

# Democratic Republic of the Congo

<b>Status Index</b> (Democracy: 2.60 / Market economy: 2.64) <b>2.62</b>		<b>Management Index</b> <b>2.47</b>	
<b>HDI</b>	0.385	<b>Population</b>	54.2 mn
<b>GDP per capita (\$, PPP)</b>	697	<b>Population growth<sup>1</sup></b>	2.9 %
<b>Unemployment rate</b>	-	<b>Women in Parliament</b>	10.2 %
<b>UN Education Index</b>	0.53	<b>Poverty<sup>2</sup></b>	-
		<b>Gini Index</b>	-
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. <sup>1</sup> Annual growth between 1975 and 2003. <sup>2</sup> People living below \$ 1 a day (1990- 2003).			

## A. Executive summary

The situation in the DRC seemed to have improved following two major achievements at the hand of President Joseph Kabila's government: The creation in July 2003 of a government of national unity and the adoption of a road map toward the establishment of a democratically legitimized political system. During the period under review, a date for elections—July 2005—had been announced. These events fueled hopes that the DRC—whiles still far from undergoing transformation—would soon make the transition from a war-torn state to reconstruction.

Economic figures have shown gradual, though slow, improvement since 2002. Promising steps taken by the government to facilitate sound, sustainable growth have accounted for increased optimism. Despite their lack of electoral legitimacy and common interest in the public good, the DRC's political institutions showed willingness to implement political reforms and pursue the goals of transformation.

However, the outbreak of war in 2004 in the country's eastern region, involving Rwandese troops, has deflated optimism for peace and the DRC's future. These developments underscore the need for political stability and peace in the region if progress is to be made in the DRC.

The DRC's political leadership faces clearly-defined challenges: establish consensual decision-making and implementation in government; re-establish the state's monopoly on the use of force; and enforce a sound peace agreement with neighboring countries, especially Rwanda. Effort must be made to progress on these tasks if the country is to make use of its tremendous natural and human resources, and rebuild the physical and social infrastructure needed to stimulate steady economic growth.

Decisive political, military and financial international intervention over a well-defined period is critical to paving the path forward. Optimism has eroded however, since the announced elections have been postponed.

## **B. History and characteristics of transformation**

The Democratic Republic of Congo has been ripe for transformation since the end of the 1980s. Both exogenous and endogenous factors contributed to the demise of Mobutu's authoritarian and illegitimate rule. Western economic and political support for (then) Zaire waned, as its stabilization was no longer of strategic importance. Installing democracy, the rule of law and market-oriented economic systems as well as respect for human rights became conditions for Mobutu's government to gain acceptance as an international partner.

The ramifications of the new international constellation corresponded with the impact of domestic movements within Zaïre, where reform groups had begun in 1989 to debate and carefully demonstrate against the excesses of Mobutu's leadership. A new alliance of church leaders, human rights activists and well-known individuals emerged and focused on halting economic decline while creating a sound and transparent economic order. Joining in support of this movement was the great majority of urban Zaïrians who suffered from the consequences of a structural adjustment program implemented in 1986. This program exacerbated economic and social suffering under Mobutu's regime.

Following the political and cultural liberalization in April 1990, this movement was joined by political leaders removed from Mobutu's environment and thus no longer able to benefit from the patronage system dictated by Mobutu's whim. Political reform thus became synonymous with overthrowing the government.

However, the newly founded alliance lacked a common ideological position and thus coherent vision for a new economic and political order. Unity was based solely on the desire to remove Mobutu from power and establish a new order, which would then benefit one's own interest group.

The National Conference included most of the country's different political, religious, ethnic and regional as well as professional groups (including a majority of Mobutu supporters). Theoretically, its prospects for establishing a new constitution and sound basis for a new political and economic order were favorable. However, the National Conference failed due to several long-standing tensions between the various interest groups. Mobutu and his supporters exacerbated these tensions by using state resources to draw specific leaders away from the goals of transformation. However, the National Conference generated several documents and plans to decentralize the political system and develop the framework for a social market economy—both of which could be used to create a stable order in today's DRC.

Economic crisis induced Mobutu's demise, as he was no longer able to reward his supporters and thus insulate himself. An eroding power structure facilitated by the increasing desire for stability and interest in Zaïre's immense natural resources among neighboring countries rendered the national army defenseless when attacked by rebel forces. With the support of the governments of Uganda and Rwanda, Laurent Désiré Kabila's rebel forces overthrew Mobutu in May 1997.

