

# DR Congo





# Table of Contents

1. Introduction.....	3
1.1 The setting.....	3
1.2 Prospects for peace and development.....	3
2. The conflict .....	5
2.1 Background to the conflict.....	5
2.2 Themes in the conflict .....	7
2.3 The peace process.....	9
2.4 The conflict in Ituri .....	10
2.5 Main challenges ahead .....	10
2.6 The role of the international community.....	12
3. Poverty analysis .....	14
3.1 Overall poverty situation and trend.....	14
3.2 Who are the poor? .....	16
3.3 Causes of poverty .....	17
4. The political situation .....	19
4.1 Democratic institutions.....	19
4.2 Administration of the country.....	20
4.3 Systematic violations of human rights.....	20
4.4 Judicial System.....	21
4.5 Reform of the Police.....	22
4.6 Civil society.....	22
4.7 Media.....	23
5. Economic situation.....	24
5.1 Major features of the economy .....	24
5.2 Economic environment .....	25
6. Strategies to combat poverty .....	29
6.1 Economic reconstruction agenda and Poverty Reduction Strategy .....	29
6.2 Co-operation with the international donor community .....	31
7. Summary and conclusions .....	34
7.1 Summary .....	34
7.2 Conclusions for future Swedish support .....	35

Published by Sida 2004

Department for Africa

Author: Sw-embassy in Burundi

Production: Printed by Edita Sverige AB, 2004

Art. no.: SIDA3938en

This publication can be downloaded/ordered from [www.sida.se/publications](http://www.sida.se/publications)

# 1. Introduction

The Democratic Republic of Congo, DRC, is a vast country (2.3 million sq km or five times the size of Sweden) with a total population of about 60 million. There are more than 200 different ethnic groups. About 50% are Catholic, 20% Protestant, 10% Islam and 20% other.

## 1.1 The setting

The people of Congo have experienced a history of exploitative rule and lack of respect for basic rights by the rulers since the brutal colonisation of King Leopold II of Belgium in 1880. After recent seven years of conflicts involving regional neighbours and internal factions over a complex mix of political and economic interests, DRC is now experiencing a general cease-fire and has successfully adopted a transitional constitution and established a transitional government. This has been achieved gradually after long negotiations with substantial influence from external diplomatic efforts. However, the situation in the eastern parts of the country (Ituri and South and North Kivu provinces) continues to be volatile with sporadic fighting. The situation in Bunia is particularly tense. The progress in the peace process is promising but the process is fragile and the future challenges are many and complex. Peace and development in DRC is critical not only for the country but also for the entire region.

## 1.2 Prospects for peace and development

### *Severe challenges*

Long periods of, political instability, conflicts, corruption and mismanagement have taken a heavy toll on the country and its people. The population suffer some of the worst humanitarian conditions in the world.

According to International Rescue Committee (IRC), over three million persons are estimated to have lost their lives as a result of the conflict and about three million are displaced. The situation is worse in the conflict-affected eastern parts of the country. Physical damage on infrastructure is extensive and almost all state functions have collapsed. The conflict has divided the country along battle lines and the Government only controls parts of the country while former rebel groups controls large areas.

Some of the major challenges are to ensure a final resolution to the conflict and security over the entire territory, reconstruct the army, restore law and order, improve the difficult humanitarian situation, reunite all

provinces under a common and inclusive authority, restore the territorial integrity, establish a nation-wide accountable and competent state apparatus, prepare and hold free and fair elections, improve the living conditions and reduce poverty. Other challenges are to rehabilitate and reconstruct the country, in particular with regard to infrastructure and to ensure transparent and efficient management of public finances. Finances are in shambles and the country is heavily indebted.

About three million internally displaced persons need to be resettled. Many former combatants must be demobilised and about 11 000 to 16 000 foreign combatants from Burundi, Rwanda and Uganda operating in or from the DRC need to be disarmed and repatriated.<sup>1</sup> Competition over arable land is already a source of conflict. With the reintegration of former combatants and the resettlement of refugees and internally displaced people the situation could further deteriorate. Also with regard to HIV/AIDS, it is an alarming situation, as the mobility of a lot of people may lead to a dramatic increase of the epidemic. The conflict is not limited to the level of political parties, instead ethnic and regional divisions and increasing competition over land play out also at the local level. The outdrawn conflict has brought about a general militarization of the country. The proliferation of arms is a major challenge for peace building. Reforms of the security and justice sectors are essential for the provision of human security. The history of violence has created generations of traumatised people being a source of immense suffering but also a destabilising factor if not properly managed. The Government and public sector's capacity to plan and deliver services to poor people is very limited. The root causes of the crisis, including poverty injustice, inequality, human rights abuses and competition over natural resources need to be tackled. Unless this is done and progress is made, the risks for new conflicts are imminent.

### *Potential*

There are some aspects of the situation that offer hope that the challenges can be met. The Transitional Government seems committed to consolidate peace and reconciliation and has demonstrated determination to obtain results. Relations with the neighbouring countries have improved considerably. There is a strong national identity and a war fatigue among the population. The civil society is increasingly active in policy debate and plays an increasing role in peace building and poverty reduction efforts. The international community is strongly committed to support peace building and development in DRC and the Government has re-engaged with international partners to develop a strategy for poverty reduction and longer-term economic development. Economic reforms have resulted in return of growth. With political stability and good governance, the prospects for economic development are good given the abundance of a variety of natural resources, its key geographical position within the African continent gives a good potential for trade.

---

<sup>1</sup> The number amounts to 50 000-60 000 when the families of the combatants are included.

## 2. The conflict

The conflict in DRC is a conflict on a regional scale in one of Africa's largest states. The conflict has involved seven foreign armies and a myriad of militias and mercenaries. One important triggering factor of the conflict has been the competition over rich natural resources. The conflict mirrors domestic tensions within the region. Ideologically, the blending of the Tutsi-Hutu conflict of Rwanda and Burundi into the DRC has brought a new complexity to the conflict, defying easy solutions. With the blurring of the lines between civil and regional war, and conventional and unconventional war, civilians have become the primary victims. Caught in between rebels and conventional armies, and in the context of the severe militarization of society and the marked collapse of basic infrastructure, civilians have suffered enormously. While the majority of the population has paid a very heavy price; an Congolese elite and international actors have grown rich out of the war economy. Others remain at liberty despite accusations of their involvement in serious human rights abuses. Due to the nature and the effects of the conflict, the solution of the same could only be found within a regional framework.

### **2.1 Background to the conflict**

Congo has experienced a history of exploitative rule and lack of respect for basic human rights since the colonisation of King Leopold II in 1880. King Leopold employed brutal measures and administrated the country as his personal property until 1908 when he sold it to Belgium. In 1960 the country gained its independence from Belgium. The combined effects of the complete absence of democratic institutions and the exploitation of wealth and resources of those in power, fuelled internal strife between competing economic and/or ethnic interests. After a civil war, Joseph Desire Mobuto took power in 1965. His rule was characterised by serious mismanagement of state resources, corruption and violation of civil and political rights. Gradually a resistance movement emerged. In 1997 he was overthrown by Laurent-Desiré Kabila, with the support of Rwanda and Uganda, which ended thirty-two years of dictatorship. Once in power, however, Kabila turned on those who had supported him and began to support forces opposed to the governments in Burundi, Rwanda and Uganda.

The acute consequences of the genocide in Rwanda came to be an integrated part in the Congolese situation. The Mobuto government agreed to grant both physical and political space to the genocidaire forces fleeing from Rwanda in 1994. As soon as these forces made military incursions back into Rwanda from Congolese soil, the war was there. The number of refugees from Rwanda entering DRC exceeded one million. The majority were civilian but their entry into the Kivu and Maniema areas had direct implications for the fragile social balance between different groups. A rebellion started in early August 1998, when Kabila tried to expel Rwandan military from the country, upon which the Congolese Tutsis and the governments of Rwanda, Uganda and Burundi all relied for protection from hostile armed groups operating out of the eastern part of DRC. After nearly four chaotic years of rule, Kabila was assassinated and replaced by his son Joseph Kabila in 2001.

## **Main actors in the conflict**

### *International actors*

Units of the armed forces of *Burundi*, *Rwanda*, and *Uganda* operated inside the country in support of the rebels while units of the armed forces of *Angola*, *Chad*, *Namibia*, and *Zimbabwe* operated inside DRC in support of the Government. Uganda sought to stop attacks by rebels sponsored by Sudan and operating through eastern Congo while Rwanda and Burundi were out to stop the incursion of Hutu insurgents into their territories. None of Rwanda, Burundi and Uganda felt inclined to back a cease-fire agreement that did not address their border security concerns. The three countries were behind the rebel movement that tried to topple Congolese President Laurent Kabila.

### *Rebel Groups*

*The Congolese Rally for Democracy (RCD)*, a Rwandan backed rebel organisation, dominated by members of the Tutsi ethnic minority. RCD has over the years experienced many split ups. Today RCD-Goma is the principal association with about 20 000 troops. Its leadership has been subject to many changes. By the end of 1998, the Government had lost control of more than one-third of the country's territory (North and South Kivus, northern Katanga, part of Maniema and part of Province Orientale) to RCD-Goma.

