursed through Chinese stakes in joint mining ventures. The Chinese loan, fiscal slippages and growing account deficits provoked criticism from Western donors, who called for prudent management of the economy if the DRC is to receive substantial relief for its \$12 billion debt within the framework of the Enhanced Heavily Indebted Poor Countries Initiative (HIPC).

## History and Characteristics of Transformation

Like other African countries, the DRC started to experiment with political and economic reform in the early 1990s. The process was stalled by President Mobutu Sese Seko until his forceful ousting by the Alliance of Democratic Forces for the Liberation of Congo-Zaire (AFDL) rebel group in 1997. Since then, the DRC has been immersed in continuous violent conflict. Struggles for power among the country's elites have relegated issues of political and economic reform to the fringe.

After decades of authoritarian one-party rule under the leadership of President Mobutu (in power beginning in 1965), a pro-democracy movement emerged in (then) Zaire in the 1980s. With the country's loss of strategic importance at the end of the Cold War and waning Western support, opposition groups successfully pressured Mobutu to undertake steps toward political liberalization. These included the legalization of political parties (1990) and the promise of constitutional reform. A "National Conference" was established in 1991, which brought together the country's main political and civil society forces. However, Mobutu managed to stem the rising tide of opposition, blocking the demands of the National Conference for far-reaching concessions, including elections. In hindsight, the National Conference was a squandered opportunity. But despite its failure to oust Mobutu, the gathering remains a fundamental point of reference for Congo's pro-democracy movement in that it generated several initiatives for far-reaching change, including the introduction of a federal political system.

In 1996, although Mobutu was still in power, he had become insulated from the political and economic affairs of the country. The political system was utterly paralyzed; and in a process that had started as early as the mid-1970s, state structures were progressively decaying. Triggered by the spillover effects of the genocide in Rwanda (1994), the AFDL rebel group led by Laurent-Désiré Kabila invaded Zaire in 1996. Supported by neighboring countries (Rwanda, Angola and Uganda), it overthrew Mobutu in May 1997.

The demise of the Mobutu regime was initially greeted by the population and the political class as liberation; but, as the new president, Kabila was as authoritarian as his predecessor. Kabila's leadership destroyed the remaining transformation dynamics and potential public support for a new democratic leadership. He also led the country into a new war (1998 – 2002) with several rebel movements that were backed by Rwanda and Uganda. Amid the chaos, warlords and various foreign groups plundered the country's natural resources, destroying any remaining infrastructure and creating the world's greatest humanitarian catastrophe.

Assassinated in January 2001, Kabila was succeeded by his son Joseph. Negotiations with the various rebel groups resulted in the formation of a government of national unity in 2003. The power-sharing arrangement lasted until early 2007, when a new government under Prime Minister Gizenga took over, following the first and free presidential and legislative elections in the country since it declared its independence in 1960.

The 2006 elections and the formation of a legitimate government did show only limited transformational progress. The government's reform programs, which are based on its poverty-reduction strategy, were implemented slowly, and structural deficiencies impeded progress. State structures were weak, and service delivery to the population was largely inexistent. Corruption and bad governance were endemic, and few efforts were made to tackle these problems. The few attempts at economic reform undertaken during the period under consideration did not lead to structural change and were often silently abandoned. Renewed violence in the east absorbed political attention and impeded reform efforts and funds. Reforms were often a strategic response to improve relations with the Western donors the government relies upon to stay afloat. Repeated slippages frequently led to delays of IMF-sponsored recovery programs. At the time of writing (January 2009), massive challenges characterize the DRC's prospects for political and economic transformation.

## Transformation Status

### I. Democracy

Except in the case of the 2006 elections, the DRC does not meet the most basic criteria to qualify as a democracy under the rule of law. There is virtually no separation of powers and no rule of law, and political and civilian liberties are seriously circumscribed. Democratic institutions cannot emerge in a context in which state structures are either extremely weak or entirely absent.

#### 1 | Stateness

The state's apparatus did not extend to significant parts of the country, and a state monopoly on the use of force remained deficient to a very high extent. Both internal and external forces – and, at times, alliances of the two – threatened the government's monopoly on the use of force, notably the country's war-torn eastern territory, which includes the Ituri district and the provinces of North Kivu and South Kivu. In 2006 and 2007, protest movements in the western province of Bas Congo posed a serious challenge to the state's authority. While some progress was made in police reform, the national army (the Armed Forces of the Democratic Republic of the Congo, FARCD) remained a ragtag gang of criminal elements, which committed human rights abuses wherever it was deployed, according to the United Nations. It fell on the 17,000-strong U.N. peacekeeping force MONUC to maintain a minimum of order in the country, especially in eastern Congo, where most of the peacekeepers have been deployed.

Monopoly on the use of force

All major groups in the country (ethnic groups, regionally based groups, political parties) accept the concept and existence of the Congolese nation-state. Even in the course of the past decade of violent conflict, no rebel movement or other major group advocated secession. The relatively strong sense of national identity is one of the most remarkable features of the country, despite the predatory nature and history of its state, which – over the past two decades – has provided none of the public services and functions that commonly are expected from state institutions. Occupation by foreign armed groups and armies, notably Rwanda and Uganda, has undoubtedly contributed to fostering Congolese nationalism.