Kabila's leadership was as kleptocratic as that of Mobutu. Assassinated in January 2001, Kabila left behind a disastrous state of affairs. Kabila's leadership destroyed the remaining transformation dynamics and potential public support for a new democratic leadership. He also led the country into a war with several Uganda- and Rwanda-backed rebel movements. Amid the chaos, warlords and various foreign groups plundered the country's natural resources, destroying any remaining infrastructure.

Genuine peace-building and societal transformation began for the first time with Laurent Désiré Kabila's son, Joseph Kabila. Despite his lack of democratic legitimacy, President Joseph Kabila succeeded in winning the confidence of both the Congolese and the international community. He achieved this by initiating peace negotiations that resulted in a government of national unity including leaders of the various rebel factions from the northern and eastern regions. Moreover, Kabila negotiated an economic recovery program with international financial institutions and with partners in the industrialized world. These efforts were rewarded with a U.N. peacekeeping force (MONUC). Although much too small to maintain peace throughout the country, MONUC at least guaranteed a degree of stability in the western, central and southern areas as well as the capital and certain key areas in the east. Kabila even announced plans to hold general elections in 2005.

It is estimated that more than 3.5 million Congolese citizens have died in the last 7 years as a consequence of war. Exhausted and traumatized by the fighting and killing, the population is in need of international support. The transition toward a democratically elected state is dependent upon the success of peace-building in the east. International pressure is crucial to stopping neighboring countries from engaging in destabilizing activities and supporting rebel factions. Without the support of the international community, the prospects for transformation in the DRC are bleak as the country is likely to transition from one form of violent instability to the next.

## **C. Assessment**

### **1. Democracy**

#### **1.1. Stateness**

The state's apparatus does not extend to vast parts of the country and a state monopoly on the use of force remains a remote perspective. Both internal and external forces and, at times, alliances of the two threaten the government's monopoly on the use of force. The national government in Kinshasa does not control most of the country's war-torn eastern territory, and is unable to provide even basic services to citizens in the region. While the U.N. peacekeeping mission MONUC in this part of the country is able to assist in avoiding more cruel and destructive acts of bloodshed, it is not strong enough to aid government in enforcing its own policy and the law. The vast majority of Congolese citizens who live in other rural parts of the country remain unincorporated by state infrastructure, and depend on self-organization as well as occasional support from church and charity organizations.

The conflict in eastern Congo is based largely on questions of ethnicity and territorial claims. Significant parts of the indigenous population in the Kivu provinces regard Rwandese— who make up the demographic majority in many parts of North Kivu — as foreigners. This fact is politically exploited by local and national Congolese politicians as well as by politicians in neighboring Rwanda. The resolution of this “citizenship question” will present a major challenge in the elections to be held at the end of 2005, as it will determine who is eligible to vote. In 2004, the Congolese parliament adopted a law, which, in principle, foresees an inclusive arrangement. It seems unlikely, however, that this law alone will foster local inter-ethnic reconciliation or that indigenous politicians will refrain from xenophobic discourses, particularly in the run-up to elections. Similar, if less extreme dangers, could arise in Katanga province.

While the DRC is a secular state, its religious bodies, especially the Catholic Church, play a positive and integrating role in the country, providing social, educational and health services. In addition, they organize events where the intellectual elites of the country debate questions of nation building and national integrity. As such, the erosion of mainstream churches through the multitude of protestant sects may pose impediment to the country's development in the long-run.

Near-constant warfare since 1996 further weakened the moribund administrative structures that survived three decades of Mobutu Sésé Seko's corrupt and kleptocratic rule. Since the transitional Government of National Unity was instituted, only limited progress has been made to restore administrative structures. Outside of major cities, the state bureaucracy exists in name alone. No

resources have been allocated to territorial administration, salaries have not been paid, and local government officials are forced to resort to corruption for their own subsistence. Even if local administrative structures were effective, however, governance at the national level remains problematic. The transitional government lacks coherence, as it is largely composed of former enemies whose mutual distrust precludes effective policy-making. Unsurprisingly, efforts by donors and MONUC to help expand governmental authority throughout the country have met with very limited success. As elections have yet to be held, none of those in government carry any democratic legitimacy.

## **1.2. Political participation**

Currently, the DRC has no democratically elected leaders. The Inter-Congolese Dialogue and the formal termination of the war ushered in the transitional “Government of National Unity,” to govern until elections (local, parliamentary and presidential) are held at the end of 2005. They will be the first free elections since the country’s independence in 1960.

