Status Index 1-10 3.78 # 107 of 125

Democracy 1-10 3.63 # 105 of 125

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scale: 1 (lowest) to 10 (highest) score rank

This report is part of the Bertelsmann Transformation Index (BTI) 2008. 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 125 transformation and developing countries are evaluated.

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Executive Summary

During the period under review, the Republic of Congo’s (hereafter: Congo-Brazzaville) transformation was marked by political and economic consolidation after years of civil war and violence. With the support of Angola and France, the Sassou-Nguesso regime was able to turn the tide of civil war, thereby consolidating its political power and stabilizing the state’s authority. Thanks to both political stabilization and a boom in oil prices, the economy also improved. However, Congo-Brazzaville’s political transformation did not really mean democratization. Rather, the outcome of the transformation and consolidation process has been a caricature of democracy that props up an authoritarian and largely personalized regime that relies largely on clientelistic networks and corruption. The opposition remains weak, unable to challenge the government effectively. The regime has been able to consolidate its position against potential challengers with divisive bait-and-switch tactics. The regime may be more threatened by internal divisions rather than outside forces. Economic stabilization, which helped to consolidate the political system and the peace process, was organized by policies modeled on IMF and World Bank conditionality, which opened up the opportunity for Congo-Brazzaville to gain access to debt relief. The implementation of market economy policies has been slow, however, while the urgently needed diversification of the economy has not yet materialized. The management and steering capabilities of the government to promote economic as well as political transformation are still limited. Transformation in terms of political democratization, economic liberalization and deregulation is initiated by external pressure from the IMF, the World Bank and other donors; reforms do not originate in domestic politics. Policies to stimulate the development of the country should include a campaign against corruption. The education and empowerment of women, youth and children should become a political priority.
History and Characteristics of Transformation

The political and economic transformation of the Republic of Congo (Congo-Brazzaville) began in 1989/1990. Domestic and external pressures combined to convince the self-proclaimed Marxist-Leninist government of Denis Sassou-Nguesso to take steps in the direction of major political and economic change. Given the historical burdens and the structural weaknesses of the country, transformation became an extremely conflict-ridden affair, inciting insoluble power struggles, political violence and civil war which caused considerable destruction of infrastructure, serious disruption of parts of the economy and tremendous hardships for a substantial portion of the population. Thousands of people were killed and hundreds of thousands uprooted, with most of them becoming IDPs, while smaller numbers left the country as refugees. Congo-Brazzaville was wracked by political turbulence and waves of violent destruction repeatedly from 1997 to 2002, raising serious doubts about the country’s ability to manage transformation.

Congo-Brazzaville’s political conflicts began in 1960 when the country won its independence from the French. France left the country without providing for a political environment that would have ensured stability and socioeconomic prosperity. Ethnic rivalry, social and regional disparities, as well as mounting power struggles over the control of oil, all resulted in two decades of political instability and crisis. Weak leadership, military coups and political murder, including the most prominent victim, President Marien Ngouabi, in 1977, have endangered the country’s future. Although the 1970 military coup established a “People’s Republic” under the one-party rule of the Parti Congolais du Travail (PCT), the country became politically stable only after General Denis Sassou-Nguesso seized power in 1979. Under his leadership, the “People’s Republic of Congo” consolidated as a self-proclaimed Marxist-Leninist state with serious state involvement in economic, social and cultural affairs. After the fall of several communist governments in 1989/1990, the Sassou-Nguesso regime officially renounced Marxist-Leninist ideology and introduced a multiparty system in 1990. In the following year, a national conference brought together the major political forces of the country, paving the way for a new constitution and the renaming of the country from the “People’s Republic” to the “Republic” of Congo. The constitution that was endorsed in a national referendum included articles regarding the separation of powers, multiparty rule, civil liberties and human rights. In the elections of 1992 and 1993, Sassou-Nguesso and the PCT lost power to a coalition of political parties under the leadership of Pascal Lissouba, who became the new president of the country. Although Lissouba, who was politically committed to democratic and market-economy structures, won the second ballot by 61% against Bernard Kolélas (Sassou-Nguesso came in third in the first round), the results of the 1993 elections were violently disputed. Violence between militias loyal to Lissouba, Kolélas and Sassou-Nguesso escalated to such an extent in 1993/1994 that Brazzaville was compared to the then-
war-ravaged Bosnian capital of Sarajevo. In the Congolese capital of Brazzaville, the violent power struggle was fuelled by political rivalries that overlapped with divergent ethnic and regional constituencies. Lissouba and his political party, the Union Panafrique pour la Démocratie Sociale (UPADS), were primarily backed by the so-called “Nibolek” region in the central south, populated with ethnic groups such as the Teke and Nzabi. Kolélas and his Mouvement Congolais pour la Démocratie et le Développement Intégral (MCDDI) had their strongholds in the Bacongo population, especially the Lari subgroup, in Brazzaville and the surrounding Pool region in the extreme south. By contrast, Sassou-Nguesso, the PCT and the majority of the military officers of the country were rooted in the Mbochi ethnic group of the central north. Bacongo, a highly heterogeneous group with many subgroups that were first subordinated by a centralized state power in the pre-colonial Congo kingdom, make up about 50% of the population, which is divided into 15 main ethnic groups and over 70 subgroups. Second in number are the Teke and related groups, with a population share around 20%. By contrast, the Mbochi constitute a minority of 12%. Given their supremacy in the military, however, they are a much stronger power in the country than their numbers suggest.