State identity

Minority groups are not denied civic rights as a matter of government policy, but some measure of discrimination exists in some parts of the country. In North Kivu and South Kivu, the Congolese nationality of Rwandophone minorities continues to be questioned by ethnic majority groups. However, the law on nationality that parliament passed in 2006 was, in theory, inclusive.

The DRC is a secular state. Religious dogmas have only a very limited degree of influence on politics. However, the country's religious bodies, especially the Christian churches, are influential institutions that play a rather positive and integrating role in the country by providing social, educational and health services. In Bas Congo, the politico-religious movement Bundu Dia Kongo (BDK), which seeks greater provincial autonomy, usurped state institutions in 2007 and 2008 until the government sent in troops to repress the group's rise in early 2008.

No interference of religious dogmas

The state's infrastructure was more or less present in most parts of the country. However, this was not the case in large chunks of eastern Congo, which were controlled by rebel groups that established their own authority and administrative structures, especially the National Congress for the Defense of the People (CNDP) in North Kivu. Outside of the large cities and economically important mining areas, the state's presence has somewhat increased, though it remains dysfunctional where present. The state only rarely maintained law and order. Its representatives often went unpaid and lacked equipment, and they relied on petty corruption to survive.

Basic administration

## 2 | Political Participation

In 2006, the DRC held its first free and fair (presidential, parliamentary and provincial) elections since independence. Given the difficult circumstances of Congo's "post-conflict" environment, foreign election observers (e.g., from the Carter Center and the European Union) considered the 2006 elections in large part free and fair (i.e., "credible"). However, there were significant constraints on the principle of equality. The two biggest contenders were former warring factions (led by Kabila and Jean-Pierre Bemba, respectively), and civilian parties faced difficulties staging campaigns. Whether the DRC will see periodical free elections in the future remains to be seen. The local elections, scheduled for 2007, were postponed. An update of the voter register was planned for 2009. The next national elections have been scheduled for 2010.

Free and fair elections

President Kabila had the power to govern in important matters as far as classical veto powers (armed forces, landowners, business groups, etc.) were concerned. Three major inner circles have power and influence within the government and around Kabila. For external observers, however, it is difficult to assess how far the different relevant persons' or groups' influence actually goes. Though it can be said that the president was in charge and retained strong control over the government and other informal power structures, some of the business groups' influence (particularly from Katanga) on national politics should not be underestimated. Nevertheless, the country's real governance problems do not stem from strong veto players but, rather, from other factors, most notably the weakness of state institutions and the absence of any democratic experiences in the past.

Effective power to govern

Opposition parties with any relevance for governance were repeatedly disabled or constrained in their activities. Since the 2006 elections, the government has increased repressive measures against opposition groups. These have included Bemba's Liberation Movement of Congo (MLC) and the Bas Congo-based politico-religious movement BDK, which was banned in March 2007. Before that, army and police forces had killed some 200 BDK supporters and activists in 2007 and 2008 alone. Members of the Union for Democracy and Social Progress (UDPS), another political party, were also repeatedly arrested and intimidated. In late 2008, in a report entitled "We Will Crush You," Human Rights Watch documented the Kabila government's use of violence and intimidation to eliminate political opponents. However, in general, civic organizations were mostly able to act without restrictions.

Association /  
assembly rights

Citizens, organizations and the mass media that expressed their opinions ran a relatively high risk of state intimidation, arrest and abuse. Persons critical of government elites were repeatedly pursued, illegally detained, etc. Journalists, politicians close to the opposition and human rights defenders were especially at risk. During the period under consideration, two journalists working for the United Nations' Radio Okapi were murdered. The perpetrators of these crimes were never arrested, and a climate of impunity remains pervasive. The mass media are poorly developed. Newspapers circulation was mainly limited to Kinshasa and a few big cities. Elsewhere, and because of their prohibitive costs, they were out of reach for most citizens. Private TV and radio stations existed, but they were occasionally subject to restrictions and closure or were controlled by wealthy politicians and businessmen with political interests. Despite broad deficits, at least in the urban area, the mass media provided room for a lively political and societal debate that definitely adds to the democratic opinion-forming process. The only countrywide media that transmitted objective information at a largely high level of quality was Radio Okapi, a U.N.-sponsored media outlet. In Freedom House's Global Press Freedom Survey, the DRC ranks 175th out of 195 and is considered "not free."