*Movement de Libération du Congo (MLC)* supported by Uganda and in control of the Northern regions. MLC is relatively unified and well-organised movement with between 6 500 to 9000 troops.

Due to the weakness of the undisciplined *Congolese armed forces* and its inability to control the country, the government in Kinshasa supported militias groups in the east of the country in an attempt to adjust the military balance. These groups included:

*Interahamwe militia* of ethnic Hutus, mostly from Rwanda, which fought the Tutsi-dominated Government of Rwanda; Hutu members of the former Rwandan Armed Forces, believed to be responsible for the 1994 genocide of Tutsis in Rwanda, which also fought the Government of Rwanda.

*Mayi-Mayi*, a loose cross-ethnic association of traditional Congolese local defence forces with a vague Maoist orientation, which fought the influx of Rwandan immigrants. It consists mainly of marginalized poor



rural youths. At times different Mayi-Mayi groups have allied themselves with Ex-FAR Interahamwe and played an important role as complement to the Congolese army.

*Alliance of Democratic Forces (ADF)*, made of up Ugandan expatriates and supported by the Government of Sudan, which fought the Government of Uganda;

*Several groups of Hutus from Burundi* fighting the Tutsi-dominated Government of Burundi. One such group is FDD, the largest Hutu group in Burundi. FDD has signed a peace-agreement with the government during 2003.

## **2.2 Themes in the conflict**

The conflict configuration in the DRC is multidimensional and compounded by a number of different sources of conflict. The themes below should be understood as process oriented and hence not as either cause or effect of the conflict. Each factor contributes to the conflict complex.

*Poverty.* Extreme and increasing poverty, exclusion or marginalisation of the majority from economic, social, human and cultural rights, inequality in all respects are both consequences and roots of the conflict.

*Land scarcity, degradation and demographic stress.* The rapid population growth, high population density and land degradation have created increased demand on productive land and social services. Competition over land has been and continues to be an important cause of conflict. Militias often recruit from social groups under stress, and if not managed properly, increased stress can become a breeding ground for frustration and mobilisation.

*Poor governance and human rights abuses.* Decades of mismanagement and conflict have seriously undermined the role of the state and its ability to represent and protect the rights and interests of its citizens. There has never been effective accountability of the state to its people. The use of the state's resources for personal gain by those in power has been endemic while there has been a constant lack of funds for public spending. The division of the country into Government and non-government held territories has undermined the concept of national sovereignty and territorial integrity.

*Natural resources.* One important trigger of the conflict has been the scramble for the mineral resources of DRC, especially in the eastern part of the country. Foreign forces, as well as the Congolese government and irregular forces, have engaged in systematic plunder of the natural resources and in many cases this plunder has been organised at the highest levels of state and military command. Exploitation has been facilitated by the lack of transparency in international business dealings in precious minerals and the lack of action at the international level to hold those responsible accountable. The challenge in the mineral sector is to balance between all the different interests engaged in the sector. Besides the dominating transnational corporation with long-term engagement in Congo, also new regional players are interested in entering the arena. There will also be claims from various Congolese investment groups. In the negotiation process on contracts and concessions actors may use political, or even military threats, to reinforce their bargaining power. Future conflicts can not be ruled out.

*Regional demographic fluidity.* With the porosity of the national borders in the Great Lakes region, conflicts create a high level of regional demographic fluidity. The displaced populations typically constitute a security risk both for the receiving communities and for the country of origin. The influx of large groups of people increases the strain on the local communities and their ability to provide for their own food security. Increased demand for food, land, water and sanitation provides conditions conducive for political mobilisation against the displaced populations. Systematic and collective stigmatisation of the displaced persons, for example as genocidaires hiding for justice, further hampers the integration in the receiving communities.

*Insufficient, deficient or destroyed infrastructure* undermines development of formal economies and integration in national and international economy. Denying remote areas access to markets, social service, information etc. provide a hot bed for rebel groups to mobilise frustrated marginalized populations. Unbalanced economic and social development in urban/central areas as compared to the remote areas increases frustration among people in the latter areas.

*Actor Flexibility.* The conflict has seen a high degree of variation in the set up of actors engaged. Low level of institutionalisation of actors and the easy access to arms has lead to turbulence among the actors making them into sub-units as well as taking on new names and new leadership.

*Militarization of societies throughout the region.* The outdrawn conflict has brought about a general militarization of the country. The proliferation of armed groups of different character is a major challenge to peace building. The armed groups are linked in a cobweb of networks, with local, national, regional and international dimensions. In this context one could also point at rivalry on a regional level regarding hegemonic power. This has contributed to a situation with multiplication of local warlords, often with weak social/political base, but with protection from a government in another country.

*Proliferation of arms.* The almost unlimited access to weapons in the area is an important source and amplifier of conflicts. The difficulties in addressing this problem stems from the strong economic and political interests involved, and the fact that the trade is typically conducted in the nexus of an (in)formal/(il)legal economy. Added to that is the global increase in the availability of arms and the intra-regional distribution networks. Small arms are simple and inexpensive to manufacture and transport, and several factories in the region manufacture arms. As a consequence, production is highly decentralised. In addition, weapons are recycled from different conflicts in the region.

*Child soldiers.* The situation for future generations is threatened by a culture of recruiting children to armed groups. Tens of thousands of children, girls as well as boys, have been recruited – in some cases by force – to fight with the various armed forces. Those children loose contact with their families, often lack even basic education and become highly traumatised. Apart from the suffering for those children, they also constitute highly destabilising elements in the post conflict transformation process.

*The construction of knowledge and identities.* One significant source of conflict is the cognitive process where histories, identities and interpreta-

tions of today's situation are invented. A key process is the systematic manipulation by the elite of uneducated and marginalized masses, creating identities built on fear and stereotypes of the other. Perhaps the most complex knowledge construction is "ethnicity" which also is a major source of mobilisation and violence. Manipulating history in order to put blame on a certain group provides a "legitimate" cause for retribution.

*Reconciliation and trauma.* The history of violence has created vast numbers of severely traumatised people, not least woman and children. Those people suffer a lot and may destabilising elements if not properly managed. Unfortunately, the competence and capacity in the area is low in the region.

### **2.3 The Peace Process**

There has been important progress in the peace-process. In July 1999, a cease-fire Agreement was signed in Lusaka by all key actors in the conflict. The agreement called for a complete cease-fire, the deployment of a UN peace keeping force (MONUC), the disarmament of militias and armed groups, the withdrawal of all foreign forces from DRC and the opening of an inter-Congolese dialogue between the government, rebel groups, unarmed political opposition and civil society. In August 1999, the UN Security Council authorised the deployment of 90 military observers. The mission (Monuc) was subsequently enlarged in February 2000 to over 5000 observers and troops. The objectives of this force were to provide verification of the cease-fire, supervision of the voluntary disarmament of militia forces and of the withdrawal of foreign troops. It has also been given the mandate to repatriate foreign troops (essentially from Rwanda) to their country of origin. Since October 2002 about 2000 combatants have been repatriated.

In July 2002 the DRC and Rwanda signed the Pretoria agreement brokered by South Africa in which Rwanda would redraw from DRC and DRC pledged to disarm and dismantle ex-FAR and Interahamwe – all within 90 days. In September 2002 DRC and Uganda signed the Luanda agreement in which Uganda would withdraw from DRC and an Ituri Pacification Committee would be established. By the end of 2002 all Angolan, Zimbabwean and Rwandan forces had withdrawn from DRC and the bulk of the Ugandan forces had also left the country. The remaining Ugandan forces left in May 2003. However, the Kinshasa government did not show much capacity and/or willingness to fulfil its commitments to disarm and dismantle all ex-FAR Interahamwe forces on its territory. There are also reports on continued Rwandan and Ugandan presence in the DRC as well as and different kinds of support being provided to rebel groups.

In February 2002 the Inter-Congolese dialogue began but without much success. However, in December 2002 a second round of the Inter-Congolese dialogue was held in South Africa resulting in an Global Inclusive Accord between the government in Kinshasa, and the RCD and MLC groups, setting a framework for the establishment of a transitional national government. In June 2003, the transitional government (TNG) was established for a 24–30 month period leading up to planned elections.

## 2.4 The conflict in Ituri

The Ituri province, and the provincial capital Bunia has experienced horrendous massacres and grave violation of human rights, disguised as ethnic conflicts. The events in Ituri have its dynamics more in parallel with, than as a part of, the main conflicts dynamics. The Ituri province is very rich in minerals and the proximity to the oil assets in and around the Lake Albert makes the province interesting for economic interests, both directly linked to the external warring parties, as Uganda and Rwanda, as well as Congolese interest in control of land. In this context, it should be noted that control of land might become a crucial issue, also in relation to future activities in the oil sector. After the withdrawal of the Ugandan forces in 2003, the situation in Bunia deteriorated to a situation of complete lawlessness. Authority, has, however, been minimally restored and the security situation has improved. The government is facing a huge task in Ituri, first to establish a governmental presence in the area, then to enter a process to build legitimacy through measures for increased social stability and normalisation. A key to stability in Bunia is also the completion of the ongoing negotiations on new, and renewed, mineral concessions in the area – followed by the concessionaire's control of their respective mining sites.