In October 1997, Sassou-Nguesso was able to return to power after a five-month-long raging civil war. His victory was due to both decisive military support from Angola and political backing from France. While Lissouba and Kolélas fled into exile, forces loyal to them reorganized under the umbrella of the Conseil National de Résistance (CNR) and its military wing, the Force d’Autodéfense et de Résistance (FADR). These forces, however, were no match for Sassou-Nguesso’s military might, and the government has been able to impose a “national dialogue” (Dialogue Nationale sans exclusif) and peace regulations on them since 1999, which included disarmament and amnesty for combatants who were ready to disarm. The government’s legitimacy was further consolidated when Kolélas and Lissouba were respectively sentenced in absentia to death and thirty years of hard labor. With the backing of Angola and France, the second Sassou-Nguesso regime was able to impose a new political system on the country, largely by military supremacy rather than negotiation. More than four years after the takeover, this system was founded on a new constitution endorsed in a national referendum in January 2002. As in the 1990s, this constitution included articles concerning the separation of powers, multiparty rule, civil liberties and human rights. Subsequently, Sassou-Nguesso and the PCT, in coalition with the Forces Démocratiques Unies (FDU) and self-proclaimed “Independents” (allied to the PCT), won the presidential, legislative, senatorial and local elections (March to July 2002) with tremendous margins, owing mainly to substantial irregularities and ongoing violence in the Pool region where balloting was impossible in eight out of twelve electoral districts. These elections enabled Sassou-Nguesso and his political allies to establish and maintain a strong authoritarian-style government that has committed human rights violations.
While most of the country has shied away from war since the end of 1999, the situation remains tense in the Pool region. Continuing instability and sporadic but sometimes fierce violence counteracted repeated attempts to bring the electoral process to a belated end by means of by-elections. As of January 2007, no such concluding event has taken place. Although the government signed another cease-fire agreement in March 2003 with the militia founded by Kolélas, which is now led by a spiritually influenced leader named Frédéric Bitsangou (alias, “Pasteur Ntoumi”) peace has only gradually returned to the Pool region. The government is working with international donors to disarm remaining combatants and rebuild the region’s shattered infrastructure. However, rebel mistrust of the government continues and some of them refuse to disarm. Sporadic attacks and clashes still occur. This happened, for example, in October 2005, when Kolélas was allowed to return to the Congo for the burial of his wife. Although he had been declared an enemy of the state for years, Kolélas was granted amnesty. While Kolélas chose to work for peace in the Congo under the supremacy of the Sassou-Nguesso regime, Lissouba preferred to stay in exile.

The political transformation process in Congo-Brazzaville has been overshadowed and shaped by violence and war. Efforts to transform the country’s economy from a highly state-interventionist (“socialist”) system to a more market-oriented system have also been impeded by these conflicts. Since the 1990s, violent conflict, economic crisis and poverty have fueled each other. Each successive conflict has brought on further economic decline and heightened social tensions. Impoverished and marginalized groups are easy prey for political activists, and some of the poorest youth have been lured into militia groups. This has all created an enabling environment for new eruptions of violence, which tend to intensify conflicts and deteriorate the environment for socioeconomic development. In particular, the performance of the domestic economy – agriculture, industry, and services – has been adversely affected. By contrast, the world market-related sectors remained largely intact. This is especially true for oil, which forms the backbone of the Congolese export economy, accounting for 62% of GDP, 81% of state revenues, and 93% of total export earnings in 2005. Oil production is largely concentrated in the offshore region close to Pointe-Noire.

Oil could have produced a major source of funds to redirect the economy towards diversification, less state intervention and more market integration. However, oil has catalyzed power struggles over the control of the allocation of state and foreign exchange income. Since the oil sector in Congo-Brazzaville is dependent upon the technology of multinational oil companies from abroad, Congolese power struggles were overshadowed by the competition between major French and U.S. oil companies.

The Congo’s violent power struggles have seriously disrupted, delayed and protracted the transformation process toward a market economy, although the Lissouba governments were highly committed to restructuring the economy. Under Lissouba’s rule, the Republic of Congo concluded a one-year Stand-by Arrangement in May 1994 with the IMF and a three-year PRGF arrangement in June 1996. However, these plans
were upset by the civil war that led to Lissouba’s overthrow in 1997. Although Sassou-Nguesso was able to retake power, his regime did not have the leverage to resist pressure by the IMF, the World Bank and the donor community to transform the economy. Since the Republic of Congo was not able in the early reconstruction years to apply pure IMF conditionality, the IMF put pressure on the Brazzaville government to move in that direction. Since 2000, the relationship between the Republic of Congo and the IMF remained restricted to post-conflict- and informal so-called (IMF-) staff-monitored programs (SMP). These programs were strongly influenced by IMF conditionality, but they did not include formalized loan agreements. Only in December 2004 was the Sassou-Nguesso regime able to conclude a three-year PRGF arrangement, paving the way for urgently needed relief from Congo’s foreign debt. The country was not only granted substantial debt rescheduling by the Paris Club in 2004 and 2006, but also given access to the IMF and World Bank initiative for Heavily Indebted Poor Countries in March 2006. Underlying the PRGF agreement was an Interim Poverty Reduction Strategy Paper (I-PRSP) that tried to combine the objectives of economic recovery and transformation with improvements in social protection and poverty reduction, strongly supported by substantial debt relief.
Transformation Status

I. Democracy

Democratic transformation has been overshadowed and shaped by major power struggles, violence and war. Although the 2002 constitution provides the foundation of a democratic system, Brazzaville-style political procedures and processes are authoritarian. In the last two years, political competitors have not seriously challenged the democratic constitutional order, which is backed up by the military supremacy of the political forces backing Sassou-Nguesso. The heterogeneity and weakness of the opposition indirectly strengthen the regime’s political position. Despite de jure multiparty rule, the Congolese political system is currently run by one party. The opposition’s only leverage is to boycott elections and other political procedures.