Freedom of  
expression

### 3 | Rule of Law

During the period under review, the executive – more precisely, President Kabila – has had a monopoly on power. Kabila has been able to exercise power vested in the prime minister's office in part due to the fact that the 2006 constitution allows for a strong semi-presidential system, but also because the octogenarian Gizenga made for a weak figure during his tenure (2007 – 2008) as prime minister. Whether this will change under Gizenga's younger and clearly more dynamic successor, Adolphe Muzito, who was appointed in October 2008, remains to be seen. The government coalition controls the National Assembly. The Senate, however, is presided over by an independent candidate, Kengo wa Dondo, a former Mobutu ally, who is considered to be rather opposition friendly. Since their inception, both institutions

Separation of  
powers

have sought to increase their influence and, at times, even exercised oversight functions. For example, parliament held lively and controversial debates about the economic cooperation contracts the government had signed with Chinese companies. However, a lack of capacity and resources, as well as political considerations, imposed severe constraints on parliament.

The judiciary is not institutionally differentiated. It is subordinate to political authorities, and it performed even more abysmally than other state institutions. Poorly equipped and financed, the DRC's legendary corrupt courts usually return verdicts that are favorable to the highest bidder. National courts, whose members were all appointed by Kabila, lack independence. There was no progress in terms of the much-needed reform of the justice sector.

Independent  
judiciary

Despite the existence of laws governing such abuses, most officeholders who exploited their offices for private gain went unpunished. Some cases have shown signs that an outright jester's license does not exist anymore. Some corrupt officeholders have been dismissed, and the population is growing more and more aware of high-level corruption through the "naming and shaming" of suspects.

Prosecution of  
office abuse

Civil rights were frequently violated by the state and its agents, especially by security forces in the war-torn provinces in the eastern part of the country. For all practical purposes, given the state of the judiciary and the weak rule of law, there is no possibility of redress for the vast majority of the population. While women fundamentally face discrimination in many areas of life, their rights – including the right to life, security and physical integrity – have been massively violated, particularly in the eastern provinces.

Civil rights

#### 4 | Stability of Democratic Institutions

Although the government and the national parliament have been elected in free and fair elections, there are no democratic institutions as such. Power is heavily vested in the presidency. National institutions that should provide for checks and balances (e.g., the judiciary and the parliament) are under-resourced and depend on the political patronage dispensed by the president. Among the country's political elite, there are very few reform-minded individuals.

Performance of  
democratic  
institutions

In the absence of past democratic experiences in the country, the DRC's political culture does not (yet) provide fertile soil for democratic development. Most institutions – including non-state entities, such as political parties and civil society groups – lack internal democracy and are often characterized by the personal rule of individuals. The government certainly lacks commitment to democracy in general but may have demonstrated commitment to democratic ideals in some areas. For example, it moved forward legislation related to decentralization and legal reform according to constitutional provisions. Nevertheless, there is still a lack of commitment, as can be seen from the repeated suppression of opposition figures and the yet-to-be-implemented mechanisms for the distribution of the state budget, which should allow provinces to retain 40% of the taxes they collect.

Commitment to  
democratic  
institutions



## 5 | Political and Social Integration

The DRC's political party system is fragile. Few parties have roots in society, and even fewer are organized on a national basis. The main exception is Kabila's ruling party, the People's Party for Reconstruction and Democracy (PPRD), which has countrywide structures thanks to state funding. Regionally, however, some parties are quite significant, and the recent elections have strengthened some important coalitions and unions. The party system suffers from strong fractionalization (PPRD, the largest party in parliament, holds 22% of the seats), although a pro-government coalition has emerged in the form of the Assembly for the Presidential Majority (AMP). Most parties are very personalized, that is, they are led by ambitious individuals who use their party as a vehicle to launch a political career, often in the hope of being co-opted by the ruling elite.

Party system

Interest groups are present only in isolated social segments and cooperate little among themselves. On the whole, they are poorly organized and lack political clout. It is also significant that there are few obvious links between such interest groups and major political formations. Among those that have some influence are the employers' association (the Federation of Enterprises in the Congo, or FEC), several trade unions and associations of school teachers and doctors. However, their demands are rarely taken into account, despite the fact that they frequently organize strikes. The Christian churches may be the only bodies in the country that can channel the demands of some segments of society.

Interest groups

Given the absence of representative survey polls, the citizenry's consent to democracy cannot be adequately evaluated. On the face of it, it can be assumed that the commitment of the citizenry to democracy is fairly strong; this commitment extends to the point that the "return" of civilian politics after many years of war has raised unrealistic hopes. The only indicator available so far is the impressive level of participation in the various elections of 2006, which was the first time that most Congolese had a chance to vote.

Consent to democratic norms

Given the absence of social or other services by the state over at least two decades, social self-organization and social capital have been steadily built up by default. The country has a lively associational life. Today, there are about 5,000 registered NGOs, which means their numbers have increased tenfold since the beginning of the 1990s. However, like the political parties, many of these groupings are often linked to narrow local and ethnicity-based constituencies. This is particularly true in the eastern regions of the country, where trust among the various social groups has severely eroded.