To date, transitional authorities have largely failed to make arrangements for these elections, such as drafting electoral laws and drawing up a registry of voters. As a result, the timetable is likely to slip. In the best of cases, elections will be held by the end of 2005. Should elections be held in 2005, however, they will almost certainly not lead to a democratization of the country. Rather, the main purpose of holding elections is to overcome the crisis of political legitimacy and untenable transition arrangement that has produced a largely dysfunctional government. Whoever wins the elections will face daunting challenges, as the losers – many of whom fought to gain state power – may well turn out as peace spoilers.

While freedom of assembly has improved since the outset of Kabila’s tenure, every public meeting remains under strict scrutiny of state intelligence. Authors of critical statements still face harsh reactions from government.

DRC ranks 173<sup>rd</sup> of 193 countries and was categorized as “not free,” in Freedom House’s Global Press Freedom Survey 2004. Although there are a considerable number of private papers, radio and TV stations, any reports or comments that are critical toward government policies can still be dangerous for the author. In 2004, numerous reports indicated the frequent abuse and detention of critical journalists. Independent radio stations also risk being closed by state authorities.

## **1.3. Rule of law**

The power-sharing formula agreed upon in the Pretoria Accord does not function well, and does not enjoy democratic legitimacy. Thus, the transitional government has no real separation of powers. The non-existence of a reliable judiciary system

presents one of the biggest obstacles to rebuilding the DRC and transforming its society. In a country where serious crimes against humanity are not prosecuted, however, building a functioning and independent judicial system presents a grave challenge. Historically speaking, the rule of law has never existed in the country, and this situation has not changed in the past two years. In the best of cases, building an effective and independent judiciary will require support from outside donors and can be seen as only a long-term goal.

Although newly instituted commissions of inquiry have recently examined corruption and the mishandling of public resources, none of the persons mentioned in these reports have, to date, faced legal consequences, although President Kabila has dismissed some ministers. Others who were dismissed before the reporting period for corruption have been re-admitted into government for reasons of political expediency.

The protection of civil liberties is not guaranteed in the DRC. Only a full stabilization of the political and judiciary system will guarantee the systematic observation needed to protect civil liberties. In regions controlled by the central government, there are signs of increasing tolerance toward self-organization and political opinion building, though this still poses serious risks for those involved. The same does not apply to regions outside of the government's control.

#### **1.4 Stability of democratic institutions**

There are no democratic institutions in the DRC, as these were to be fashioned during the current transition period. This effort is welcomed by citizens, who have begun to express cautious optimism in regards to the country's future. The result of this process remains unclear. None of the major parties in government have a record of democratic convictions or policies. Although the international community created the International Committee for the Support of the Transition (CIAT) to support and coordinate these efforts, no real administrative structure can be found in the country's vast rural areas.

Today, all institutions lack democratic legitimacy. Therefore, the organization and conduct of general elections is of utmost importance in order to start a transformation process based on sound legal grounds and which can be considered to be democratic. The vast majority of the country's political forces hold little in the way of democratic convictions. Encouragingly, however, groups in society have shown show increasing impatience with the current state of affairs. In 2004, the public took to the streets on several occasions to express discontent over current rulers' confiscation of political power and their inability or unwillingness to move the transition process forward. Despite this, the outlook for on-time elections is not promising: the head of the electoral commission is now pushing for elections to be held before October of 2005.

### **1.5. Political and social integration**

Despite their abolition under Laurent Kabila, many political parties have existed since 1991. With the exception of Etienne Tshisekedi's Union for Democracy and Social Progress (UDPS), however, most of the parties lack wide popular support. As a result, there is no stable party system to speak of.

The effect of interest groups in the DRC is negligible. Important social interests are underrepresented. That only a few players dominate the system of interest groups makes polarization an appreciable risk. Many interest groups are part of authoritarian corporatist structures. The only non-governmental institutions of national importance that are able to play a decisive role in stabilizing the country are the Christian churches, mainly the Roman Catholic Church. Additionally, the National Federation of Entrepreneurs exercises limited influence.

Congolese have never been given a real chance to participate freely in political life, as political influence and mandates were exclusively granted by all-powerful presidents and elections did not offer freedom of choice. While citizens' desire for more political participation could be observed when the multiparty system was announced in 1991 and a great number of citizens became immediately active in newly founded political parties, there is no survey evidence available to measure this tendency. Today, a political debate about the future of the country and its constitutional and moral composition are taking place in the capital and in other urban centers. When parishes or NGOs organize public debates on such topics of common concern, they are always well-attended.