1 | Stateness

The monopoly on use of force is intact in most regions within the Republic of Congo. However, non-state militias were temporarily able to control or at least seriously destabilize southern regions of the country during the civil war. This was especially true for the “ninjas” founded by Kolélas, who were temporarily able to control parts of the capital, Brazzaville, and the Pool region in the vicinity of Brazzaville. Following the introduction of the new constitution and the holding of elections in 2002, however, the power of the militia weakened, and state authority was able to restore its hold on most of the country with the support of Angola and France. Nonetheless, armed factions and criminal gangs continued to perpetrate violence, even after the conclusion of a peace agreement in 2003 between the government and the militia leadership of the Ninja-Nsilulu (Pasteur Ntoumi). As of January 2007, the government does not fully control all members or units of the country’s overlapping security and militia forces, and the situation in the Pool region remains fragile. The state monopoly on the use of force is still at risk, especially in this part of the country. The militias are no longer strong enough to seriously challenge state authority, but their remaining members remain a possible source of trouble, partly by forming criminal gangs. New problems may arise from disaffected and impoverished youths that could easily be lured into armed resistance groups or gangs. After the restoration of peace in most parts of the country, however, hundreds of thousands of IDPs and refugees
returned, either spontaneously or within organized frameworks, to their regions of origin. Nonetheless, tens of thousands of IDPs and refugees did not feel secure enough to return to their homes. Furthermore, the process of disarming, demobilizing and reintegrating former militia combatants, initiated after the 1999 ceasefire agreement, is far from complete. In 2005, a new effort was started by the Programme National de Désarmement, de Démobilisation et de Réinsertion (PNDDR), which was combined with the EU-supported Projet de Collecte d’Armes pour le Développement (PCAD). This project is scheduled to complete in 2009. Although the government held a weapons-burning ceremony in the presence of UN Secretary General Kofi Annan in March 2006 to symbolize the reconciliation process in the country, the success of the PNDDR and PCAD approaches remains unproven.

Constitutionally and legally, all people born in the Republic of Congo are citizens. While citizenship itself is not disputed, major discrimination patterns between the country’s ethnic groups are common. According to the constitution, Congolese citizens are allowed to change their nationality or to adopt the citizenship of another country without losing their Congolese citizenship.

The constitution provides for the separation of church and state, and Article 18 unequivocally forbids the use of religion for political aims. Catholicism, by far the largest denomination in the country, exerts a strong influence on the government leadership. However, the social and political influence of other Christian denominations, such as Protestant, Evangelical and Pentecostal, is growing. In total, the population is largely Christianized, although remnants of African traditional religion remain strong, especially in rural areas. About two percent of the population practices Islam.

Administrative and public security systems are in place, but their performance is impaired by corruption, low professional skills, ethnic rivalries and heterogeneous state structures. Decentralization is not working well, and state authority remains a highly centralized affair. Administration is further complicated by the number of languages spoken in the Congo; however, there are two national languages, Kituba and Lingala, which enable communication with most of the country’s population.

2 | Political Participation

The 2002 constitution describes free and fair elections with universal suffrage, but the 2002 elections were marred by irregularities. The political system is dominated by President Sassou-Nguesso, who was able, by means of military power, to impose a one-sided constitutional settlement in favor of his ruling coalition. Sassou-Nguesso does not seem interested in promoting a genuine
national reconciliation and an open, competitive multiparty system. People who want to participate in the political process can only have influence if they work within the framework provided by the regime. Opposition parties and civic organizations wield very limited power. Opposition candidates suffer from low funding and inadequate organization, and they also receive less media coverage. Elections in Congo-Brazzaville are better described as a forced consent to the Sassou-Nguesso regime. For this reason, opposition parties chose to boycott the senatorial elections in October 2005, which only reinforced the ruling coalition’s power.

The government is able to rule effectively, although there are persistent difficulties with the consolidation of state authority in some conflict-ridden regions. Since the president’s power base is the military, it is highly unlikely that the military would act as a veto power. If the 2009 elections resulted in a new regime, however, the military would have to be considered a significant potential veto power.

According to the constitution, political and civic organizations can form freely. However, the political system is shaped in favor of those organizations close to the PCT-FDU caucus. Organizations representing interests contrary to those of the regime are allowed to exist, but their influence remains limited. The civilian political opposition is fragmented into more than one hundred organizations and remains too weak to confront the government effectively.

According to the constitution, opinions may be expressed freely by citizens, political and civic organizations as well as mass media, including the Internet. In reality, however, this freedom is restricted and regulated when it comes to criticism of the regime and its political priorities. The authorities sometimes allow moderate criticism as an outlet to calm down political tensions. In the 2006 Freedom House Global Press Freedom Rankings, the Republic of Congo was ranked 110th out of 194 countries, while in a similar Reporters Sans Frontières (RSF) study, it ranked 73rd out of 168 countries. There are 15 private newspapers in the Congo, concentrated in Brazzaville and Pointe-Noire. The state does not publish its own newspapers, but a number of publications are close to the president. The government has been slow to loosen its grip on the broadcast sector and continues to run two radio stations, Radio Congo and Radio Brazzaville, and one television station, Télé Congo. Political parties are not permitted to own radio stations or television channels.
3 | Rule of Law

The 2002 constitution provides for the separation of powers, including an independent judicial system and an effective “fourth power,” the media. In practice, however, there are not adequate checks and balances among these powers, since President Sassou-Nguesso and the “barons” of his political party, the PCT, dominate all sectors of the political, judicial and media systems, including the government, both chambers of the national parliament, the Constitutional Court, other high-level courts, and the broadcast media. Control mechanisms exercised by the legislative powers, the courts or the media are almost non-existent (or existent only on paper). Political decision-making remains in the hands of the president and his closest advisors and allies in the PCT. Constitutionally, the president cannot be removed from office by parliamentary vote. On the other hand, the president cannot dissolve the parliament.

While the judiciary is independent in theory, in practice it continues to be overburdened, underfinanced, and subject both to political influence and corruption. In general, it is largely politically compliant to the Sassou-Nguesso regime. From time to time, politically motivated judgments are being delivered against regime opponents, as in the cases of Lissouba and Kolélas. Moreover, after years of civil war and political instability, the technical capacities of the judiciary are still weak. There is a serious lack of trained staff able to work effectively in terms of the rule of law. As a consequence of the weaknesses of the “modern” system, traditional courts retain broad jurisdiction, particularly in rural areas.