Associational activities

## II. Market Economy

### 6 | Level of Socioeconomic Development

Even before the onset of the last war, the vast majority of the population lived in abject poverty. The war has made matters significantly worse, and the official end of the conflict in 2002 has failed to have any positive effect on the socioeconomic crisis. The United Nations Development Program (UNDP) said in a 2008 report that 75% of the population lived below the poverty line and that many of them lived on less than half a dollar per day. More than half (57%) of the population had no access to drinking water or basic health care (54%), while three out of every 10 children were poorly nourished. The state provides no or only limited services to the population. Most public services in the country are offered by churches and other social groups. For many Congolese, survival is only ensured by subsistence farming and informal small-scale trading. Poverty has little systematic relation to ethnic or other identities. The plight of women has been exceptionally grave, as they continue to be victims of discrimination and sexual violence, primarily in the Kivu provinces, but also elsewhere, including in Kinshasa.

Socioeconomic  
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	6594.3	7238.8	8785.3	<b>9949.8</b>
Growth of GDP	%	6.6	7.9	5.6	<b>6.3</b>
Inflation (CPI)	%	4.0	21.3	13.1	<b>16.9</b>
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.2	-1.1	-1.3	<b>7.2</b>
Export growth	%	20.1	8.8	2.4	<b>9.9</b>
Import growth	%	26.4	17.6	5.3	<b>9.2</b>
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	10125.0	9412.1	9848.1	<b>10853.0</b>
External debt	\$ mn.	11433.9	10600.2	11201.0	<b>12282.6</b>
Total debt service	% of GNI	2.2	3.1	3.8	<b>6.2</b>

		2004	2005	2006	2007
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	8.2	8.1	7.1	10.4
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	0.8	1.2	1.3	-
R&D expenditure	% of GDP	0.4	0.5	-	-
Military expenditure	% of GDP	0.0	0.0	0.0	0.0

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

## 7 | Organization of the Market and Competition

In theory, the DRC has a market economy. In practice, the economy is dominated by informal and nontransparent networks connected to various political elites and their foreign allies. This has not changed significantly since the end of the war. Market competition is present only in segments; its institutional framework is meager. There are neither uniform rules for market participants nor effective state regulation. In “Doing Business 2009,” a publication of the World Bank that assessed the business climate worldwide for the period between April 2007 and June 2008, the DRC was ranked the worst place to do business out of 181 countries, which was the same ranking as in its previous report.

Market-based competition

Given that effective state structures do not exist and law enforcement is the exception rather than the rule, there are no safeguards against monopolies and cartels. In the key mining sectors, however, there are no state monopolies (unlike the period after Mobutu’s nationalization policies in the 1970s). A wide range of international companies operate in the country.

Anti-monopoly policy

In theory, foreign trade is deregulated. Significant steps have been taken toward this end, including a new investment law passed in 2005 and the founding of the National Agency for Investment Promotion (ANAPI). In practice, the lack of state control over the implementation of legal regulations remains problematic. According to the Heritage Foundation’s Index of Economic Freedom 2009, inadequate and inefficient infrastructure, complex regulations, burdensome and complex bureaucracy, inefficient customs administration and corruption add to the cost of trade, and there is substantial unrecorded trade.

Liberalization of foreign trade

There is no reliable banking system to speak of. According to one estimate, banking intermediation in commercial transactions dropped to 3% of the total during the war. However, a number of foreign commercial banks have set up shop in the DRC over the last three years and offer commercial transactions in Kinshasa. It remains to be seen whether they can expand beyond Kinshasa and whether they will manage to navigate in the country's extremely challenging environment over the long term.

Banking system

## 8 | Currency and Price Stability

Controlling inflation is a component of the economic system in principle, but it is subordinate to political goals. Inflation was at a record low of 4% in 2004, but the financial costs of the power-sharing government of national unity, election campaigning and dispensing patronage to allies have fuelled inflation in recent years. Surging oil and food prices in 2008 also contributed to higher annual inflation rates, which averaged between 16% and 17% in 2007 and 2008 and appeared to be increasing at the end of the period under assessment (i.e., January 2009).

Anti-inflation /  
forex policy

Since coming to power, the Kabila government has done reasonably well at promoting macroeconomic stability. However, political considerations have trumped economic prudence, which has seriously undermined a consistent policy for stability. Fiscal slippages, an increased money supply and uncontrolled public expenditures have angered the IMF and prevented an agreement on a new Poverty Reduction and Growth Facility (PRGF). In 2008, the current account deficit was estimated to be 10.5% of GDP, a 40% increase over 2006. In late 2008, the IMF noted that the Congo was hit not only by the international financial crisis, which jeopardized additional investments in the mining sector, but also by higher security spending resulting from the renewed conflict in North Kivu. Both factors led to fiscal deterioration, a decline in international reserves and pressures on the exchange rate.

Macrostability

## 9 | Private Property

The new constitution explicitly protects private property. Although property rights and the acquisition of property are well-defined in law, given the lack of administrative structures, these rules are not always respected or adhered to. Unregulated expropriation of private property is frequent, especially by people that occupy pockets of political or military power. The government initiated a review of existing mining and logging contracts in 2007 and 2008, which showed that the vast majority of contracts that were signed by the government during the war were detrimental to the country's interest. The reviewers suggested that most contracts be cancelled and renegotiated. However, the process was opaque, and it is unclear whether new contracts would clean up the two sectors.