## 2.5 Main challenges ahead

Ensuring a final resolution to the conflict and the consolidation of peace and security is a complex and difficult task. There are obvious dangers that the process will suffer setbacks. A major threat to the peace process is the fact that all armed groups are not included in the process. Many actors in particular in the Kivu provinces and Ituri are excluded from the process. These groups could destabilise the situation in the country and the region. In order to ensure a final resolution to the conflict the roots of the conflict must be dealt with. These include poverty, inequality, marginalisation, poor governance, human rights abuses, poor infrastructure, and the lack of sufficient cultivable land. An all-nation encompassing accountable and competent state apparatus must be established and free and fair elections prepared and held.

*Among the most important political challenges are the following:*

Elections. A major immediate task is to prepare and hold national elections that are legitimately expressing the will of the people. According to the Global All Inclusive Agreement, elections are to be held in 2005 with a possible delay of 6 months. This is an important step in the peace process but at the same time elections are moments of high risk. Continued violence in parts of the country, lack of an electoral law, lack of an updated electoral register and, a weak infrastructure for conducting elections are serious shortcomings that need to be addressed. The major problem, however, is the eminent risk that an election campaign may offset a new wave of violence throughout the country. In case of an unwelcome outcome, or a clearly fraudulent process, violent local and/or reactions can not be ruled out. Such a situation could easily contribute to the (re)emergence of separatist organisations.

*Security sector reform and demobilisation.* Security sector integration and demobilisation of former combatants are prerequisites for the completion of the transition. The Global Accord stipulates the formation of a National Army, formed of the armed forces of the three main factions and some of the other groups.<sup>2</sup> To achieve security and rule of law, the national Police and the judiciary also need to be reformed. The future of the new army remains unclear. There is no clear chain of command and control, since the armed forces are still acting as separate units under the command of the leaders of armed groups. No national plan has yet been elaborated to integrate the many thousands of combatants into the new army and to demobilise and disarm others, and introduce reforms that will lead to development of a professional army capable of upholding human rights. The complex web of different actors who have participated in the armed conflict makes the demobilisation process complicated. The process includes demobilisation of between 11 000 to 16 000 foreign combatants from Burundi, Rwanda and Uganda operating in or from the DRC and demobilisation of Congolese former combatants. There is still a great uncertainty about what should be done with all the irregular forces and the 'home-made' combatants. To integrate these groups into the communities and create alternative employment opportunities is critical for the peace process.

*Reintegration of internally displaced people and refugees.* There are about three million internally displaced people and about 500 000 refugees who need to be resettled. The Ministry for Solidarity is in charge of issues related to resettlement but at the local level there is no responsibility. The Government needs to develop a strategy for resettlement. Increased demand for limited land and social services may increase tension between receiving communities and displaced populations. Management of land issues is of central importance for a successful reintegration of refugees.

*Amnesty.* One dilemma for the peace process is to deal with abuses of human rights and crimes under international law committed by all parties involved in the conflict. While many argue that there can be no genuine reconciliation without addressing historical atrocities, actors who stand the risk of being brought to justice have the capacity to perpetuate the fighting. Several persons suspected of violations of international humanitarian law occupy posts of national responsibility. The future of these people might create tension both if they get amnesty and if they are judged.

*Devolution of power.* One very delicate question is the political and legal arrangements for the future administration of the country, i.e. the degree of devolution of power from central to local level. A law on decentralization as well as on fiscal devolution and retrocession have been drafted in order to redefine the relationship between the various levels of government. These laws will be subjected to review by a broadly representative conference and the results will receive a trial implementation nationwide.

<sup>2</sup> High Council of Defence, which includes the President of the DRC (who also serves as Commander-in-Chief of the armed forces) and representatives from the various former belligerent parties, has been established, and in September 2003 the joint military leadership of the newly unified national army was inaugurated. Some 30 officers from various armed group forces were appointed to the command of military branches and regions.

*Citizenship for the Banyamulenge.* The Rwandophone people of eastern DRC have never had its position in the Congolese society recognised. They lack the customary rights to land, and are not recognised as Congolese citizens in its full meaning. In order to stabilise the situation, the government must establish a definition of citizenship that assures the rights of all Congolese, including the Congolese who are linguistically or culturally linked to Rwanda. The hostility of many Congolese toward the Banyamulenge has complicated the already sensitive question of the rights of Rwandophones, including their rights to land and their right to participate in the political process.

## **2.6 The role of the international community**

The international community has played an important role in the peace process. Without pressure from the international community it is not likely that an agreement would have been reached.

The African Union has played an important role including facilitating the Inter-Congolese dialogue. The Inter-Congolese dialogue was held in Sun City, South Africa and in July 2002, the South African President, Thabo Mbeki, brokered the Pretoria accord between Kinshasa and Kigali. In December 2002, all the parties that participated in the Inter-Congolese dialogue signed the Global and All-Inclusive Agreement on the Transition in the DRC in Pretoria. South Africa has also provided a sizeable peacekeeping contingent for the UN force in the DRC. The US has played a role behind the Pretoria agreement and its implementation. US pressure played an important part both in Kigali's and Kampala's decision to withdraw their troops from the DRC in 2002. The EU has taken an active role in the peacemaking efforts in DRC. In 2003, a 1,400-strong European force was deployed in Bunia mandated to protect civilians. Sweden contributed with 70 persons.

### *United Nations*

The UN mission in DRC has constantly been criticised for being insufficient and weak. Not until the war was over in 2003, the number of troops increased from 5.000 to almost 11.000, a number that is considered sufficient at present. One of the most important tasks for MONUC has been to disarm and repatriate the ex-FAR/interahamwe forces in eastern DRC to Rwanda. Very few combatants have in reality been repatriated. This slow pace of repatriation is a consequence of the mandate of MONUC. Disarmament is voluntary and few Hutu combatants have felt secure to return to Rwanda. MONUC has been hampered by a lack of commitment from the international community, and a general distrust, based on historical experiences, against the UN in the region.

However, although MONUC has been criticised for military shortcomings, it managed to fill up the space behind Rwandan and Ugandan forces withdrawing from the central parts of DRC. Also, substantial mediation work has been done through MONUC.

Today MONUC has an important role to play in monitoring the process leading up to elections. With the UN Security Council Resolution 1493 adopted in July 2003 the mandate of MONUC was expanded i.e. to include protection of civilians and humanitarian workers and to contribute to the improvement of the security conditions in which huma-

nitarian assistance is provided. MONUC was also encouraged to provide assistance during the transition period for the reform of the security forces, the establishment of a State based on the rule of law and the preparation and holding of elections. The UN Special Representative was entrusted to ensure the co-ordination of all the activities of the UN system in DRC, and to facilitate co-ordination with other national and international actors of activities in support of the transition. MONUC is increasing its presence in the eastern part of the country (Kindu-Bunia-Kivu) where the situation continues to be tense. MONUC will have three main tasks in the forthcoming years. The first is to establish a broad presence in the country, in order to constitute a logistic network able to plan and monitor the process. The second is to continue and reinforce the demobilisation process of external forces. The third task is to continue co-ordinating activities leading to elections. There is a need to improve the interaction between MONUC and the population in order to enhance people's trust.

The international conference on the Great Lakes region  
In July 2002, UN Secretary-General, Kofi Annan, appointed Ibrahima Fall, the UN Assistant Secretary-General for Political Affairs, as his Special Representative to the Great Lakes region. Fall was mandated to organise an international conference on the Great Lakes involving regional governments, civil society actors and foreign donors together with the African Union. The work of the Special Representative is expected to culminate in a conference in November 2004 that aims at constructing a regional settlement to the conflicts in the Great Lakes and mustering donor support for the reconstruction of the region. The time is ripe for staging of Conference following progress in peace processes in the region as well as in the process of regional normalisation.

# 3. Poverty Analysis

There is a lack of up-to date national poverty statistics and data on living conditions. Therefore there are no reliable recent indicators on the real extent of poverty in the country. The analysis below is based on available data, the most consistent sets are those assembled for the UNDP Human Development Index.

## 3.1 Overall poverty situation and trends

In spite of vast natural resources and good opportunities for farming and fishing activities, DRC ranks one the poorest countries in the world with some of the worst humanitarian indicators. Over three million persons are estimated to have lost their lives as a result of the conflict and about three million are displaced and live under dreadful conditions. The situation is worse in the conflict-affected eastern parts of the country. Many have died from malnutrition or preventable diseases in areas inaccessible to humanitarian assistance. A tremendous problem for humanitarian organisations has been lack of access to large groups of vulnerable. An estimated one-third of the population does not enjoy basic food security. The vast majority of the population survive on informal economic activities, mainly undertaken by women, and consume less than two thirds of the daily calories needed to maintain good health. Most Congolese do not have access even to the most basic social services. About 80 per cent of the population have no access to safe water. Life expectancy is 45 years for men, 47 for women. The difficult situation for the population is likely to improve with the peace process but it will take a long time before the majority of the population can access social services such education and health facilities.

Using the 2003 Human Development Index (HDI), as a measure of poverty, DRC is ranked as number 167 out of the 175 countries listed. About 80 per cent of the population live on less than USD 0.20 a day. The decline has been very rapid. According to estimates GDP per capita has fallen by about 50 per cent since 1990.