Against a backdrop of economic decline and continuing violence, society in DRC has shown a remarkable degree of resilience. Most important are the numerous social and economic activities in both urban and rural areas that take place on the basis of bonds created by neighborhood, religious affiliation or professional interests. Citizens' efforts toward mutual assistance and self-help are crucial to the integration of the various facets of Congolese society, which future governments will have to rely on in order to create innovative dynamism. At the same time, however, war and sustained crisis have created considerable competition for scarce donor resources, as the institutional capacity of many NGOs is limited. Moreover, social capital in eastern Congo has been eroded by ongoing conflict and ethnic tensions. Noteworthy efforts at reconciliation are ongoing but their success is hampered by pervasive violence, insecurity and the involvement of regional actors and neighboring states (i.e. Rwanda).

## **2. Market economy**

### **2.1. Level of socioeconomic development**

According to relevant indicators (the country is ranked 168<sup>th</sup> of 177 in the HDI), social exclusion as a result of widespread poverty is quantitatively and qualitatively marked and structurally ingrained. The population as a whole suffers from the consequences of almost a decade of warfare. As such, development in the conventional sense has given way to sheer survival efforts. To date, the transitional government has failed to engage in any coherent policy to address the economic plight of its population, in spite of the fact that an interim Poverty Reduction Strategy Paper (PRSP) has been drawn up for the 2002-2005 period and a fully fledged PRSP is expected to be adopted in 2005.

Donors have encouraged increased spending for poverty reduction as part of IMF-sponsored programs for poverty reduction and growth. However, the bloated government and political considerations have absorbed most of this funding. Overall, poverty and social exclusion are generally not the result of purposeful government policies. However, one structural impediment to socioeconomic development that must be emphasized is the country's land tenure system, which has a particularly severe impact on the densely populated Kivu provinces of East Congo. Since the 1970s, land tenure is characterized by a legal dualism (modern state law and traditional norms) that is at the root of local disputes over uneven access to land. It threatens rural livelihoods and subsistence farming. In addition, the country's almost complete lack of infrastructures (especially roads) poses a structural impediment to development.

### **2.2. Organization of the market and competition**

The situation in the DRC is still so difficult that the country is rated in neither the World Economic Forum's Growth Competitiveness Index (CGI) nor the Heritage Foundation/Wall Street Journal Index of Economic Freedom. As the U.S. Department of Commerce reports, the DRC "has never been able to provide a well-defined, stable, and transparent legal or regulatory framework for the orderly conduct of business and protection of investment. The country's laws and regulations have never been codified. Combined with the micro-interventionism of the over-manned and underpaid Congolese administration, this has long been a major impediment to both foreign and domestic investment.

Existing tax, labor and safety regulations are not onerous in themselves but impose major burdens because they can be capriciously applied and there are no rapid and impartial adjudication mechanisms for relief." Since a free market presupposes the existence of regulatory state institutions enforcing rules and laws, it would be misleading to speak of a free market in the DRC. The informal sector makes up the bulk of the country's economic activities. Political elites and



criminal networks control vast segments of the country's natural resources. In 2004, a parliamentary commission was established to examine all the contracts that have been concluded during the war in the natural resources sector. To date, however, political constraints have impeded a thorough investigation.

Efforts to create a competitive market system began in 2002 with an attempt to deregulate the mining sector, which was formerly structured in a monopolistic way and makes up more than 85% of the country's foreign earnings. However, these efforts were undermined by the unexplained attribution of mining and possession rights to foreigners, especially from Zimbabwe and Angola, who supported the Congolese government in the war against its eastern neighbors. As such, the country's most valuable natural resources continue to be exploited for the gain of warlords and foreign companies working in conjunction with corrupt government elites in the mining areas of Kasai and Katanga. According to the IMF, the DRC received 13.52% of its total revenues from state-owned enterprises and government ownership of property in 2002. According to the U.S. Department of Commerce, "Much of the government's revenue is kept "off-book," and not included in published statistics on revenue and expenditure."

While foreign direct investment remains insufficient to stimulate significant economic growth, the government has pushed legislative reform in order to make better use of the opportunities that do come. There are serious doubts about the safety of investments in the DRC. The IMF reports that there are no restrictions on foreign exchange accounts for the credit or debit of international transactions for either residents or non-residents. According to the World Bank, the average tariff rate in 2003 was 15.6%. The U.S. Department of Commerce reports "most of the country's trade barriers result from complex regulations, a multiplicity of administrative agencies, and a frequent lack of professionalism and control by officials responsible for their enforcement."