Property rights

Private companies are permitted, but they face tough challenges. According to the World Bank's "Doing Business 2009," if an entrepreneur pays all the taxes stipulated by Congolese law, he or she would have to pay an unlikely 229% of profits. The country scored equally bad in other regards. For example, the costs that accumulate in enforcing a contract may represent as much as 150% of the claimed value of the contract. Starting a business requires an average of 155 days, compared to the global average of 38 days. Obtaining a business license takes about 322 days and involves 14 procedures, compared to the global average of 225 days and 18 procedures.

Private enterprise

## 10 | Welfare Regime

No state-sponsored safety nets exist in the DRC. Those safety nets that do exist are found in the private sector and provided by small self-help organizations, the churches and international organizations. However admirable they may be, these organizations are not in a position to cope with the continuing humanitarian crisis in the DRC. Private (mostly family) ties and networks may have an additional alleviating impact, but their effect is difficult to assess.

Social safety nets

There are no institutions to compensate for gross social differences. Women and members of ethnic or religious groups have only very limited access to education, public office, etc. Some ethnic minorities, particularly Pygmies, suffer from rather systematic discrimination. Generally speaking, opportunities for social success are directly linked to the social status and connections of the individual's family. Societal participation in the DRC is determined by personal relations and patronage networks. A merit-based system of opportunities does not exist.

Equal opportunity

## 11 | Economic Performance

Continuing the generally positive trend of previous years, overall macroeconomic performance related to growth rates was relatively satisfactory during the period under examination. For example, real GDP growth averaged 7.5% in 2007 – 2008. However, the trend of positive developments starts from an extremely low level after decades of Mobutu's misrule and a decade of violent conflict. Growth was essentially driven by investments in the mining sector and high commodity prices (before the international economic downturn in the latter half of 2008). Two problems have had negative impacts on macroeconomic performance: the adverse effects of high oil and food prices and expenditure slippages related to renewed conflict in eastern Congo. In late 2008, these combined factors led to higher inflation, a growing money supply and a depreciation of the Congolese franc (CDF) against the dollar. The global economic crisis and declining commodity prices have had very negative consequences for Congo's mining areas, where most of the companies had to shut down during the second half of 2008. All in all, the social and economic crisis continues for the vast majority of the population. The bulk of the population is engaged in the informal survival economy that mainly consists of petty trade and subsistence farming.

Output strength

## 12 | Sustainability

Environmentally compatible growth receives only sporadic consideration and has almost no institutional framework. The DRC contains the second largest rainforest in the world. Although more than 70% of the DRC's territory consists of forests, high rates of deforestation across the country could soon pose a threat to local livelihoods and biodiversity. To survive, local miners and poachers have little choice but to ignore environmental concerns, especially in Katanga, where large mining operations have caused significant damage. The government, which often plays a key role in these activities, neither wants to nor has the resources to address the issue of sustainability. The World Bank supports the government in its efforts to bring sustainable management to commercial logging, to address mismanagement and to improve transparency and the sustainable use of forests. Environmental groups have accused the bank of promoting industrial logging to help with the DRC's economic recovery at the expense of social and environmental safeguards; the bank denies the claims. However, one report found that in the Ituri forests, for example, over 60% of the companies surveyed were operating without timber permits.

Environmental  
policy

Despite the lack of reliable statistics, it is fair to say that the DRC's educational system is in disarray. Government expenditure on education is nonexistent. Most primary and secondary schools in the country are run by the churches or are in private hands. These institutions, as well as the "state-run" schools, operate on the basis of client fees, that is, teacher salaries are financed through tuition fees. There is also a fair number of public and a growing number of private or Church-run universities that have managed to survive, even in conflict areas in eastern Congo under extremely difficult conditions. Unsurprisingly, their academic standards are rather low.

Education policy /  
R&D

# Transformation Management

## I. Level of Difficulty

The structural constraints on governance in the DRC are massive, and they will not be overcome in the foreseeable future. They include a difficult political geography entailing a huge territory with a thinly spread population, the near total lack of infrastructure (e.g., roads), extreme levels of poverty, a poorly educated workforce whose survival depends on the informal economy, various burdensome legacies of the decade of violent conflict and, finally, the total absence of popular trust toward institutions and agents of the state. The huge reserves of precious natural resources (e.g., copper, cobalt, diamonds and oil) may call for a more optimistic view. However, so far, these resources have never been used for the development of the country but have, instead, stimulated corruption and external interventions.

Structural  
constraints

Despite the country's otherwise deplorable past, there is a certain tradition of civil society activism in the DRC, which is a result of the long-standing demise of the state under Mobutu. The pinnacle of civil society activism came with the National Conference in the early 1990s, when church leaders and other civil society activists (e.g., women's and students' associations, human rights groups, professionals, etc.) made a spirited attempt to force Mobutu out of office.