About two thirds of the population lives in rural areas and are trapped in desperate poverty. Rural income is generally lower than urban income and incidence of poverty in rural areas is estimated to be higher. GDP per capita in Kinshasa is USD 323 but only USD 25.30 in the Equateur Province. In many rural areas money economy has been replaced by



barter economy due to the unrest and to poor transport and communication limiting access to markets. The persistent looting of the rural population by the various foreign and rebel armies, especially in the eastern DRC, have resulted in a sharp decline in investments in livestock or more permanent crops. Displaced refugees all over the country have resorted to primitive subsistence activities in the jungle, which has in turn led to deforestation, soil erosion, and poaching.

The health indicators are among the worst in the world. About 37 per cent of the population lack access to basic healthcare and there is an endemic lack of medical staff as well as of medicine and vaccine. Infants and under-five mortality rates are 129 and 205/1000 live births respectively. Due to low vaccination coverage rates measles and neonatal tetanus are major causes of under-five mortality. Malaria accounts for 25–30 per cent of under-five deaths. Malnutrition is widespread and an increasing cause of under-five mortality. About 13 per cent of children suffer from acute malnutrition and 38 per cent of the children suffer from chronic malnutrition. Besides Malaria, dysentery is the most common cause of child mortality. Increasing the quality and supply of, and access to, drinking water and sanitation services is thus necessary to reduce child mortality. About 20 per cent of the population is estimated to have access to improved sanitation and about 45 per cent to an improved water source. There exist however huge regional differences and in some districts only 3 per cent of the inhabitants have access to safe water.

The health situation seems to have improved in the western parts of the country but is alarming in the eastern parts, in particular in Ituri where many health centres have closed and where there is an acute lack of medical staff. In the two Kivu provinces 25–30 per cent of all children are malnourished. Maternal mortality ratio is 940 deaths per 100 000 live births, mainly due to lack of access to emergency obstetric care, early childbearing, closely spaced births, high fertility and low use of contraceptives. The total expenditure on health was 1,5 per cent of GDP in 2000.<sup>3</sup>

Compared to many other countries in Sub-Saharan Africa, DRC is estimated to have a relatively low HIV/AIDS prevalence rate, 5,1 per cent, among adults (15–49 years).<sup>4</sup> However these data are not reliable since there are no statistics from the eastern parts of the country where the extensive practise of rape by the foreign armies is most likely to have increased HIV rates. Information from war torn eastern DRC shows increasing rates of prevalence where internally displaced persons and foreign troops have been present. HIV prevalence among the armed forces active in DRC is believed to be around 50 per cent.<sup>5</sup> If this is correct, the large number of highly infected armed forces together with three million IDPs and about 15.000 foreign combatants, the HIV/AIDS situation could be regarded as an explosive bomb. Reintegration and mobility are high risk factors, which facilitate rapid spread of the infection. Rapes and low use of condom are behavioural patterns that could contribute to a rapid spread.

3 WHO ([www.who.org](http://www.who.org)) Health indicators DRC.

4 (UNAIDS 2003)

5 (Economist, 2003)

The collapse of the education system and the steadily decline in children's enrolment rate (estimated 52%) and, in particular, a rate of 49 per cent for girls, is very serious for future development of the country.<sup>6</sup> In 1974 the enrolment rate to primary schools was 94 per cent. Dropout rates are very high and less than 25 per cent of the students that enter school remain throughout the school year. Only 25 per cent of primary school students attained 5th grade, and fewer than 10 per cent of all girls complete five years of primary education. The literacy rate was estimated to 61,4 per cent in 2000. Churches have taken over management responsibility for about 80 per cent of all schools in the country and the parents keep the schools running by paying fees even if the government retains the responsibility for paying salaries. There is a lack of qualified teachers, most teachers are either older men and women who received training more than 20 years ago or very young men and women with little or no formal training. Schools lack the most basic infrastructure and learning material. Less than one per cent of the government's budget is allocated to the education sector.

The majority of the population is engaged in small-scale farming and informal sector production. The high pressure on agricultural land has resulted in diminished productivity and reduced opportunities for employment also in this sector. Employment opportunities in other sectors are limited and unemployment and underemployment is widespread. The vast majority of civil servants are either underpaid or not paid at all. They often resort to various corruptive practices to feed their families. To the extent it is available, social security is primarily provided through informal structures.

### **3.2 Who are the poor?**

Poverty is prevalent in all parts of the country and all social groups have been affected by poverty, albeit to varying degrees. There are huge disparities between the different provinces but in general terms the situation is worse both in rural areas and towns in the eastern parts of the country.

Internally displaced persons are particularly affected by poverty. Many live in camps under difficult conditions with no personal security, fragile food security and an absence of basic health and education services.

The situation for women is aggravated to the absence of progressive laws and policies, weak commitment from the political leadership to promote women's rights, and social norms that discriminate against girls and women. Access to education, employment opportunities and income is more limited for women than for men. Women are not entitled to inheritance. As a result women control less resources than men do.

Women are poorer and more exposed to internal and external shocks than men. Due to the conflict one out of seven household (15%) is run by a woman. The main cause of female poverty is the very limited range of opportunities open to women. The poverty of the vast majority of women is the result of low productivity of their work due to difficulties in accessing factors of production, such as land, vocational training and credit. Legal and institutional framework reinforce women's difficulties,

---

<sup>6</sup> 55% for boys

which requires married women first to obtain authorisation from their husbands in order to access factors of production. The conflict has been marked by widespread use of rape and other forms of severe sexual violence. In many cases rape was followed by wounding or killing of the victims. Thousands of women and girls have been abducted from their homes and forced to remain with armed groups as sexual slaves. The prevalence of HIV/AIDS among combatants has added considerably to the trauma faced by these women. Victims also suffer social stigma and fear of being rejected by their community and abandoned by their families. Medical and psychological treatment appropriate to the needs of the victims is uniformly absent.

Children and youth are also particularly vulnerable to poverty. Thousands of children have been separated from their families due to war, insecurity and continuous population movements and the number of orphans is large. A growing number of children, such as street kids,<sup>7</sup> are being socially excluded and marginalised because of values (rape of girls, prostitution, early pregnancy etc), physical handicaps and illness (particularly HIV/AIDS or accusations of being witches. In order to survive they often engage in criminal activities or prostitution. Drugs are commonly used. The difficult economic situation faced by families forces children into dangerous and abusive work such as prostitution and in mines. One in four children (24%) between 5 and 14 years of age is working.

The indigenous peoples known as Pygmies (approximately 300 000 Batwas, Bambutis, Baakas) are forest dwelling hunters/gatherers. They suffer from a total lack of recognition of their fundamental rights. The occupation and destruction of forest and large population displacements often lead to a total cut off of the Pygmies access to food from the forest. There are also reports on Pygmies being victims of cannibalism.

There are many persons who have been physically disabled due to the violent conflict and now live under very difficult conditions.

### **3.3 Causes of poverty**

Poverty in DRC relates to a number of interlinked and mutually reinforcing factors – some of the most significant being the armed conflict, poor governance, the deterioration of the natural resource base and HIV/AIDS.

#### *The armed conflict*

The armed conflict has negatively affected all dimensions of poverty. The most pervasive deprivation arises from the loss of lives, physical and psychological trauma, displacement, the break down of community and institutional networks, disruption of children's education and deteriorating health conditions. The possibilities to have an income, to consume and to own and safeguard assets are severely curtailed.

#### *Poor governance*

Decades with kleptocratic government, mismanagement and conflict have seriously undermined the role of the state and its ability to represent and protect the rights and interests of its citizens. The total collapse of almost all institutions and regulatory frameworks as well as lack of a

---

<sup>7</sup> There are between 20 000 and 50 000 street children.

culture of democracy and good governance has negatively affected poverty. Government and public sector's capacity to deliver services to poor people has been virtually non-existent.

#### *Scarce arable land and environmental degradation*

About 70 per cent of the total population live in rural areas. Although the average population density is 21,9 people per sq km, only three per cent of the country's area is arable land. The terrain in most parts of the country is dominated by tropical rain forest, which is not suited to the cultivation of permanent crops. The population density in the arable parts of the country is therefore high with consequent stress on the land. The degradation of natural resources affects the poor negatively. The population mainly consists of poor rural households that are completely dependent on the land for their subsistence. Soil erosion and deforestation take a heavy toll on these peoples' living standards. The agricultural potential is also not possible to utilise when land is intentionally destroyed by fighting forces, is too insecure to cultivate or uninhabited because farmers are displaced. With limited availability of cultivable land, the remaining land suffers from fragmentation and over-utilisation with a resulting decrease in productivity leading to exacerbated poverty. There is thus a vicious circle where the poor are most vulnerable and worst affected by natural resource depletion and environmental degradation. Poverty hampers sustainable natural resource use and the scarce natural resources cause poverty. Due to vulnerability and limited possibilities for protection and prevention, environmental degradation perpetuates poverty. These malign poverty-environment links are further fuelled by the violent conflicts. The large number of refugees constitutes the greatest current threat to the environment (in particular biodiversity and forest resources).