In theory, officeholders may be prosecuted under criminal law in cases involving corruption, abuse of power and high treason. In practice, however, evidence of such prosecution is extremely limited. If prosecution occurs, it is more motivated by the desire to remove and weaken potential competitors than the desire to strengthen the rule of law. Sometimes, critics of corruption are more likely to be punished than corrupt lawbreakers; in December 2006, two anti-corruption activists were fined and imprisoned for demanding more transparency in the oil sector.

Civil liberties such as freedom of the press, expression, assembly and religious affiliation are guaranteed by the constitution. The general human rights record of Congo-Brazzaville has improved since 2002, although it is still rated as “poor.” Human rights violations include arbitrary arrests, physical abuse, torture, rape and perpetrator impunity. Remnants of non-state militia continue to threaten human rights and civil liberties of Congolese citizens, too. Traditionally, women and children suffer considerably from discrimination and violence in the Congolese society, including sexual harassment, rape, compulsory labor, forced prostitution.
and human trafficking. The state does not protect them. Moreover, there is strong discrimination against ethnic minorities, including the non-Bantu Pygmies. In most regions of the country, local ethnic majority populations discriminate against local minority ethnic groups. Since the state does not protect the population, citizens sometimes resort to vigilante justice, including the killing of suspected criminals. It remains very difficult in the Republic of Congo for citizens to get justice for human rights violations committed by state actors. In August 2005, 15 members of the state security forces were acquitted of charges of crime against humanity related to the unsolved disappearance in 1999 of about 350 refugees who had returned to the Republic of Congo. Human rights groups and relatives of the missing claimed they were arrested, tortured and then executed upon their return to Congo; the security forces suspected them of backing a rebel group. The government generally assumed responsibility for the disappearances without conceding any individual’s guilt. Nonetheless, the government claims to be committed to improving human rights and civil liberties by creating a National Human Rights Commission and renaming the Ministry of Justice as the “Ministry of Justice and Human Rights.” However, this approach lacks credibility. The limited reach of the regime’s human rights commitment became evident in July 2005, when the Observatoire Congolais des Droits de l’Homme (OCDH), the most prominent and dynamic of the Congo’s domestic human rights organizations, withdrew from the commission, claiming that it ignored human rights violations. In a report published in October 2006, OCDH stated that several military personnel and civilians were being held for prolonged periods and often under inhumane conditions.

4 | Stability of Democratic Institutions

The institutions of the executive and legislative branches, the government and parliament, seem to be constitutionally democratic and relatively stable. Ethnic conflicts, clientelism and corruption threaten democratic stability. Public administration and the judiciary suffer from pervasive corruption, a lack of professionalism and poor performance. The legitimacy of state institutions may be at risk.

A large part of the population is unable or unwilling to challenge the stability of these institutions. However, powerful vested interests within the ruling coalition, including the military as well as remnants of armed non-state actors, may be a matter of concern. The stability of the Republic of Congo’s institutions will be put to test in the 2007 legislative elections and again in the 2009 presidential elections. In either case, renewed violence is likely to occur.
5 | Political and Social Integration

A heterogeneous and fragile multiparty system emerged from the transformation process of the early 1990s, fragmented along ethnic, communal and regional lines. From the civil war years of 1997 to 2002, however, the former single state party, the PCT, allied with the FDU and “Independents,” has re-emerged as the strongest political force in the country. A main source of its power is the military, the higher ranks of which are largely based in President Sassou-Nguesso’s ethnic group, the Mbochi. By contrast, the political opposition remains weak despite multiparty coalitions such as the Convention pour la Démocratie et le Salut (CODESA, 2002), the Coordination de l’Opposition pour une Alternance Démocratique (CODE-A, 2004) and the Front Démocratique pour la Commission Electorale Indépendante (FDCEI, 2006). With its divisive political style, the ruling coalition has been able to co-opt its opponents. The ruling coalition has successfully exploited the factionalism in the opposition between “moderates” and “radicals” to consolidate its supremacy. Oil revenue allocations have also helped the government to co-opt parts of the “moderate opposition” into its clientelistic network. Although the ruling coalition appears relatively stable and powerful compared to a weak opposition, it is also fragmented, not only along ethnic, communal and regional lines, but also between generations (old, middle-aged, young), moderates and hardliners, reformers and traditionalists, and those with weapons and those without. In order to overcome these cleavages, the PCT leadership announced plans in 2006 to amalgamate the political forces of the ruling coalition into a “new” PCT by 2007.

The ruling coalition’s stranglehold on power seriously impairs the ability of civic organizations to mediate between social forces and the political system. The topography of interest groups is meager, and important social interests, such as those of informal sector workers or the rural population, are underrepresented. The trade unions, the PCT-friendly Confédération Syndicale des Travailleurs Congolaise (CSTC) and the oppositional Confédération des Syndicats du Congo (CSC), focus on basic issues important to their members and try to avoid direct political conflicts. In the area of human rights, the OCDH is trying hard to establish itself as an independent and trustworthy force but has to act carefully in order to avoid repression. Some of the most influential players are church leaders who have stressed the importance of national reconciliation and criticized, for instance, the lack of transparency and accountability in the handling of state resources, particularly oil.

There is no empirical evidence regarding the citizen’s consent to democratic norms. The official voter turnout ratios of 77.5% at the 2002 constitutional referendum and 74.7% at the 2002 presidential election, both very high measured
by international standards, may suggest that a large majority of the population is willing to support democratic procedures. But these numbers are highly suspect because of irregularities at the polls. Moreover, no data are available to assess the development of opinions and attitudes of Congolese adult men and women since 2002.

Poverty, along with the low standard of economic and social development of the non-oil sectors of the country, has impaired the ability of individuals and society to organize. Although oil is the backbone of economic development and the elites, the majority of the population has to rely on the informal sector and subsistence agriculture to survive. Extended families, village communities and women’s groups are major frameworks of solidarity and self-organization. Within these forms of self-organization, interpersonal trust appears to be high. In other contexts, matters are different; since the war, interpersonal trust has remained low.