The banking system has not yet recovered from its collapse in the 1990s. The few remaining banks suffer from government's unstable policy implementation and from a weak capital base due to non-repayment of loans. According to the Economist Intelligence Unit (EIU), "The financial sector has suffered from the chaotic political and economic conditions in the country. These have included hyperinflation, currency distortions, war and political instability, frequent policy changes, and a lack of companies with properly audited accounts or collateral. As a result, many of the banks have accumulated unrecoverable loans. In such risky conditions, loan credit has entirely ceased except for short-term trade finance." In accordance with demands by the IMF, however, the government has agreed to a restructuring of the banking sector.

### **2.3. Currency and price stability**

According to the IMF's 2004 World Economic Outlook, the Democratic Republic of Congo's weighted average rate of inflation between 1994 and 2003 was

66.46%. However, since the return of the international financial institutions to the country, the Kabila government has more or less adhered to macroeconomic reform. As a result, inflation has been reduced over the past three years. In 2004, the average inflation rate was estimated at 8% by the EIU.

Overall, international financial institutions have expressed cautious satisfaction with the transitional government's performance over the last three years, although there were serious problems with setting and achieving a consistent policy for stability in the period under review. The government has promised to continue the macroeconomic policies devised by the IMF.

#### **2.4. Private property**

Private property is not safe in the DRC. This is due not to insufficient legislation, but rather to corrupt administrative practice and the judiciary's dependence on the executive. Property rights are particularly threatened in the country's war-torn eastern regions where the government does not exercise control. The situation regarding the exploitation of natural resources is slightly different. In the regions beyond the government's administrative reach, violence rules the market. In the rest of the country, property rights are obtained by under-the-table deals between corrupt administrators and those who demand rights for the exploitation of resources.

While the government's privatization efforts – especially in the mining sector – are to be applauded, a careful examination of the procedures used and the quality of new investors is needed. While a substantial lack of transparency plagued most of the transactions, evidence does indicate that the privatization process was used to compensate former war allies from Zimbabwe and Angola for their military support.

#### **2.5. Welfare regime**

The state is not engaged in social safety measures. The living standard of the majority of Congolese citizens is lamentable and has not improved in the last two years. Basic health care and education facilities are lacking for broad segments of the entire population, not only in the war-torn east. In most rural areas, there is no access to hospitals or health clinics. Schools are non-existent or in a very bad state, while teachers are poorly paid or unpaid. The functioning of what remains of the social welfare system depends on the efforts of individuals and civil society organizations, often churches.

In war-affected areas there has been a significant migration to urban centers. Today, many cities must provide services for up to four times the population they were originally constructed for. Weaker segments of the population – the elderly

and the very young, as well as undernourished mothers – make up a growing share of those suffering from endemic diseases like AIDS, tuberculosis and malaria, as they are often the first victims.

There are no institutions to compensate for gross social differences. Women have only very limited access to institutions such as education and public office. In rural areas, girls are not given the opportunity to go to school, as they are expected to help in the household and on the farms. In the formal sector, both public and private, men are favored for job placement. In the urban informal sector, however, women play an important role and often ensure the survival of households with economic activities in small-scale production or petty trade.

## **2.6. Economic performance**

The DRC possesses immense economic potential, both in terms of natural resources – copper, cobalt, diamonds, coltan and timber – as well as agriculture, human capital, and a comparatively large domestic market. As part of the Southern African Development Community (SADC) it also enjoys favorable conditions in trade with its immediate neighbors. Due to poor governance, however, the country's potential goes vastly underutilized. In order to stimulate economic growth, correct legislation will have to be combined with international assistance. In addition, strict control of government expenditure is needed on all levels to fight corruption and embezzlement of aid funding and to make scarce resources available for the reconstruction of the physical infrastructure.

The economy has witnessed a steady recovery in recent years, although it must be remembered that it came from a very low starting point with negative growth rates (-4.4% in 1999). According to the EIU, real GDP rose by 3.5% in 2002, 5.6% in 2003, and 7.5% in 2004. Forecasts by the IMF estimate that real GDP will reach a growth rate of 7% in 2005. Per capita GDP has also increased, from \$90 in 1999 to an estimated \$100 in 2004. Inflation has declined significantly since 2000 and fluctuated between 5 and 8% in 2004, the lowest in many years. While official employment rates are unknown, estimates are that 90% of the country's work force is jobless or working in the informal sector. Total outstanding external debt was \$10.5 billion in 2003. The IMF estimates that it will take 70 years for the DRC to reach its 1960 per capita GDP.

## **2.7. Sustainability**

The DRC's natural resources are exploited with no regard for ecological concerns. The government possesses neither the will nor the capability to promote sustainable development. At best, the government pays lip service to demands by foreign donors and NGOs such as UNESCO. Among other things, such

organizations have petitioned for the protection of the country's national parks, some of which are world heritage sites.