#### *HIV/AIDS*

AIDS adversely affects the country's development. It brings hardship to families and kills young economically productive people. It hampers agricultural production, food security and sustainable management of natural resources. It reduces the country's capacity in terms of human resources and increases expenditure on health care. Moreover, it increases the number of orphans – a group that constitutes a base for recruitment for rebel groups.

# 4. The Political Situation

## 4.1 Democratic Institutions

DRC is governed by a transitional Constitution adopted in April 2003. Executive power is vested in the President and four Vice-Presidents heading the transitional Government (TNG).<sup>8</sup> The President is both head of state and head of government. He exercises his authority through decrees countersigned by the vice-presidents. The Government is made up of 36 ministers and 25 vice-ministers representing all key political players. Legislative power rests with the National Assembly with 500 members of the House of Representatives and the Senate with 120 members. The Parliament's role is to adopt legislation and monitor action by the Government. Moreover, there are five "Democracy Support Institutions" about to be established for the transitional period. The National Human Rights Observatory, the High Authority for the Media and the Ethics and Anti-Corruption Commission have been set up while the Independent Electoral Commission and the Truth and Reconciliation Commission are still in the early stages of being established.

The TNG has so far demonstrated a sense of unity and determination to obtain results. There are, however, large differences as regards political experience between the different participating parties. Their inclusion in the government has mainly been based on military and political strength. Evaluating the social, political and regional base of these parties is today virtually impossible. The composition of the government including the four vice presidents constitutes a risk for a vertical separation of the government.

The installation of the Transitional Government marked the start of a period in which the Transitional Constitution and Global Accord would be implemented and was a significant step forward. However, the process of transition is fragile. Parts of the east of the country remain in conflict and according to reports most of the former rebel groups appear to be preserving their military options should the transition in their view fail.<sup>9</sup> Election of a new President and the formation of a new Government

<sup>8</sup> Mr Azarias Ruberwa from DRC-Goma in charge of political commission, Mr Jean-Pierre Bemba from MLC in charge of economic and finance commission, Mr Abdoulaye Yerodia Ndombasi, from the former government in charge of the reconstruction and development commission, and Mr Arthur Z'Haidi Ngoma from the unarmed opposition in charge of the social and cultural commission.

<sup>9</sup> Human Rights Watch Democratic Republic of Congo: Confronting Impunity Briefing Paper January 2004. P. 3.

should take place in 2005 with a possibility of six months delay. There are however, both practical and political obstacles to free and fair elections. The preparations for the election, such a new electoral law, lag behind and the risks for new violent conflicts during the election process are substantial.

## **4.2 Administration of the country**

The country is currently divided in eleven provinces out of which the Government controls only six, covering about 60 per cent of the population. The areas controlled by former rebel groups are characterised by a high degree of diversity. These areas have gone through different types of ordeals over the last years and have been ruled by a variety of leaders and warlords. As a result, needs, institutional structures and security conditions vary greatly from one area to another. This implies that DRC is a divided country. Governmental control and legitimacy over the whole territory is a great challenge.

Currently a governmental process is being undertaken of nominating Governors and Vice Governors. The future administration of the country is a difficult issue. In fact, there is an entirely new societal order that has to be developed. However, a law on decentralization as well as on fiscal devolution and retrocession have been drafted in order to redefine the relationship between the various levels of government. These laws will be subjected to review by a broadly representative conference and the results will receive a trial implementation nationwide. The DRC has made several attempts since independence at intensifying revenue sources appropriate to each level of government and matching them to requirements,

but immense disparities in revenue capability by province require a strong role for the central government to redistribute revenues through retrocession. It is likely that despite close monitoring, the transition period will be marked by provincial fiscal imbalances to which the central government would need to respond.

## **4.3 Systematic violations of human rights**

In the course of the conflict, widespread and systematic violations of international humanitarian law and war crimes have been committed with virtual total impunity for the perpetrators. Appalling deeds go by without investigation, legal redress, or compensation to the victims. DRC has ratified most of the major human rights conventions these are not respected. For most Congolese people, the various rights set out under international law have no meaning. Reporting to the UN system is often delayed.

Serious civil and political rights violations take place including killing, torture and violence against civilians, rape, looting and extrajudicial executions. Although the fighting between various groups decreased during 2003, those with guns continued to prey on civilians, killing, raping, and otherwise injuring them and destroying or stealing their property, often as part of efforts to assert local control. The economic and social rights situation has deteriorated due to the conflict, mismanagement of public resources and lack of governmental commitment to poverty reduction. This has been exacerbated by the HIV/AIDS pandemic and lack of cultivable land. The deteriorating security situation –

both through conflict and crime – has had a disastrous impact on the lives of people, destroying their health and livelihoods. The human rights situation may only improve if peace is consolidated in the whole territory.

The transitional government is about to establish a National Human Rights Observatory (NHRO) to monitor, investigate and remedy human rights abuses. However, Amnesty International has voiced a number of concerns about the future operation of the NHRO. Those include whether NHRO will be able to function independently, since its executive committee has been nominated by the political groupings and armed forces responsible for human rights abuses; whether it will function transparently, particularly as regards public reporting of its investigations and findings; whether the resources available to the NHRO will be sufficient to enable it to conduct comprehensive investigations nationwide; and how the NHRO's role will be integrated with other national judicial and human rights structures. Consultation and collaboration with Congolese civil society, human rights organisations and victims will also be crucial for the institution's legitimacy and credibility.<sup>10</sup>

#### **4.4 Judicial System**

The judiciary is marked by the conflict and a longstanding history of political abuse and interference. Deprived of sufficient resources, the system is widely corrupt, uniformly ineffective and lacks independence. Although there are many lawyers, magistrates and judges, the judiciary has become ineffectual as a result of political interference, manipulation and insufficient resources. This has resulted in widespread impunity. Confidence in the ability of law enforcement agencies and the judiciary to arrest, investigate and bring to justice is low. As a result, the population is increasingly resorting to mob justice and lynching as well as relying on armed political groups to administer "justice" often resulting in extrajudicial executions. Civilians have killed suspected criminals without those being deterred or brought to justice.

The reform of the justice system requires a thorough assessment of its needs, followed by a program of international assistance. A Joint Assessment Mission of the DRC justice sector was made in October 2003 by experts from the European Union, UN Department of Peace-Keeping Operations (DPKO) and MONUC. The Joint Assessment Mission intends to undertake a full review of the criminal justice system and will determine measures needed for its reconstruction into a functioning, effective and impartial system, with an overall goal to develop proposals for a program that would address comprehensively post-conflict justice. The Mission will develop funding proposals for donor governments and organisations to support, and collaborate with these partners to develop a framework for delivering reform.

##### *International Criminal Court and Truth and Reconciliation Commissions*

Beyond dealing with current cases, judicial officials confront the overwhelming burden of investigating and prosecuting widespread violations of international humanitarian law perpetrated by all parties during the war. The prosecutor of the International Criminal Court has indicated

---

<sup>10</sup> Amnesty International Democratic Republic of Congo: Addressing the present and building a future.

that he may investigate cases from Ituri, but his mandate deals only with crimes committed after July 2002. A Truth and Reconciliation Commission (TRC) has been established and is about to start its work to ascertain the nature, causes and extent of political crimes and violations of human rights committed in the DRC since its independence in 1960 and to take necessary measures to provide reparations to the victims. Amnesty International is concerned that TRC's mandate to investigate crimes since 1960 is untenable given that the TRC is a transitional institution with a maximum life of two and a half years.

Other areas of the TRC's mandate, role and responsibilities also remain unclear, including how it will interact with the National Human Rights Observatory and, especially, the wider national justice system. TRC will be receiving testimonies and evidence regarding human rights abuses, which could be punishable under national and international law. For that reason, the TRC needs to be given an explicit mandate to collaborate and co-operate with the national justice system and with international, in order to prosecute the persons alleged responsible by the TRC. Of particular concern is the inclusion in the TRC's executive committee of individuals suspected of involvement in human rights abuses.<sup>11</sup>

#### **4.5 Reform of the police**

Key elements for ensuring that human rights are protected are that the criminal justice system functions effectively and that the police force is reformed. The police force, prison system, and courts in DRC have been almost completely destroyed by the conflict. Overcrowded, unsanitary and otherwise dangerous conditions of detention centres and prisons across the DRC also in many cases lead to cruel, inhuman and degrading treatment. Virtually none of those detained are known to have had their arrest ordered or reviewed by an independent judicial official. Many have spent long periods in detention without charge or trial and many remain in custody, uncharged. Torture and mal-treatment of detainees in custody is routine and deaths in custody are regularly reported. People suspected of links to opposing armed political groups are especially targeted for acts of torture.

MONUC, through its Civilian Police Component (CIVPOL), has provided technical assistance to the national police since October 2001. CIVPOL is tasked with contributing to the training and reform of the Congolese police, assessing Congolese policing institutions, needs and capabilities, and supporting police development in areas of urgent need. On a few occasions, members of police forces from other parts of the country have been deployed in places where communities are divided. MONUC had planned to train 1,200 police officers by the end of 2003 to facilitate the political transition in the country. Unfortunately, capacity of training centres is such that this target is unlikely to be met.