II. Market Economy

Congo-Brazzaville continues to face enormous challenges left over from years of civil war and political turbulence. After the constitutional democracy began in 2002, the country was also in urgent need of economic and social reconstruction. While the oil and gas sectors, concentrated in the Pointe-Noire coastal region, remained largely intact even during the worst times of war, the non-oil economy and infrastructure, particularly in the regions between Pointe-Noire and Brazzaville, were severely damaged. In 2002, the new government not only faced the challenge of reconstruction but also the pressure of the IMF and the international creditors to transform a strongly state-interventionist economy into a free market economy. Although the Sassou-Nguesso regime was forced to pursue economic policies in line with IMF and World Bank conditions, the economy was still classified as “mostly unfree” in the 2006 Index of Economic Freedom issued by the Heritage Foundation. Congo’s score improved from 4.71 in 1998 to 3.90 in 2002, but in the years to follow, the country’s score remained largely unchanged. In 2006, Congo again scored 3.90, ranking it 143rd out of 161 countries.

6 | Level of Socioeconomic Development

In the overall assessment issued by the UNDP, Congo-Brazzaville attained an HDI value of 0.520 in 2004, ranked 140th out of 177 countries. Although this is low in global terms, this ranks the Congo fairly high in Africa. However, the Congo continues to be wracked by severe social, economic and regional
disparities that are a consequence of its one-sided integration into the world market economy, corruption and incompetence in government and economic management. Oil has been the backbone of Congo’s economy for decades. Reinforced by the world market boom from 2004, oil contributed 93% of export earnings, 81% of state revenue and 63% of GDP in 2005. The oil sector is concentrated in the coastal zone near Pointe-Noire, which is the economic capital of the country. Oil is a capital-intensive industry with low labor requirements. It subsequently remains an enclave in a country in which 46% of the population still lives in rural areas and an estimated 70% suffer from poverty. Agriculture, fisheries and forestry combined contribute less than 5% of GDP, while non-oil industry, mining, energy and construction make up 10% and services 22%. Much of non-oil GDP is generated in the informal sector. Most economic activity occurs in the south, where more than three quarters of the population live. To overcome disparities and resulting deficiencies, Congo-Brazzaville is in urgent need of economic diversification. In theory, this is the declared objective not only of the IMF and the World Bank but also of the Brazzaville government. For instance, agriculture is a top priority, and major investment is scheduled to stimulate construction, mining, non-oil industries, IT and services. Furthermore, the economic program that was started in 2004 included strong poverty reduction and regional development programs. Windfall profits in the oil sector have created financial opportunities to invest in diversification at all levels, but economic policy remains unclear.

<table>
<thead>
<tr>
<th>Economic indicators</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tr>
<td>GDP</td>
<td>$ mn.</td>
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<tr>
<td>Growth of GDP</td>
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<tr>
<td>Unemployment</td>
<td>%</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Foreign direct investment % of GDP</td>
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<tr>
<td>Import growth</td>
<td>%</td>
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</tr>
<tr>
<td>Current account balance $ mn.</td>
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<tr>
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<td>5,505.5</td>
<td>6,741.5</td>
</tr>
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</table>
7 | Organization of the Market and Competition

The government is moving from a state-run economy to a more market-oriented system, but progress has been slow, and the country remains plagued by corruption, deficiencies in the rule of law, and inefficient state-owned enterprises (SOEs). Notwithstanding the putative commitment of the government to pursue market-oriented policies, including the privatization or restructuring of some major SOEs, Congo has still a long way to go before having a fully functioning competitive market economy.

There is no information regarding anti-cartel legislation. Laws or regulations to prevent the development of economic monopolies and cartels are not enforced.

Although Congo is officially committed to the liberalization of the economy, the foreign trade regime remains, to a large extent, under the control of the state and its actors. Thus, the specific trade regime score was a disillusioning 5.0 in the 2006 Index of Economic Freedom Index. The most significant barriers included high customs duties, an inefficient customs service, import licenses and, once again, corruption.

The financial sector and the banking system have been largely privatized. Major banks are now in foreign private hands (France, Gabon). Ravaged by war and political turbulence, however, the financial sector is still weak and in need of further consolidation. Regulation and supervision is inadequate, the banking system is poorly differentiated, and there is no functioning capital market. A micro-finance sector, directed at supporting small-scale projects, especially in

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<th>Source</th>
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rural areas, is being developed. Non-resident investors face bureaucratic obstacles to get access to loans in CFA francs.

8 | Currency and Price Stability

As a member of the Central African Economic and Monetary Union (CEMAC), Congo-Brazzaville uses the CFA franc, which is pegged to the euro. Thus, the stability of the currency is to a large extent influenced by decision-making in the euro zone. Another important factor is the monetary policy of the Bank of Central African States (BEAC), the central bank of the CEMAC countries, located in Yaoundé, Cameroon. According to the IMF, BEAC policy aims to maintain price stability and strengthen the external position of CEMAC members. Congo’s weighted average rate of inflation was limited to 1.76% from 1995 to 2004, while in 2005 and 2006 prices went up at annual rates of 2.5%. One risk factor regarding price stability at the national level is the world market boom of oil and gas, which has raised Congo’s export income and state revenue to unforeseen levels since 2004. As a result, the country did not only receive large surplus amounts of foreign exchange but also faced the challenge of a high increase in money circulation.

The IMF put strong pressure on the government to stick to tight fiscal, monetary and debt policies. According to IMF and BEAC figures, Congo-Brazzaville produced mounting budget surpluses from 2003, while, at the same time, the relative and nominal amounts of external and general public debt took an impressive downturn. Moreover, the GDP share of government consumption was reduced considerably. Thus, the government used windfall oil profits to consolidate its macroeconomic and external economic position, which at the time was still struggling to cope with the damage caused by civil wars of the period from 1993 to 2002. Thanks to its compliance with IMF conditionality, the government was able to conclude debt rescheduling agreements with the Paris Club in December 2004 and May 2006. Moreover, Congo applied for debt relief from the London Club and other creditors. In 2005 alone, about $1.2 billion of the country’s debts were forgiven.