Civil society  
traditions

The war of the past decade has seriously weakened civil society dynamism, as the militarization of every aspect of life took root. What is more, civil society has become increasingly politicized, and a fair number of civil society activists can pass for politicians. Indeed, since the end of the war, many activists have entered into politics. Finally, civil society reflects the problems that haunt society at large, such as ethnic divisions, exclusionary strategies and reliance on external support. During the period under consideration, international donor programs increasingly focused on strengthening the capacities and structures of the DRC's civil society organizations.

There are serious ethnic and regional conflicts in the DRC. Divisions between indigenous peoples and migrants, for example, create a significant cleavage in much of the eastern part of the country and can also be seen to a certain extent in Katanga and Bas Congo. Moreover, intense regional rivalries associated with political elites stoke latent conflict. The results of the 2006 elections revealed a striking division of the country between the west and the east, where President Kabila carried a huge victory. The western parts voted unambiguously against Kabila, and there is a high degree of resentment toward the president and what many perceive as his eastern mafia entourage from the Kivus, Maniema and Katanga.

Conflict intensity

## II. Management Performance

The steering capacities of the DRC's government are difficult to assess if the underlying assumption is that capacities are used to promote democracy and economic reform. The government not only lacks capacity; it is also quite plausible to argue that it has no intention of promoting the collective well-being of the country. A second caveat concerns the political context of the country. Over the past decade, the DRC has witnessed ongoing warfare. At the time of writing, even as donors attach the "post-conflict" tag to the country, violent conflict continues in eastern Congo. This is to say that the DRC is still very much operating in crisis management.

### 14 | Steering Capability

The political leadership under President Kabila and the government claims to pursue long-term aims, but these have yet to translate into visible results. Short-term political interests still seem to dominate executive policy-making. Maintaining power is given priority over pursuing the goals of democracy and economic development. While work during the 2003 – 2006 transition period focused on essential legislation and a new constitution (which had been called for by the 2002 peace agreement and the transitional constitution), after coming to office, President Kabila announced an ambitious program of priorities (the so-called *Cinq Chantiers de la République*) that focused on education, health, infrastructure, energy and employment. Moreover, the government also published a priority action plan for the period between July 2007 and December 2008. Several episodes – most notably regarding macroeconomic management – suggest that the government has difficulties in seeing through long-term policy implementation. The executive's attention was primarily absorbed by the crisis flaring back up in eastern Congo beginning in 2007 and the respective resolution efforts (e.g., the Amani peace process in early and August 2008 as well as the negotiations and peace agreement in January 2009).

Prioritization

Broad reform policies exist on paper, but only a few have been implemented (e.g., that on minimum wage). The implementation pace has been very slow, and major reform agendas have not yet been properly addressed. In addition to the structural constraints on governance and recurrent crises during the period under consideration, the government of Prime Minister Gizenga was also very weak as a result of his age, his slow working speed and a lack of government coordination. Another constraint evolved out of the nature of the coalition government that brought together the presidential majority (*Alliance de la majorité présidentielle*, AMP), which carried Kabila to victory in 2006, with Gizenga's leftist PALU

Implementation



(Parti Lumumbistes Unifiés; Party of Unified Lumumbaists). The broad coalition produced a large cabinet with sometimes competing responsibilities. How the increased vitality of the much younger new prime minister, Adolphe Muzito, will translate into improved reform-policy implementation remains to be seen.

Few signs indicate that the government is able or willing to learn from past mistakes. It has shown little cohesion or direction since its formation in early 2007. The policy-making process is extremely opaque since several centers of power exist within the government. For example, it was not at all clear how much the president interferes in the day-to-day affairs of government or how much leverage Prime Minister Gizenga had over the ministers from Kabila's party. Likewise, the reform-mindedness of the government is not evident, but the limited efforts to date do not indicate a learning process. One example is government policy in the mining sector, the economic lifeline of the regime. In 2005, Kabila set up a parliamentary commission to investigate mismanagement and flawed contracts in this sector, but the government never took up the commission's recommendations. In 2007, the government created another body to review what were basically the same problems. Again, the process was opaque and drawn-out, and it remains unclear whether the investigation will lead to any policy changes. In the meantime, investors have become increasingly anxious about political and legal uncertainties. In summary, the economically harmful handling of the all-important mining sector illustrates a lack of policy learning and flexibility.

Policy learning

## 15 | Resource Efficiency

The DRC's political economy is characterized by the wasting of state resources (human, financial and organizational) and their consumption by political elites. Virtually none of the mechanisms associated with the effective bureaucratic administration of human and financial resources is in place. Other fundamental problems include poor revenue collection, corruption by revenue-collection services and tax evasion. The territorial administration is a mere shadow organization. The 2006 constitution provides for a strongly decentralized administration, but – to the frustration of the provinces – foot-dragging by the central government has prevented its implementation.