#### **4.6 Civil society**

The civil society constitutes an important part of the society as a political voice, and in many areas as the main deliverer of basic social service. At the same time the civil society is struggling with major problems such as

---

<sup>11</sup> Amnesty International Democratic Republic of Congo: Addressing the present and building a future.



fragmentation, lack of cooperation and lack of resources. Its origin lies mainly in the lack of a response by the State to the needs of the people and to the resulting privatisation of basic social services. The population has shown extraordinary dynamism. In communities solidarity and mutual help organisations have been set up. Civil society organisations have developed with a sense of initiative, enterprise and creativity and have become active in social issues. Churches are the most institutionalised complexes of civil society organisations. They have traditionally been a point of reference in people's everyday life, not least in the sense that many schools, hospitals and health clinics have been run but churches and missionary organisations. Besides being an important social force, the churches and their complex web of organisations also represent a substantial political force in the society. Important personalities from religious organisations are centrally placed within the new political institutions. The churches also represent the most advanced network at grass-root level of the society. Many informal local co-operative activities among ordinary people grow out of the religious organisation. This has been visible during the war, not least in relation to different kinds of self-help 'communities' trying to deal with emergency situations. However, there are complaints about sectarianism, in the sense that available services are available only to members.

During the last years many NGOs have emerged as a response to international donors need of implementing agencies at local level. It is not unusual, however, that the NGOs simply are constituted by a group of friends looking for funding rather than being representatives for the civil society. Such groups tend to focus on areas of activities, which are popular to donors, rather than areas where they have competence. Though the potential of civil society is good, the impact of its actions remains limited due to lack of resources and capacity. Very few structures in the Congolese society demand government accountability. The civil society and communities are often unable to unite or express their demands to the government by peaceful means. During the last years the civil society has been increasingly active in policy debate and played an increasing role in peace building and the fight against poverty but it is a major challenge to contribute to the process of making government systems more responsive to the needs of the people.

A great number of international NGOs are active in DRC. Most of those have their main activity at the local level. They are important actors in poverty reduction.

#### **4.7 Media**

The situation for the press is relatively good and critical reporting takes place but harassment and arbitrarily arrests of journalists occur. The government has decided to remove all restrictions for the press. There are a number of private newspapers but the outreach is limited mainly due to illiteracy. There is no newspaper with national coverage. The radio, however, is an important source of information for many people. Most of the radio stations are local but MONUC's radiostation, Okapi, has national coverage. There are both public and private channels in all the national languages. There are several private and public TV stations.

# 5. The Economic Situation

## 5.1 Major features of the economy

DRC is endowed with vast natural resources and enjoys the most extensive network of waterways in Africa. It also has a great hydroelectric potential that remains largely untapped. Despite the economic potential, the economic performance was dismal during 1960–2000 due to misdirected economic and financial policies, pervasive corruption and political instability.

### *Agriculture*

The economy was once one of the most prosperous in Africa is currently based on subsistence agriculture in rural areas, large-scale exploitation and depletion of the natural resources, and small-scale informal and barter activities in the cities. The lack of income is one of the most fundamental problems impeding development. Combined with forestry, animal husbandry and fishing, agriculture provides direct employment to more than three-fourths of the labour force and accounts on average for about 45 per cent of real GDP. Roughly 60 per cent of all agriculture production comes from traditional smallholders. Agriculture has great potential as a source of economic growth, export diversification and gainful employment. Nevertheless, agricultural output has not recorded substantial growth and its contribution to exports declined continuously from about 40 percent in 1960 to less than 10 percent in 2000. Agricultural development has been constrained by environmental degradation such as soil erosion, the deterioration of rural feeder roads, inadequate credit for small-scale producers, lack of foreign exchange for essential imports, insufficient storage and other marketing facilities.

### *Mining*

DRC is exceptionally rich in natural resources, in particular in minerals like gem and industrial diamond, gold, silver, coltan, copper, cobalt, germanium, zink, crude oil. Natural resource rents have traditionally accounted for the greater part of the export proceeds and have been under direct state control through huge state-owned companies like Gecamines. Staring in the mid-1980s, the mining industry entered a phase of steep decline. The mining's sector's contributions to GDP and export earnings declined significantly (from 20% of GDP 1985 to 6% 2000). The mining sector has faced a number of problems that have

constrained its development. These include legal and regulatory framework not conducive to the development of the private sector, serious transportation problems and chronic lack of investment. The mining sector has also been a major source of corruption and rent-seeking by the country's elite, as well as a major source of water pollution. The war was to a great extent fuelled by a desire by all parties to obtain control of valuable mine fields. The politics of mineral concessions will be a key economic and environmental policy area in the long-term reconstruction of the economy. Presumably, there will be a need for a complete overhaul of existing rights as well as a reconstruction of the entire system for concessions. Unless this happens, natural resource abundance might continue to be something of a curse for the people.

#### *Transport sector*

At independence the DRC inherited a comprehensive transport system including interconnecting roads, rivers and railways. The civil war, however, has taken a toll on the transport sector. Given the large size of the country and the remoteness of its mineral deposits, the transport network is of vital importance to economic activity. However, the sector's performance remains unsatisfactory and difficulties in transportation constitute a major obstacle to the realisation of the agroindustrial and mining potential. Farmers have great difficulty in selling any surplus while food prices in urban areas are high.

#### *Manufacturing and services*

The manufacturing and service sectors have almost disintegrated during the last decade (annual growth rates are estimated to be -13.4% and -15.2 during 1990-00).

## **5.2 Economic environment**

#### *Macro-economic stabilisation*

Since 2001 the authorities have started addressing the alarming economic situation by stabilising the macroeconomic situation, liberalising the economy and opening it up for the rest of the world. The IMF Staff-Monitored Program (SMP) covering 2001-2003 was a crucial first step toward stabilising the economy. The SMP produced significant results, particularly in breaking of hyperinflation and restoring stable macroeconomic conditions. The annual inflation rate decreased sharply from 135 per cent in 2001 to about 14 per cent 2003.<sup>12</sup> For the first time in 13 years economic growth resumed in 2002 (3%) and accelerated to five per cent in 2003. Growth occurred in all sectors apart from manufacturing reflecting an improved business climate and substantial increase in foreign and domestic investment. Since floating the Congolese franc in April 2001, the government has maintained tight fiscal and monetary control and the Congolese franc has been relatively stable. Building on these achievements a program (covering April 2002-July 2005) supported by an arrangement under the IMF's Poverty Reduction and Growth Facility was put in place with the aim of reconstructing the country and reviving economic growth.

<sup>12</sup> SPA Country Status Report prepared for the January 2004 meeting p 5.

Several measures have been taken to strengthen governance. A law against corruption and on combating money laundering and the financing of terrorism is to be submitted to Parliament.

#### *Fiscal situation*

Fiscal resources remain scarce compared to the magnitude of the requirements. The government has taken measures to mitigate the impact of the political process, which affected the budget during 2003. Expenditures have been brought back under control while measures have been taken to increase revenues. One key issue ahead is the reunification of fiscal systems throughout the country, improve tax collection in the reunified provinces and effective transfer of revenues to the central Government (which has started in some provinces but not in a systematic manner). Systems for fiscal management are extremely weak but a reform program is underway. An action plan has been implemented.

#### *Privatisation*

The government owns or controls about 114 large enterprises in a variety of sectors, most of which are in need of substantial restructuring to make them competitive. Most public enterprises have been audited and restructuring plans for the most important ones are being prepared. The improvement of the efficiency and governance in these entities is seen as more urgent than the resolution of the ownership issues. The World Bank is assisting the Government in reforming the public enterprises.

#### *The private sector*

The business climate in DRC has for a long time taken the strain of the institutional and political instability that created a situation of legal and judiciary insecurity for the private sector. However, the mining and forest potential and an enormous hydro-electric potential offer investments opportunities to the private sector. Within the framework of its strategy for private sector development a new investment code offering more attractive conditions and tax benefits has been adopted, alongside the mining and forest codes, that offer investor more guarantee and transparency for exploitation rights. Thus, the DRC could achieve high levels of growth over the next decade, generated not only through mineral and extractive industries, but particularly through resumption of services, agriculture, and construction activities. Furthermore, Congolese businessmen and women have long been considered among the most entrepreneurial in Africa.

However, despite the improvement in the investment climate, it is possible that the private sector will not respond or that debt negotiations will not bring about the desired revival of private sector activities due to lack of confidence of foreign investors, lack of financial resources for domestic investors, or other reasons. This risk appears to be diminishing, given the considerable international investor interest in the DRC that has been expressed over the last 18 months. Notably, flagship operations include a 94 million USD cellular phone project by a British company Vodaphone a phased 600 million USD investment project by Congo Korea Telecom to install a telecom backbone in the country, or the launch of a three-year program to increase offshore oil production by a

Chevron-Texaco-led consortium. If the domestic private sector fails to respond to these recent positive developments then the subsequent growth will be less robust than expected but will occur nonetheless.