9 | Private Property

The state remains a major property owner of both real estate and land. In 2006, the Heritage Foundation, speaking on behalf of the interests of private investors, complained about “increasing evidence of the weakness of property rights protection” in Congo-Brazzaville. The Economist Intelligence Unit (EIU) spoke about “security risks to business in Congo” resulting from “the lack in clarity of regulation, and slow and poorly functioning government institutions on which
investors may depend for routine matters.” The EIU also complained that the “security of contracts and the enforcement of justice cannot be guaranteed through the slow-moving justice system.” The country’s overburdened and insufficiently funded judicial system offers limited protection for business and property rights.

The Brazzaville government is under strong pressure to improve the investment climate for private, especially foreign, capital. Under pressure from the IMF and the World Bank, the government has declared its official commitment to encourage private sector investment and to allow the privatization of state-owned enterprises. There are several major obstacles to privatization, including vested interests within the state elite who wish to retain public ownership, a lack of political will to ensure the smooth privatization of state companies, and areas of political instability that acts as disincentives to private investment.

10 | Welfare Regime

In the Republic of Congo, most people are forced to rely on family and community structures as the social basis of survival. Subsistence agriculture and the informal sector shape the living conditions of a large majority of the population. For employees in the formal economy, a basic social security system has been established, providing for insurance in case of accident, illness, disability, old age and death, as well as maternity and family allowances. Moreover, a legal minimum wage is in place. Retired high-level civil servants and state employees are supported by the Caisse de Retraite des Fonctionnaires (CRF) whereas the Caisse Nationale de Sécurité Sociale (CNSS) bears responsibility for the other beneficiaries. Since the state coffers have profited from the oil boom in recent years, President Sassou-Nguesso announced a substantial increase in payments for 2007, but the amounts available for most beneficiaries remain generally low. With international assistance, special programs have been created for demobilized civil war combatants in order to encourage the reintegration of these people into civilian life.

Equal opportunities do not exist. In particular, there are strong biases in terms of ethnicity and gender. There are institutions to compensate for gross social differences, but they are limited in scope and quality. Discrimination against women is ubiquitous in most sectors of the economic, social and political systems while access to, and exclusion from, opportunities is highly dependent on the ethnic origin of individuals concerned. Discrimination also limits access to secondary and tertiary education, and public office.
11 | Economic Performance

While the oil sector remained largely insulated from the ravages of war, the domestic economy and infrastructure, especially in the southern part of the country, have suffered substantial damage. Reconstruction and rehabilitation has been supported by international assistance since 2002, while the oil sector continued to dominate export earnings, state revenue and GDP. The oil boom was stimulated by increasing international demand and high market prices, which has in turn led to increased reconstruction, rehabilitation and economic development. Oil production increased sharply from 82.1 million barrels in 2004 to 92.5 million barrels in 2005. Thus, GDP growth rates shot up from 3.6% in 2004 to 7.9% in 2005 and a projected 7.4% in 2006, while inflation decreased from 3.6% to 2.5% in both 2005 and 2006. Between 2002 and 2006, growth in non-oil GDP was consistently above 5%. Performance has been particularly strong in sectors benefiting from the re-establishment of peace. Improved economic performance enabled the Republic of Congo to reach the “decision point” of the debt reduction initiative for HIPC in March 2006 and to conclude a debt relief arrangement with the Paris Club in May 2006. In 2005 alone, $1.2 billion of the Congo’s debt was forgiven. The Congo also signed a three-year PRGF loan agreement with the IMF in December 2004, based on fiscal discipline, improved transparency in oil revenue, liberalization of the economy, privatization of state enterprises and substantial reduction of state intervention in the economy. Since the Republic of Congo is still in the midst of a phase of economic stabilization, economic trends remain erratic and fragile, depending largely on oil revenue and the level of national oil production. Thus, projected growth for 2007 is low at 1.5%, but expected to rebound to 7% in 2008, reflecting assumed oil production trends. Although the subsistence sub-sector of agriculture is an important sector of the economy in terms of employment and food availability, agriculture in general is also a sector traditionally neglected by the governments and their developmental policies. Thus, Congo-Brazzaville remains heavily dependent on food imports to meet the needs of the urban (and increasingly urbanizing) population.

12 | Sustainability

The Republic of Congo is a country of tropical rainforest, which still covers more than half of its territory. Wood is, however, harvested on a commercial scale; after oil, it is the second most important source of foreign exchange. Deforestation, soil erosion and the pollution of air, soil and water are Congo’s primary environmental concerns. The country is also slightly affected by the local and sub-regional consequences of global warming, which means sometimes less rainfall than usually expected and sometimes heavy rains and flooding. A special
sphere of environmental concern is the oil-producing region in the vicinity of Pointe-Noire, with especially high risks of pollution in the air, soil and water. Ecological aspects of sustainability remain secondary in the formulation of economic policy; foresting licenses are often dispensed with little or no consideration of environmental impact. However, the Brazzaville government has chosen to participate in international, and especially Central African, agreements on the protection of the tropical rain forest.

Education and training facilities are mostly concentrated in the large cities of Brazzaville and Pointe-Noire; most of the country does not have sufficient educational institutions. Furthermore, during the civil war, the education sector was significantly damaged. However, with international assistance, the government has worked hard to rehabilitate the education sector. For instance, the gross enrollment rate at primary schools, which had plunged to a poor 50% in 1999, recovered to 89% (and 85% for girls) in 2004. Major problems result from deficiencies in the education sector, in both quantitative and qualitative terms. Research and development are nascent at best. Shortcomings in the education and technology sectors form a huge obstacle to the economic and social development of the country.
Transformation Management

I. Level of Difficulty

The political leadership’s governance capacity is constrained by the Congo’s extremely high dependence on the export of oil and the international raw material markets. Policy implementation at all levels is mitigated by vulnerability to external economic forces and globalization, insufficient and still damaged infrastructure, domestic ethnic, regional and social conflicts, the weakness of civil society, and high levels of corruption.