That U.N. education index for the DRC (0.51) has not changed since the year 2000 demonstrates that the country's schools and universities have not received sufficient attention from the government. In fact, the government has not invested anything into the educational sector since the early 1990s. This remains unchanged.

At nearly every level of education - primary, secondary, tertiary and professional—the country's infrastructure must be rebuilt. In particular, the DRC needs a primary school system that is available and affordable for all. Today, efforts in this respect are only made by religious organizations, which invest much of their development work in the educational sector. As a result, the sector is almost entirely run by the churches and, to a lesser extent, other private actors. Although the government contributes nothing to these efforts, it does accept the private ownership of education. Although the country still possesses a well-educated and trained – though comparatively small— academic elite, its orientation is so academic that it lacks the aptitude to translate theory into practice in economic and technological development. The government should build up a sound network of technical colleges to provide the intellectual capital needed to build up the country's infrastructure.

## **Management**

### **3.1. Level of difficulty**

Significant structural difficulties constrain the political leadership's ability to create effective and development-oriented policies. Against the backdrop of almost complete state failure, the country's government faces a number of daunting challenges. These include the increasing number of citizens infected with HIV and high numbers of Congolese suffering and dying from AIDS, the need to rebuild the country's transport, communication, and social infrastructures, as well as its territorial state administration, including army, police and bureaucracy. The country's sheer size compounds matters further. While it is clear that success in reconstruction will depend on the erection of a state monopoly on the use of force and a successful transition to peace, the transitional government has made little progress on either of these fronts.

Because the Mobutu government ceased to provide public services in late 1970s, a long-standing tradition of self-help organizations and associations does exist in the DRC. This is also reflected by the preponderant role of the Catholic Church, which represents the country's only truly national institution. Aside from a short period during the early 1990s, however, civil society groups have been forced to devote much of their efforts to economic survival. Due to fierce political

repression followed by war, public engagement has generally remained low (although numerous associations are active in the fields such as human rights and conflict resolution).

Since the country's independence, ethnic and regional conflicts have provided the main reason for violent conflicts in the DRC – on local and regional levels as well as on a national level, when certain parts of the country made attempts at secession. Over the past two years, eastern regions have remained the hotbed of ethnic conflict (such as in the Kivus and Ituri regions). This was evidenced by the crisis in Bukavu in May 2004 and the massacre of Banyamulenge refugees in Burundi, insofar as similar tensions could not be observed in the rest of the country. To avoid such conflicts in the future, the anticipated return to civil politics through elections must provide for both a transparent and sound economic policy which includes a fair distribution of public goods as well as a system of decentralization that gives adequate respect and autonomy to regions and ethnic groups, will be the two most important conditions. Still, it seems likely that regional tensions will erupt over the distribution of resources.

### Profile of the Political System

Regime type:	<i>Autocracy</i>	Constraints to executive authority:	<i>1</i>
1. Head of State:	<i>Joseph Kabila</i>	Cabinet duration:	<i>30.06.03- present</i>
		Number of ministries:	<i>35</i>
		Number of ministers:	<i>35</i>
<p>Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Number of ministries/ ministers denotes the situation on 1 January 2005.</p>			

### 3.2. Steering capability

The political leadership is not able to act with a long-term perspective or in the country's prospective interests. Because it is composed of heterogeneous and mutually distrusting factions, the government is neither strong nor coherent enough to effectively manage reforms and achieve policy priorities. Instead, the political leadership's activities are characterized by *ad hoc* measures, a lack of guiding concepts, and maximization of short-term political benefit, with no recognizable prioritization. While limited progress was made before 2003, the Government of National Unity seems to have been paralyzed since it came into office. The prospect of elections has made matters even worse.

While the political leadership has, in the interest of ensuring their own political survival, become very flexible, this has not achieved either stability or reliability in government action. This will depend on the creation of greater mutual trust between the country's leading figures.

### **3.3. Resource efficiency**

Although the DRC has abundant human, financial and organizational resources, they either go to waste or are consumed by elites. In part, this is the result of the country's externally sponsored peace-making process, as foreign donors provided funding largely "with no strings attached" in an effort to provide incentives for peaceful behavior. The government cares little about policy coordination and routinely fails to coordinate its conflicting objectives and interests. Because the government is composed of antagonistic, previously warring forces, there is little consensus or coherence. Parallel structures of dubious legality abound.

To date, no effective policy against corruption has been put into place. Such a policy cannot be successful before salaries to public servants are paid regularly and effective control of government spending is guaranteed.