#### *Financial Sector*

The financial system has operated in a climate of uncertainty owing to political instability, fiscal management and limited resources. This has resulted in major dysfunction and weaknesses. In particular the financial system has failed in mobilising savings and providing credit to the economy.<sup>13</sup> Reforms are critical to restore financial intermediation for the private sector. With the promulgation of a new law for the Central Bank, enshrining its independence, and a new Banking Law, measures have been taken to remedy these weaknesses. Moreover, the Central Bank has started to implement an action plan to improve accounting, operations and management. Audits have been completed for the Central Bank and the nine main commercial banks. Most of the main financial institutions are in a critical situation (over 60 per cent of the portfolios are in non-performing assets) and have recorded severe losses. Eight of them have to be liquidated. Human resources and technical equipment are urgently needed in the areas of foreign exchange operations, accounting and internal audit, and monetary policy.

#### *Balance of Payment*

Higher growth in income from exports has led to a surplus in the balance of payments. In 2002 export amounted to 1,2 billion USD while import was 890 million USD. Export is estimated to increase during the coming years. The most important export commodities are diamonds, copper, crude oil coffee and cobalt. Major export partners are Belgium (64,5%), US (13,4%), Zimbabwe (6,7%) and France (4,9%). The DRC is a member of WTO, the Southern African Development Community (SADC) and the Common market for Eastern and Southern Africa (COMESA).

#### *Local and foreign investment*

Following the adoption of a new investment code in February 2002, international investment has increased within a variety of sectors including energy, mining, services and agriculture. The government has established a national agency to promote investment and is taking steps to join the African Trade Insurance Agency. It is planning to take further steps to improve the environment for private sector activity including improving the tax system.

#### *External debt*

The debt situation is fragile, as debt service continues to account for a large share of government revenues. In July 2003 the World Bank and IMF approved the HIPC Decision Point for DRC. Debt relief under the HIPC- initiative will amount to approximately 6.3 billion USD in Net Present Value (NPV) terms – for a total stock of external debt outstan-

---

<sup>13</sup> Out of a population of 52 million people, only 35 000 have bank accounts. IMF p. 26.

ding is estimated 7.9 billion USD in NPV terms at end-2002. It was decided that the completion point would be floating with triggers related to a completion of a full Poverty Reduction Strategy and its implementation for a year; continued performance in macro-economic stability etc. With the assistance of the international community, the authorities are making efforts to improve their management of external debt. A multi-donor trust fund has been established to complement DRC's efforts in servicing multilateral debt.

# 6. Strategies To Fight Poverty

## 6.1 Economic reconstruction agenda and the interim Poverty Reduction Strategy Paper

The Government has begun a programme of economic reconstruction. The programme envisages three phases: 2001 – 2002, stabilisation phase; 2002 – 2005, transition and reconstruction phase; and from 2005, development phase. Over the next years the Government will focus on strengthening macro-economic stability, eliminating hyperinflation, reviving sustainable growth and starting to implement a poverty reduction strategy.

Preparation of a poverty reduction strategy paper (PRSP) has started; an interim PRSP was presented to the international community in February 2002. A full PRSP is to be developed in 2005. The I-PRSP builds on the ongoing elements in the Lusaka peace agreement; DDRRR programme, economic reform programme and multi-sector reconstruction and rehabilitation programme.

Through participatory consultations,<sup>14</sup> bad governance, social behaviour, poor infrastructure and lack of financial resources are defined in the I-PRSP as the major causes of poverty. The I-PRSP proposes an approach with three pillars, namely:

- Restoration and consolidation of peace and good governance,
- Macro-economic stabilisation and a return to growth targeting the poor, and
- Promotion of Community Dynamics.

For each of these pillars, the I-PRSP focuses on sets of actions deemed to be priorities in the short and medium term (2002 – 2005). For the long term, the I-PRSP lists steps to be taken, without assigning priorities or a time frame for their execution. That will be the task of the full PRSP.

The peace and government pillar (1) comprises of four priority axes, namely: restoration and consolidation of internal peace; care for the victims of the conflicts; stability on DRC's borders and promotion of

---

<sup>14</sup> The organisation of participatory consultations when drawing up the I-PRSP occurred in two steps. The first step consisted of installation of the Technical Committee to devise, prepare, implement and monitor the PRSP. This Committee was composed of representatives of all national stakeholders in poverty reduction; government, government agencies, universities, civil society and the private sector. The second step involved organising consultations in four provinces under government control.

good neighbour relations; and active participation of communities though good governance.

The pillar of macro-economic stabilisation, rehabilitation and pro-poor growth (2) comprises of goals and actions to be taken like bringing down inflation, a moderate growth of seven per cent in 2010, promote savings and employment. It further envisages rehabilitation and reconstruction of basic infrastructure (national highways, agriculture feeder roads, railways, waterways, safe drinking water and electricity), promote productive sectors and exports, rehabilitate and rebuild the socio-economic framework of poor communities in order to make growth serve the poor (agriculture and food, education, health and cleaning up of the environment).

The pillar of promoting Community Dynamics (3) includes, in the short term, three axes, namely: enhancement and consolidation of the institutional framework and grassroots governance; creation of a federated framework for mobilising community dynamics; and implementation of a national mechanism to ensure well co-ordinated support for community dynamics. For medium and long term, a fourth axis is geared to creating the conditions for sustainable and equitable growth in the spirit of sustainable human development.

The interim PRSP presents macro-economic indicators from the interim economic reform programme. One of its conclusions is that it will be unrealistic achieving the objectives of 2000 Millennium Development Goals, particularly the goal of halving absolute poverty by 2015. To reduce the rate of poverty in the country by 40 per cent (from 80% to 60%) would need an average growth in GDP of around eight per cent, which is impossible to achieve. Instead a realistic growth is 5–6 per cent in 2004–2005. This, however, depends on the development of the peace efforts, how quickly basic infrastructure investments can be implemented to reopen inaccessible regions, how rapidly producers respond to the opportunities given the state of decay of the private economy and if donor support is available.

The Government has also drawn up a National Development Action Plan (NDAP) for the period 2001 – 2010. The main objective of this plan is to enable the country to make the transition from the crisis management phase to the growth and sustainable development phase. NDAP envisage a dual transition; from State-dominated economy to a market economy and from an emergency situation to a more normal situation in which the administration is able to supply essential services to the population in partnership with civil society.

#### *A brief assessment of the interim PRSP*

Drawing up the interim PRSP through participatory consultations has been a learning process for the Government. The committee in charge of it gradually shifted its approach from a top-down planning approach to a participatory approach building on local initiatives, although there are still much top-down thinking in all ministries.

The quality of the I-PRSP is acceptable as a basis for the development of a full PRSP. It seeks to provide guidance to a reconstruction process with the interests of the poor at the centre. However, the poverty analysis was handicapped by the lack of reliable up-to date national poverty



statistics and data on living conditions. The I-PRSP identifies detailed actions but has gaps in terms of priorities, costing and financing, targets and indicators. The establishment of a more concise set of key indicators and targets will be essential to keep the document focused and to guide those responsible for its implementation. Implementation plans have not been defined and the document does not go beyond broad identification of key tasks. The establishment of implementation mechanisms will therefore be a key task. In order to prevent a dramatic increase of HIV/AIDS, strategies and plans need to take account of HIV/AIDS as a threat to development in general and to poverty reduction in particular. However, the implementation capacities are either weak or poorly used in most development-related areas. The central administration has little recent experience in the implementation of development programmes.

Risks that could affect the implementation and progress in poverty reduction have been identified in the interim PRSP, namely: political and governance risks, including the unstable situation in various parts of the country and the basic difficulty of restoring peace and maintaining order; a relatively small tax base and the difficulty of reconciling multiple demands on resources in a weak administrative setting together with high dependence on donor flow; and capacity and institutional constraints on the design and implementation of development activities. These risks are important and many of them beyond the control of the Government. Continuing international support to the peace process and the transition period will be essential in helping to mitigate the risks.

The preparation of a full PRSP will be a challenge for the government. Partnership and with national stakeholders is necessary as well as extensive technical and financial support from the donor community.

## **6.2 Co-operation with the international donor community**

Donor activity in the DRC is in a state of transition as many agencies have reviewed their programs in light of political developments and opened up for more long-term co-operation. At the latest Donor Meeting held in Paris in December 2003, donors pledged \$3.9 billion in commitments (excluding humanitarian assistance, bilateral debt relief, or contributions to the Multi-country Demobilisation and Reintegration Program) for the coming three years. Most delegations indicated their expectation to at least maintain their 2004 levels of commitment in the following years and possibly to increase them if political and economic progress continue.

The sectors in which donors are engaged are infrastructure, health, democracy and governance, agriculture/livelihoods, environment, and education. Several donors are attempting to integrate gender into their different sectors of work. Given the country's vast territory, donors make strategic choices regarding where to engage. Donors work in both east and west, with the eastern activities tending to be humanitarian or "peace building" in character. Few donors appear to be investing in the northern part of the country, in particular Equateur, and Province Orientale outside of Kisangani.

In 2001 the World Bank (WB) resumed its relations with DRC. A Multi-donor Emergency Multi-Sector Rehabilitation and Reconstruction Program supporting the long-term process of reconstruction and econo-

mic rehabilitation (EMRRP) focusing on infrastructure, agriculture, delivery of social services, development of sector strategies, strengthening of human and institutional capacities, was established in 2001. Bilateral donors are financing significant components of the EMRRP. The EMRRP provides a sound and solid framework for co-ordinating donor assistance to DRC's rehabilitation and reconstruction. There is also a broad consensus between donors and the Government that donors should channel their aid aimed at supporting public investment within this framework. A multi-lateral debt trust fund has been established to reduce the burden of debt service. The WB also has a regional programme for Multi-Country Demobilisation and Reintegration Programme (MDRP) for the Great Lakes Region.