Traditions of civil society outside the PCT-FDU caucus are still weak in terms of political power, but there are organizations dedicated to modest reform. These organizations are careful to articulate their positions in the least threatening manner possible, since criticism of the regime could result in a political backlash. As a rule, civil society organizations and NGOs avoid political statements that may provoke an unpleasant reaction from the state; they try instead to pursue low-profile political issues in order to protect their specialized fields of activity from state interference.

Ethnic, regional and social conflicts, including mass poverty, all contributed to the political turbulence and civil war in the 1990s. These factors may also seriously endanger the peace and political processes, as well as social and economic development, in the years to come. Congolese society remains torn by conflicts that are boiling under the surface in a superficially pacified country.

II. Management Performance

In order to overcome the problems posed by its violent recent past, the Congo must improve its governance and tackle corruption. Although the present government is aware of the scope of the projects facing it, and has enacted policies to improve performance, policy implementation leaves much to be desired. The management capabilities of the government, the administration and individual actors are too limited to lead the country into a better future of sustainable development.
14 | Steering Capability

Given its large majority at the national parliamentary level, the political leadership should be able to organize its policy agenda without worrying about political competition. IMF, World Bank and donor pressure influence policy formation. The government lacks the capability and qualified personnel in the areas of administration and security to rule the country effectively without external support. The steering capability of the political leadership is hampered by conflicting vested interests in the ruling political elite. A severe shortage of qualified professionals also adversely affects institutional capacity and effectiveness. The government is almost entirely preoccupied with short-term political needs, but it is occasionally able to articulate long-term plans of development. The leadership is officially committed to building democracy and a market economy, but its strategic aims are not commensurate with the country’s situation, problems and needs. The government does not formulate security, political, social, economic and environmental policies with clearly identifiable objectives and strategic priorities. The economy, which currently depends almost exclusively on oil, needs to be diversified. The political system could also benefit from decentralization. Although the government is able to formulate such objectives and priorities, the realities of policy implementation are different; economic diversification measures, for example, only exist on paper. In the political sphere, administrative decentralization has not resulted in a real transfer of powers and competencies from the state to the regional and local authorities. Although the constitution describes a decentralized state, the Congo effectively remains a highly centralized state.

The political leadership appears to understand the goals of both constitutional democracy and a socially responsible and ecologically sustainable market economy. However, the government is not able to execute policies derived from these insights.

The political leadership responds to mistakes and failed policies with small adjustments, but often only under external pressure from the IMF, the World Bank and other actors. Subsequently, failed policies are not corrected until they fail completely, or only when the economy displays indisputable symptoms of deterioration; such slow policy learning makes the IMF, the World Bank and the donor community reluctant to commit further resources to the Republic of Congo.
15 | Resource Efficiency

Due to the power of vested interests, the government uses only some of its available oil resources efficiently. To some extent, government officials and their entourage consume state resources themselves. As a result of clientelism, the cabinet has over 24 ministers. According to IMF figures, the budget took a positive turn in the years following 2002, but this was due mainly to the international boom in oil prices, which boosted the Congolese economy by inflating export income and state revenue. The government used some of these resources to repay debts and to reduce domestic and foreign debt. The state bureaucracy currently employs 68,000 people. The IMF, the World Bank and the Economist Intelligence Unit consider this number to be too high. Furthermore, the bureaucracy suffers from a lack of skill and professionalism, since it is to a large extent shaped by ethnic and regional clientelism rather than qualification.

The government has tried to balance conflicting objectives and interests in the allocation of resources, but often fails. Vested interests remain opposed to the government’s goals of economic diversification and decreased reliance on the oil sector. Different parts of the government tend to compete with each other, often with counterproductive effects.

Under the pressure of vested interests in the state apparatus, the government is unable to effectively fight corruption. The IMF has given some political credit to the government for its steps to reform the state oil company, to privatize a troubled bank (named COFIPA) and to re-integrate the country into the so-called Kimberley process regarding “conflict diamonds.” However, these improvements are overshadowed by a generally unsatisfactory performance concerning issues such as governance, transparency and corruption. In the Corruption Perception Index, compiled on a yearly basis by Transparency International, the Republic of Congo was ranked 130th out of 159 countries in 2005. In 2006, the country was ranked even lower, 142nd out of 163 countries.

16 | Consensus-Building

In the rhetoric of the regime, a market economy and democracy are major political objectives, which are as such shared, on a superficial level, by a large part of the Congolese society. It is, however, highly doubtful if the government and the political forces backing it are really committed to a market economy and democracy. Sassou-Nguesso himself, as well as strong factions in the PCT, acted as major advocates of state interventionism and one-party rule in the early 1990s. If they are now presenting themselves as advocates of a market economy and democracy, this is due to the dominant international political climate and the necessity to gain the support of the donors rather than to a whole-hearted change
of mind. The real advocates of democracy and market economy are more likely to be found in the weak opposition parties and in civil society. Since the government imposed the new constitutional order unilaterally rather than multilaterally, consensus building has not taken place.

In general, the political forces supporting the government of Sassou-Nguesso and the PCT appear to be able, if they want to do so, to exclude, politically or by force, any actors that are not ready to cooperate with the government. Powerful veto actors have been defeated by divisive political maneuvers, including the use of force as well as incentives to co-optation. Given the authoritarian-style approach of the government, it remains unclear whether or not economic and political reform is on the agenda.

As the recent history of the Republic of the Congo clearly demonstrates, the conflicting political forces of the country have not been able to manage political cleavages in a peaceful manner. Although the government has worked hard to integrate as many political and military forces as possible into the new system created in 2002, major ethnic, regional, social and political cleavages remain. There is still a potential in the Congolese society for violent eruption, which is difficult to assess in concrete terms. Given the absence of deeper processes of reconciliation and reintegration, the risk of renewed violent conflict cannot be ruled out.

Generally, the political leadership, owing to its indisputable military strength and political supremacy, shows more inclination to ignore civil society actors than to take them into account. Yet, the government does attempt to integrate conflict-prone elements that are likely to cause trouble.