Efficient use of assets

After the chaotic years under the government of national unity (2003 – 2006), which was a power-sharing arrangement between former warlords (and their respective warring factions), the hope that the newly elected government would provide more coherent and effective governance was dashed. To ensure his electoral victory, Kabila was forced to build a coalition whose members demanded spoils and handouts after the election. The result was a bloated government comprising 40 ministers and 20 deputy ministers drawn from 16 different political parties. Overlapping responsibilities, especially regarding the economy, bode ill for

Policy coordination

well-coordinated policy. A government reshuffling in October 2008, now under the new prime minister, Muzito, has raised hopes for a leaner and more coherent government. However, it remains to be seen whether the creation of three deputy prime ministers' posts will help. Again, their responsibilities overlap with those of various other ministers, which leaves room for rivalries and politicking – but still allows Kabila to retain control as the ultimate arbiter.

Although there are no competitive recruiting procedures, there is constant political interference in government and administration and a total lack of transparency in all affairs of the state, notably economic and financial matters. Auditing and expenditure tracking is the exception. In a rare audit, published in 2008, investigators claimed that various state agencies and parastatals had embezzled \$1.8 billion. Transparent public procurement systems and effective prosecution of corruption are unheard of. During the period under review, some officials were accused of corruption and removed from office (e.g., 13 deputies were suspended from parliament in January 2009). Nevertheless, legal prosecution on the respective charges has yet to be conducted. An increasing number of civil society organizations engage in budget-tracking issues, and a slowly increasing awareness of high-level corruption (“naming and shaming”) can be observed in the DRC's population. Although asset declarations for the president and members of government are stipulated by Article 99 of the constitution, it is not practiced.

Anti-corruption  
policy

## 16 | Consensus-Building

It is not readily discernable whether the major political actors in the DRC share a basic consensus on achieving the twin goals of democracy and economic development. The political actions of political actors – both inside and outside of government – do not indicate that they share this goal, even if their rhetoric may at times suggest otherwise. The government has shown a marked tendency to infringe upon political rights and has repeatedly resorted to violent repression of the opposition. It is also doubtful that the government elites are in favor of a market economy, as this would limit their access to resources.

Consensus on goals

The few individuals who could potentially pass for reformers have no clout over powerful anti-democratic actors, who can terminate reform processes at any time. To date, there is limited evidence to support the assumption that reformers within the government have gained control over anti-democratic veto actors, which are part of the administration itself. The latter have the potential to roll back reform processes. A major test will come with the second general elections, which are currently scheduled for 2010, and whether they will be held in a democratic manner.

Anti-democratic  
veto actors

The political leadership does not reduce existing divisions or prevent cleavage-based conflicts from escalating. More often than not, political elites manipulate – and even exacerbate – existing tensions to shore up their own power. This has been the case in North Kivu and South Kivu, where national elites have aggravated ethnic tensions in tandem with local allies. Where political manipulation has been unsuccessful, political repression has been used to deal with conflicts, which the political elites have often interpreted as a challenge to their power. One example of this is the social protest movement in Bas Congo in 2007 and 2008.

Cleavage /  
conflict  
management

Many of the DRC's most influential civil society figures no longer act as autonomous agents outside of the state. The peace agreement of 2002 stipulated a certain measure of participation of civil society in the institutions of the transitional period. Consequently, civil society activists entered politics, and many joined the major political groups (i.e., the former warring factions). This continues to be the situation. Presently, civil society groups may occasionally be consulted, but the government rarely acts upon their advice. However, the DRC's civil society did participate broadly in the Poverty Reduction Strategy consultation process and influence its outcomes. Quite a few efforts aimed at strengthening civil society's political-participation capacity are currently under way; they are primarily supported by the international community. Overtly critical civil society activists, such as human rights activists or journalists, who do not enjoy considerable authority or outside protection (e.g., from the churches) expose themselves to oppression. State authorities frequently bring charges of treason.

Civil society  
participation

Although the devastating effects of years of violent conflict have created immense demand for reconciliation and justice, the government has done little to address this issue. Typical may be the fate of the Truth and Reconciliation Commission. Headed by a clergyman close to the Kabila camp, the commission has not handled one single case since it was created in 2004. Rather than promoting reconciliation, particularly in the ethnically charged eastern parts of the country, power politics have tended to reinforce tensions. Some observers accuse the government of being very selective for having called upon the International Criminal Court (ICC) to pursue three former warlords from Ituri, while similar criminals have been given high posts in the national army. They also suspect Kabila of having had a hand in undermining Jean-Pierre Bemba, one of his political rivals, with the help of the ICC. The rampant impunity in the country constitutes a serious obstacle to its stabilization and reconstruction, as can be seen by the local conflicts in some parts of the country. Anxious about the stability of the precarious transitional government and eager to move to elections, the international community has shied away from pushing the issues of reconciliation and impunity.