*Health* is one of the largest sectors, with activities ranging from basic support to health zones, to vaccinations, HIV/AIDS, tuberculosis, malaria, and family planning programs. The largest actors are the European Commission (EC), Belgium, and the World Bank, Canada, Italy, Germany, UNICEF. Other donors also have programs.

Relatively few donors including the World Bank, UNICEF, UNESCO and Belgium) are working in the *education sector*. The World Bank is doing some work on rehabilitating educational infrastructure. The UK has expressed an interest in engaging in the sector. UNESCO is currently working on a program for "Education for All". With the possibility of more funding becoming available through the World Bank, timing appears good for a more focused engagement in education. There seems to be a gap in development activity in the sector.

*Democracy and governance* activities fall into two categories: government capacity building (EC, World Bank, France, Belgium, and Canada and several other donors such as the UK have expressed interest in this area) and support to civil society (Belgium, Canada, Sweden and the UK). European Commission, World Bank, France, and Canada have programs working directly with the Government, aimed at developing its capacity. The EC is working with the Ministry of Human Rights, and is involved in rehabilitation of the judicial sector. Canada has a program directed at building capacity within the central bank. The World Bank is addressing governance capacity through many of its programs, including development of specific mechanisms within the government to manage assistance programs.

Programs directed at *income generation* are often linked to agriculture/food security; this is field of engagement for many donors, including the Food and Agriculture Organization (FAO), Belgium, Canada, the EC, France, and Germany.

A limited number of donors (including France, EC, Germany and UNESCO) are involved in work related to the environment, including development of government capacity and direct protection of natural resources.

#### *Likeminded donors*

There are very few so-called like-minded donors in DRC. However, one important actor with whom Sweden may work closer with is UK. UK adopted a new country engagement plan for DRC 2003 focusing on

---

<sup>15</sup> Donor with similar views and methods regarding development co-operation as Sweden.

support to the transition institutions (a quick impact programme, support to DDR, and continued humanitarian support) as well as support to systems of governance for conflict prevention and poverty reduction (economic governance, PRSP development and HIV/AIDS). UK has increased bilateral funding to £16 million a year which is expected to increase significantly further in the event of a successful start to the transition period. If the situation remains conducive to the development of a fuller partnership, DFID plans to set up a full country office in Kinshasa.

The EC has developed a country strategy paper and indicative programme for the period 2002–2007 focusing on health, institutional support for the transition to democracy (reform of the public sector) and macroeconomic support to reach the decision point in the HIPC initiative.

#### *Donor co-ordination*

Consultative Group meetings have been re-established by the World Bank. Such meetings were held in December 2002 and December 2003. Donor agencies based in Kinshasa meet regularly to co-ordinate under the auspices of UNDP, as do thematic groups. A PRSP process thematic group has been created to assist the national team. However, donors need to strengthening the co-ordination of their activities on the ground in support of reunification and recovery, in particular through existing arrangements in the field – within the broader co-ordination framework co-chaired by the World Bank and the UNDP.

# 7. Summary And Conclusions

## 7.1 Summary

DRC is one of the poorest countries in the world with appalling humanitarian indicators. The immediate cause of poverty is the conflict. Other determinant factors are the extreme colonial exploitation and bad governance, HIV/AIDS, environmental degradation, unequal distribution of resources and lack of access to arable land. These factors are closely interlinked and strongly affect each other. Poverty reduction in particular demands consolidation of peace, national reconciliation, good governance, institutional and economic reforms, improved social services and combating HIV/AIDS. This requires financial as well as human resources. Lack of capacity within the administration is a serious constraint for poverty reduction.

Years of conflict and mismanagement have weakened an already weak institutional capacity. Serious human rights abuses take place and impunity is widespread. The situation for children, women, disabled, indigenous people and displaced is particularly difficult. The need for strengthened democratic governance (democracy, human rights, rule of law, participation and public administration) is critical for the transition.

With pressure from the international community, the peace process has made progress during the last years and DRC is now benefiting from a general cease-fire, a successful adoption of a new transitional constitution and a transitional government. The development is positive but the process is very fragile and the challenges are many and complex. The army needs reconstruction and reform, former soldiers and combatants need to be demobilised and reintegrated, and, many refugees and internally displaced people need to be resettled. The risk for new conflicts is large with the major roots of the conflict; poverty, injustice, discrimination, inequality and human rights abuses and bad governance still present. Political initiatives need to be complemented with peace dividends for the population. In addition to peace-building- and reconciliation efforts, the living conditions for the people need to be improved. The development of the situation in the neighbouring countries, in particular Rwanda, Uganda and Burundi is also of great importance for the development in DRC. Despite these challenges, there are aspects that offer hope. The Transitional Government seems to be committed to achieve peace and reconciliation. People want peace and the civil society plays an

increasing role in peace building and poverty reduction. Moreover, the Government has re-engaged with international partners to develop a strategy for poverty reduction and longer-term economic development. The international community seems strongly committed to support peace building and development in DRC.

The economy has been very negatively affected by the conflict. However, sound macroeconomic policies and ongoing far-reaching structural reforms have started to have a positive effect on growth. The prospects for medium-term growth are good considering the untapped potential in mining, agriculture, forestry and energy sectors. Since the country is starting from a very low level, growth could rebound strongly and quickly. In the short term, however, the cost of the peace-process including demobilisation of former combatants, preparation of the elections and social and economic reconstruction is estimated to be high and international assistance is necessary for the transition.

The transitional government has developed an interim poverty reduction strategy focusing on

- Restoration and consolidation of peace and good governance
- Macro-economic stabilisation and a return to growth targeting the poor; and
- Promotion of Community Dynamics peace and good governance, pro poor economic growth, improved access to social services, reintegration of victims of conflict and disadvantaged groups, combating HIV/AIDS and advancing the role of women in development. The quality, however, is relatively poor and the capacity to implement the strategy is low. Donor assistance is required. The commitment from donors seems very strong. Many donors are present in DRC and many of them increase their support due to the promising, though fragile, political developments. A poverty reduction strategy is to be developed during 2005.

## **7.2 Conclusions for future Swedish support**

### *Themes for the future Swedish support*

- The conflict situation in the country and in the region motivates a strong national and regional conflict perspective for future Swedish support.
- The conflict situation motivates special attention on protection issues for vulnerable groups. The human rights situation motivates a strong focus on the rights and democracy perspective for future Swedish support. Special attention should be given to children and women.

### *Possible areas to support*

- Peace building initiatives including promotion of security (in particular demobilisation and reintegration of former soldiers and combatants) and dialogue continue to be critical.
- The need for humanitarian assistance will continue to be substantial. Improved access to vulnerable groups is important. Swedish humanitarian assistance should have a long-term character with a rehabilitation/recovery perspective whilst keeping a preparedness for emergency intervention. Reintegration of refugees and internally displaced should be prioritised. The alarming humanitarian conditions motivate a close monitoring of the situation.

- It is important to support the capacity building and preparations of democratic elections and create an environment conducive for holding elections.
- In case of a continued progress in the peace process Sweden should consider support in the area of democratic governance. This could include support to the transitional institutions and the civil society. After the elections support to the official institutions and civil society could be considered.
- There is a need of reconstruction in all sectors. Education is one sector that is under-financed. A deeper analysis of the possibilities of supporting the education sector should be undertaken and the possibilities to work with other donors explored.
- Strong attention should be given to HIV/AIDS, as the situation may lead to an escalation. HIV/AIDS should be addressed as a national development issue and focus on preventing the disease to be spread further to the general population. Special focus should be on dialogue and preventive activities for target groups at risk, such as military, refugees and IDPs.
- The need of a full Poverty Reduction Strategy Paper is large. Sweden should consider supporting the process to develop such a strategy.
- Given the difficult situation in the eastern parts of the country, Sweden should consider continuing giving priority to these parts when supporting peace building initiatives, humanitarian assistance and reconstruction. However, it is important that donors coordinate their support in order not to create unbalances.
- The civil society constitutes an important part of the society but is also struggling with problems such as fragmentation and lack of cooperation and resources. An analytical approach is therefore important in a possible support to the civil society.

#### *Other conclusions*

- The role of the international community is crucial for the peace process. Sweden should continue to promote UN and EU engagement in DRC and the Great Lakes region in all aspects not least for an increased co-ordination of donors interventions. Sweden could also in its dialogue with relevant countries in the region, for example Rwanda and Uganda, bring up issues of relevance for the peace-process in DRC.
- DRC is an enormous and divided country with huge needs. Sweden is a small donor with limited experiences in working in the country. Co-operation with other donors should be prioritised.



Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



SWEDISH INTERNATIONAL  
DEVELOPMENT COOPERATION AGENCY

SE-105 25 Stockholm Sweden  
Phone: +46 (0)8 698 50 00  
Fax: +46 (0)8 698 56 15  
[sida@sida.se](mailto:sida@sida.se), [www.sida.se](http://www.sida.se)