Reconciliation between victims and perpetrators of past injustices is a very difficult affair in the Congo. The political leadership and the government are less involved than the churches and other religious and cultural actors. Religious leaders are a respected nonpartisan voice in the country. They were already associated with the campaigns for democracy in the early 1990s, and they stressed the importance of national reconciliation as the foundation for sustainable peace. Governmental approaches to reconciliation and dialogue, which began as early as 1998, have had limited success because they were imposed from above and thus not acceptable to many in the country. Moreover, the approaches were not inclusive, although a round of talks conducted in 2001 was termed “Dialogue Sans Exclusif.” Political and societal forces that radically challenged the Sassou-Nguesso regime have been left out of such talks. Radical forces had to accept the peacemaking conditions set by the government if they wanted to participate. For instance, former prime minister and militia leader Bernard Kolélas was amnestied from a death sentence in 2005 when he declared his readiness to work for peace in the government’s political framework.
17 | International Cooperation

Following its violent return to power in 1997, the Sassou-Nguesso regime was internationally isolated, owing to the stigmatization of non-constitutional takeovers by major powers and international organizations. However, the government has been able to restore sustainable working relationships with most countries, including the European Union, the United Nations, and the African Union. However, Congo-Brazzaville has not benefited from a level of support commensurate to its needs or comparable to other post-war countries of a similar size. The four largest donors in the country are the World Bank, the European Union, France, and the African Development Bank (AfDB). Other key donors include organizations of the United Nations system. Following the years of civil war and political turbulence, the Brazzaville government has made strong efforts to restore full reintegration into the international community and to create an image as a reliable and disciplined partner with democratic norms and stabilization-oriented macroeconomic policies. The country works closely with international donors and generally uses international support to improve its policies. In general, political actors strive to cultivate cooperative international relationships. Although the government works with bilateral and multilateral international donors including the IMF and the World Bank, this does not facilitate significant policy learning and improvement. In order to improve its international image, however, the government has tried to make effective use of the resources provided by international partners. Yet, once again, corruption and lack of transparency work as counterproductive factors.

In general, the government tries to present itself as a credible and reliable partner in its relations with the international community. This is especially the case at the levels of the United Nations, the African Union and other international organizations, where the country can gain positive standing without much financial and political cost. Thanks to its image of reliability, Congo-Brazzaville was chosen to become a non-permanent member of the UN Security Council (for two years) and to temporarily lead the African Union from 2006.

In general, the political leadership cooperates with many neighboring states and complies with the rules set by regional and international organizations. Relations with neighboring states are fairly positive. Even relations with neighboring Congo-Kinshasa, which have been traditionally difficult, are currently stable. A special relationship has been established with Gabon, whose president, Omar Bongo, is married to Edith Lucie Nguesso, Sassou-Nguesso’s daughter. The Republic of Congo is committed to sub-regional organizations such as the CEMAC and the Communauté Economique des Etats de l’Afrique Centrale (CEEAC), as well as other recently agreed-upon security frameworks. The
Republic of Congo has contributed troops to the CEMAC peacekeeping force in the Central African Republic. The Brazzaville government also took part in international sub-regional agreements on the protection of the tropical rain forest. In a broader sub-regional context, Congo is striving to improve its relationship with regional powerhouse South Africa. President Thabo Mbeki paid his first official visit to Brazzaville in November 2005.
Strategic Outlook

The Republic of Congo remains burdened with political and economic problems. The government remains only barely capable of managing sustainable political and economic transformation. Congolese democracy is more an imposed system shaped to the advantage of the Sassou-Nguesso regime than a system suitable for developing full-scale democratic structures. Economically, the country is still characterized by a high level of state intervention. Although the country, under pressure, has taken steps towards the introduction and implementation of IMF- and World Bank-style policies directed at the emergence of a market economy, vested oil interests still wield a great deal of power and influence. Corruption continues to adversely affect considerable parts of the economy and the society.

No major change can be expected from the legislative elections of 2007. President Denis Sassou-Nguesso and his political coalition will continue to dominate the political scene. The opposition outside the Parti Congolaise du Travail - Forces Démocratiques Unies (PCT-FDU) caucus will likely remain marginalized. It is more likely that growing dissent within the ruling coalition will cause change, rather than a challenge from outside. Regarding the mid- and long-term transformation of the country, ambitious rehabilitation and development objectives have been set, formulated in the Interim Poverty Reduction Strategy Paper (I-PRSP), which underpinned the PRGF agreement in 2006. Its aims are to (a) consolidate peace and good governance, (b) consolidate the macroeconomic framework and recovery of the key productive sectors, (c) improve access to the basic social services and social protection, (d) develop basic infrastructure and (e) strengthen the fight against HIV/AIDS, which is becoming more and more problematic. A full-scale PRSP is scheduled to follow the I-PRSP in 2007.

The following factors may be considered essential in developmental terms:

An anti-corruption campaign. Since rampant corruption is one of the main impediments to rehabilitation and development, the fight against it should be intensified. Measures should go beyond economic incentives, specific legislation and administrative measures; the culture of corruption must be targeted. For instance, the educational system should combat this culture of corruption.

Empowerment of women. Women have a major role to play in the country, and they are they group most seriously affected by AIDS. Thus, empowerment
measures, including improvement of education, qualification and literacy, are crucial to the development of Congo-Brazzaville. Discrimination against women is a serious impediment to development that can be prevented through increased educational opportunities for girls and women at all levels of the educational system. Education should also teach boys and men to accept gender equality as a strategic objective that is of vital importance to the country’s future.

Empowerment of children and youth. Since impoverishment and disillusionment among Congolese youth heavily contributed to the violence of the civil war, the empowerment of children and youth is a vitally important factor for the future development of the country. Empowerment would mean education, vocational training, and job creation, and the provision of opportunities for leisure time activities. Peace education, including the perspective of nonviolent solutions to conflict situations, would also help greatly in the prevention of violent conflict.

Education and training. Given the importance of education and training in the areas stressed above, improvement in education is highly crucial to the future development of the country. Although the importance of education has been identified in various reports and in political action, this issue should receive greater attention.