Reconciliation

## 17 | International Cooperation

The government maintains extremely ambiguous relations with the international community. Since coming into office, it has reacted fiercely to even mild criticism, denouncing it as being an infringement on the DRC's sovereignty. The government is only interested in international assistance if it serves its purposes. This has had what might be considerable consequences in the field of security-sector reform, where the government has failed to produce a long-term strategy that donors could support. Still, external donors have contributed to the conundrum by seeking to impose strategies and programs that were not discussed with the government, most notably the so-called Governance Compact, a donor-prescribed development strategy that the government eventually presented as its own plan. There are other programs, however, that have been developed in a more participatory manner, such as the UNDP's governance program. The program, which covered political, economic, administrative and legal aspects of helping the country improve its governance sector, received significant support from several donors.

Effective use of support

The fact that the DRC's government is not a credible partner frustrates the international community, which has invested considerable political, financial and military resources into building peace in the DRC and into organizing the elections that eventually established the government now in place. This is partly due to the fact that the channels of governmental decision-making are extremely opaque. International partners have repeatedly complained that officials have given them assurances about specific matters (e.g., security-sector reform), only to be contradicted by other officials soon thereafter. The external perception of Western donors is that the government is not willing to receive advice (but is willing to receive financial assistance) and that there is no common vision about policies and priorities within the government. Partly as a result of this Western view, the DRC has sought to win the support of China. This step has led to increased friction with the IMF, which is concerned about the viability of newly acquired debt.

Credibility

The recent history of the DRC and Central Africa has been dominated by violent cross-border conflict and the involvement of foreign armies and rebel movements in the Congolese wars. The alliances that were shaped during the last war (1998 – 2002) are still the determining factor when it comes to regional cooperation and confrontation. Neighboring Angola is still Kabila's closest ally in the region, while relations with Uganda are frosty. Relations between the DRC and Rwanda have been outright hostile, as both have continued to fight a war by proxy in North Kivu through Congolese-backed Rwandan rebels and Rwandan-backed Congolese rebels, respectively. In late 2008, the war in North Kivu escalated to the point where the intervention of Angolan and Rwandan forces was openly discussed, a scenario reminiscent of the beginning of the war in 1998. Various international efforts aimed at fostering mutual trust and cooperation (e.g., the Nairobi Communiqué of

Regional cooperation

November 2007, the Amani peace process in 2008 and the International Conference on the Great Lakes Region) have had no discernable effect. Like those of its neighbors, the DRC's government has repeatedly entered into agreements whose stipulations it had no intention of implementing. It was only in January 2009 that negotiations between the governments of the DRC and Rwanda (which excluded the MONUC representatives of the international community) resulted in an agreement that might bring peace to eastern Congo. The cooperation between the two countries' armies in reintegrating Nkunda's CNDP rebels into the DRC's army while repatriating FDLR troops to Rwanda was started in January and was ongoing at the time of this writing.

## Strategic Outlook

More than two years after the 2006 elections, the DRC has made little progress toward consolidating peace and enacting democratic and economic reforms. Countless problems continue to hamper the country, and it seems impossible to tackle them all effectively in the foreseeable future.

The reform of the security sector should be at the top of the priority list. As outlined above, the marauding national army (FARDC) is not only the gravest threat to the civilian population; it is also incapable of establishing a state monopoly over violence. The only thing that stands between the rebels in North Kivu and the outright collapse of the army is the U.N. peacekeeping mission MONUC. The latter cannot be withdrawn from the country any time soon since the army is in such bad shape. To promote security-sector reform, interested external actors (e.g., MONUC, the United Nations, the European Union and bilateral donors) need to re-engage the government and draw up a reform plan that is as comprehensive and well-coordinated as possible. So far, various donors have assisted in the reform of the security sector by implementing their own projects, but these have often been on an ad hoc basis that has done little to overcome the structural pathologies of the security sector.

The situation of the security sector is an example of a much broader malaise regarding the question of how external actors can support a government that shows little determination to move the country forward. This uneasiness has led to tense relations between the government and Western donors, which has led to a drop in support from the United Nations and other donors. However, pulling out of the DRC and withdrawing support should not be an option. The international community has invested heavily in the peace process, and not staying the course would put these investments at risk. Still, external donors must reassess their policy prescriptions. The implementation of textbook reforms, whether political or economic, will probably not work in the DRC – and certainly not against the will of the political elite. However, external partners and the DRC's government currently find themselves in a situation where both sides need each other's cooperation. Acknowledging this inconvenient fact should be the first step toward reaching an agreement on how to move ahead.

The way ahead includes urgent measures to promote the disarmament, demobilization and reintegration (DDR) of combatants. Tens of thousands of combatants are still waiting to be enrolled in DDR. If their willingness to return to civilian life receives no positive response, they could play a huge role in future conflicts and instability.

Finally, the particularly severe impact of the conflict in eastern Congo requires special attention. If and once violence has come to an end in North Kivu, South Kivu and Ituri, national authorities and their international partners need to implement programs to sustain peace in these fragile regions. They include peace-and-reconciliation efforts among the various antagonistic ethnic groups as well as reintegration-and-resettlement assistance for former combatants and internally displaced persons. In the long run, as elsewhere in the country, land reform will be a crucial component for both a self-sustaining peace and economic recovery. The developments since January 2009 bring some degree of hope that the conflict in eastern Congo might find a peaceful solution.