### **3.4. Consensus-building**

While there is a rudimentary consensus around market economy and democracy as strategic, long-term goals among the major political actors, it appears fragile. So far, political leaders' commitment to a market-based democracy has been largely rhetorical in nature, directed at attracting the good will and funding of international donors.

Whether the ever-powerful veto actors inside and outside government can be controlled depends both on the quantity of foreign aid the government receives in years following elections as well as on the trust it can build between itself and its citizens. What has been observed so far encourages skepticism that such trust can be achieved. By using xenophobic discourse, members of government actively encourage the exacerbation of ethnic cleavages, particularly with regard to ethnic minorities in the eastern part of the country. Due to nearly constant state of warfare over the past decade, social cohesion is extremely low. As pervasive insecurity has taken root, individuals and groups have turned to those they feel they can trust – often their ethnic brethren – to ensure a modicum of socioeconomic and physical security. Some individuals have made use of this to establish themselves as powerful patrons. In the absence of an effective state, let alone the rule of law, patronage networks and clientelism dominate social and political interaction. At the same time, awareness of the importance of civil society is rising, and civil society organizations have received support and tolerance from the government. This is due in part to their economic and social importance, and in part to pressure by outside donors.

The country's leadership cannot bring about reconciliation because it lacks the means and will to bring about justice. While there is little doubt that many members of government themselves have committed serious crimes in the course of the war, these crimes have not been prosecuted for political reasons. So far, the

only investigation being carried out is that by the International Criminal Court (ICC) regarding crimes against humanity in Ituri. At the time this report was written, the court was thought likely to indict a local warlord in 2005.

### **3.5. International cooperation**

Assistance is given in the peace-building efforts through MONUC and for the institutional and administrative reforms in the country. The World Bank, IMF, bilateral donors and a number of NGOs are active in different sectors. The government's activities are partly based on such support, as it is deeply dependant on outside assistance. A more coherent and decisive coordination of international aid by the government would undoubtedly make it easier for foreign donors to increase their efforts and grant the necessary resources for a long-term stabilization.

Severe tensions still exist between the DRC and its eastern neighbors, Rwanda and Uganda. The unpredictability and illegitimacy of those countries' governments makes it difficult for the Kabila government to respect all international treaties, particularly because the government's genuine interest in protecting the country's territorial integrity demands strong reactions against open or clandestine aggression on its eastern border. The government tries to act as a credible and reliable partner, but major international actors still express doubts regarding its reliability.

In fact, internal struggles within the government have provoked harsh criticism among the international community. Having grown increasingly impatient over the past year, some leaders – in this case, Belgian Foreign Minister Karel De Gucht – have gone so far as to speculate over whether a national government can be said to exist in the DRC. Because the country's civil war was also a regional conflict, major tensions do persist, particularly as regards relations between DRC and Rwanda. That both sides have continued to embrace the language of bilateral and/or regional cooperation in security matters has been evidenced by their readiness to participate in the international peace conference for the Great Lakes Region. The actions of both sides, however, have continued to be at odds with this rhetoric: while Rwanda has continued to interfere in the DRC's eastern regions, the Congolese government has failed to take an unequivocal stance with regard to Rwandese Hutu rebels present in eastern Congo.

## **4. Trend of development**

The peace agreement in 2002 produced subsequent improvements in both economic and political terms. Overall, however, there has been no substantial transformation in the period between 2000 and early 2005. This is mainly a result

of negative developments before the peace accord and resumed violence in eastern Congo in 2004.

#### **4.1. Democratic development**

On balance, stateness, political participation and the rule of law have remained at their former – very low – levels of quality. However, after the peace agreement in 2002 there was some limited progress in the democratization in terms of public debate and official rhetoric. As it is very difficult to generate the tremendous funding needed to hold an election in for the vast and structurally undeveloped Congolese territory, it is doubtful whether elections can still be held in 2005.

An increase in the general population's interest in political matters can already be observed in urban centers, especially in Kinshasa. Some NGOs, assisted by international organizations (both governmental and non-governmental) have begun programs for vote- and civic education. The churches have also been active in this field. For these positive developments to be capitalized on, the electoral process must be underway. Even more important will be the functioning of the newly elected government and its institutional framework.

The most formidable obstacle to democratization in the DRC remains the country's general instability, particularly the extremely volatile situation in the eastern part of the country. Some organizations – such as the Catholic Church – are pushing for elections despite these issues, in the hope that elections will produce a legitimate government with sufficient internal power and international reputation to orient politics around peace and development. In order to make this happen, neutral institutions will have to create willingness amongst the leaders of different fractions in government to accept election results. Because the DRC does not qualify as a democracy, this report does not comment on the consolidation of democracy.

#### **4.2. Market economy development**

The war, which began in August 1998, dramatically reduced national output and government revenues, further increased external debt and resulted in the death of some 3.5 million people. Foreign investments and business operations ceased due to the lack of physical infrastructure or a stable legal framework for the economy, difficult operating environment, and general instability resulting from the war. The exodus of foreign capital resulted in increased corruption, instability of the currency, and a lack of openness in government economic policy and financial operations. Ultimately, despite its tremendous resources, the DRC became one of the poorest countries in the world. Its rank on the HDI has fallen tremendously: it is now rated as one of the world's 10 least developed countries. The country's low ranking on the HDI remained stable between 2001 (1999 data: 0.363) and 2004



(2002 data: 0.365). Although there is no data available for 2000, HDI changed by -0.015 from 1995 to 2002. A recent recovery in the peaceful parts of the country, however, is beginning to be visible in available statistics.

IMF and World Bank missions have met with the government to help develop a coherent economic plan, and President Kabila has begun implementing reforms. Economic stability, supported by international donors, improved in 2003. New mining contracts have been approved, which - combined with high mineral and metal prices - could improve Kinshasa's fiscal position and GDP growth. A reliable measure of the country's economic development, however, is not possible because much of the country's economic activity is not accounted for in official GDP data. It must be stated that, while economically stimulating legislation and policy-making might provide long-term growth, they will remain useless if peace and stability are not achieved.

The recent restart of war operations in the east has further diminished chances for economic development. Clandestine imports of weapons and exports of raw materials continue. Tax revenues are not predictable or simply not available. Unemployment still is the standard position for many people, and many survive through informal sector activities. The state's budget deficit is high despite international support. Although there have been relatively robust growth rates overall economic development has not improved significantly.

Market economy development

#### Development of macroeconomic fundamentals (2000-2004)

	2000	2001	2002	2003	2004
Growth of GDP in %	-7.0	-2.0	3.5	5.6	7.5
Export growth in %	NA	-1.3	22.3	19.1	28.8
Import growth in %	NA	18.7	35.4	28.5	42.5
Inflation in % (CPI)	554	357	25	13	8
Gross domestic investment in % of GDP <sup>a</sup>	3.1	5.1	7.1	NA	NA
Government Revenue in % of GDP (excluding grants) <sup>a</sup>	4.5	5.9	7.7	NA	NA
Unemployment in %	NA	NA	NA	NA	NA
Government deficit/surplus in % of GDP (excluding grants) <sup>a</sup>	-5.3	-1.5	-2.3	NA	NA
Current account balance in m \$	- 198	-250	-152	35	-100

Source: Economist Intelligence Unit Country Report 2004, a. African Development Indicators 2004.

**D. Strategic perspective**

The DRC's current political constellation and recent developments in the east make stability, peace, democracy and substantial improvements to living conditions a remote possibility.

As fighting in the east continues various interest groups within and outside government battle for the best electoral position. These battles reach far beyond normal electioneering; rumors of plans to overthrow the president are circulated frequently, creating panic and inflaming fears.

The demobilization of soldiers and disarmament of society is moving too slowly; too many small weapons continue to circulate throughout the country. Without a viable economic framework capable of providing a gainful alternative to millions of young people, violence will prevail.

The DRC's eastern neighbors continue to illegally exploit its enormous natural resources. These countries have a vested interest in destabilizing the peace process. The resulting economic disorder and societal disintegration enables these neighboring regimes to collaborate with warlords and gain control over a great share of the DRC's natural resource wealth.

A sound peace agreement must therefore be respected not only by the different Congolese rebel factions, but also the governments of Rwanda and Uganda. International pressure on President Kagame of Rwanda is crucial and must be exercised unanimously and unequivocally, if peace in the DRC is to have a chance. The complete withdrawal of Rwandan troops from East Congo must become a condition for any international aid to Rwanda.

Once the troops have withdrawn, a development and peace concept for the entire Great Lakes region can be developed. Such an agreement will require significant international support and must guarantee the integrity of the DRC's territory while establishing clear criteria for defining the nationality of the different groups in the region.

Peace is a prerequisite to organizing elections. However, enormous amounts of money are needed as well if the minimum of logistical framework for free and fair elections is to be established. Aside from the large investments needed for technical infrastructure, a sound civic and voter education system must be created to facilitate an inclusive national debate that also incorporates the rural perspective. Here again, the international community's support is needed. In addition to the support of "traditional" donor countries, support from SADC countries is key in this respect.