

**Rebuilding the Democratic Republic of Congo:
Which Role for the Donor Community?**

Seminar Proceedings

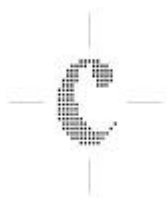
6 June 2003

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July 2003



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Executive Summary

The seminar *Rebuilding the Democratic Republic of Congo: Which Role for the Donor Community?*, organized by the Netherlands Institute of International Relations 'Clingendael' (Conflict Research Unit) with the support of the Netherlands Ministry for Foreign Affairs (Policy Planning Staff), was held on 6 June 2003 at the Clingendael Institute, The Hague. The aim of the seminar was to address the question of how - on the eve of the 24-month transition period as foreseen in the Pretoria agreements - the international community and donor countries could help the peace process along and contribute to rebuilding the Democratic Republic of Congo. The seminar consisted of four sessions, each of which was introduced by experts on the specific subject with either an academic or policy background, the latter participating in a private and not an official capacity¹.

Key Ideas of the Debate and Recommendations

The debate of the seminar generated the following innovative ideas and recommendations:

1. Regarding the Pacification of Eastern Congo

The transition process envisaged to take off in Kinshasa offers the only real opportunity for restoring peace in the DRC, but this process is endangered by the very developments on the ground and the continuous violence in eastern Congo. Hence, the local and national peace processes have to be fostered in parallel.

Operation Artemis

The intervention of the French led interim emergency multinational force (IEMF) in Ituri district already has had some impact in Kinshasa where it was interpreted as a strong signal that the international community was finally, and irreversibly, willing to engage with more determination in the pacification of the Congo. However, operation 'Artemis' is limited both in scope and duration and entails a number of risks.

- In order to avoid a political quagmire and a rapid deterioration of the security situation inside Bunia, the town should be completely demilitarised.
- Western governments and the government of South Africa should maintain strong pressure on the governments of Rwanda, Uganda and DRC so that Kigali, Kampala and Kinshasa immediately stop supplying their respective proxies in Ituri, as well as in eastern Congo.

¹ All participants to the seminar were presented the research paper entitled *Cluttered with Predators, Godfathers and Facilitators: The Labyrinth to Peace in the Democratic Republic of Congo*, prepared by Emeric Rogier, researcher at the Clingendael Institute. This paper is available on-line at <http://www.clingendael.nl/cru>

- In the longer run, the only way to break the cycle of violence in Ituri is to back-up the Ituri Interim Administration's work. In the end, the pacification of Ituri should provide a test-case for the pacification of the entire Congolese east.

MONUC

There is no other option for the pacification of eastern Congo than a sustained, robust and widespread UN intervention.

- MONUC, which is scheduled to take-over from the IEMF, should have the means and robust mandate to permanently ensure the demilitarization of Bunia and support the negotiated cantonment and disarmament, demobilization, and reintegration of all militias.
- MONUC should also play a key role in the pacification of the entire Congolese east by proposing a Kivu Pacification commission, and by planning the deployment of a well-armed military contingent in the Kivus and on the Rwandan border.

Beyond Immediate Action

Historical roots should be taken into account when outlining a strategy for the pacification of eastern Congo. Beyond immediate action, key questions for the rebuilding of the DRC will also have to be addressed relating in particular to the future relationships between the regions composing the Congo and the central government in Kinshasa.

2. Regarding the Disarmament, Demobilization and Reintegration (DDR) Process

The DDR process is unlikely to materialize unless minimum security conditions exist on the ground, the parties are committed at the highest political and military level, and the combatants are offered a wide range of options for the future. Bearing these conditions in mind, a number of recommendations were made to make the DDR process more attractive and feasible.

General Recommendations

- The Multi-Country Demobilisation and Reintegration Programme (MDRP) should be flexible and proactive enough so that every opportunity is seized to demobilize those who may incidentally be willing or allowed to do so. Political analysis in combination with a rapid reaction mechanism should be made part and parcel of the DDR strategy with a view to anticipating, identifying and exploiting those small windows of opportunity.
- Options for reintegrating the combatants into the future national army should be developed within the framework of the reform of the Congolese security sector.
- Despite and within the limitations of its mandate and resources, MONUC should be more creative and proactive, and will have to negotiate directly with the highest military commanders of the belligerent factions the conditions for disarming their troops.

Other specific recommendations were made, pertaining to each of the three caseloads of combatants to be disarmed.

Ex-FAR and Interahamwe

- The political situation in Rwanda proper should be fully taken into consideration and monitored by MONUC when planning for the potential disarmament and repatriation of Rwandan Hutu extremists.
- Efforts should be made to isolate Rwandan Hutu hard-line leaders from the rank and file and to respond to those of the latter who might be favourably disposed towards surrender.
- Continuous pressure should be exerted on the Kabila government to cease supporting Interahamwe and ex-FAR elements completely.

The Congolese Combatants

For the DDR of Congolese combatants to eventually materialise, it will be needed to:

- Develop a yet-to-be-designed programme of reintegration for this specific caseload.
- Foster agreement, beyond the allocation of military posts, on the size and structure of the national army and the incorporation of rebel groups within its ranks.

The Local Militias

- A strategy different from formal DDR will be required for the local militias, entailing post-conflict rehabilitation activities, community development projects and innovative initiatives for collecting small arms.

3. Regarding the Fight Against Predatory Economies

The ‘international community’ plays a direct role in predatory economies as home countries of companies conducting their business activities in conflict areas such as the Democratic Republic of Congo. While economic monitoring and regulatory frameworks should be developed in order to fill the international legal vacuum within which these companies operate, policy-makers should bear in mind the following key considerations:

- Although international regulatory frameworks are certainly needed, political will on the part of the home governments of the companies involved in conflict trade is even more crucial to have these mechanisms actually enforced.
- In order to properly assess the actual extent of damage done by ‘illegal’ resource exploitation, the concept of ‘illegality’ should be replaced with the notion of ‘plunder in times of war’, which focuses on the value of exports that is siphoned off to a military-commercial group and hence does not benefit local actors.
- An international boycott of supposedly ‘illegal’ conflict goods exports is clearly problematic, given the harm that would likely be inflicted upon informal diggers and intermediaries.
- Informal networks of artisans and diggers not only enable the population to survive but may also constitute the basis for economic recovery as they provide some sort of social cohesion.

4. Regarding (Donor) Strategies for Rebuilding the DRC

While the war in the DRC resulted partly from the gradual decay of Mobutu’s Zaire, the challenge for the donor community will be to support the rebuilding of the DRC without repeating the mistakes of the past. In that respect, donors should take the following considerations into account.

Role of the State and the Transitional National Government

- The state is so weak in the DRC that it should be ascribed no other role/ambition than to focus on the essentials.
- During the transition period, it is imperative that the government should not be overwhelmed with recommendations and ready-made solutions as is often the case but should be assisted in getting focused on a few priorities to achieve until the elections.
- In particular, the transitional government will have to determine to which sectors it attaches priority, with due regard to their potential for creating job opportunities.

Financing the State

- Bearing in mind that the chief reason for the weakness of state institutions in the DRC does not relate to deficient human capacity but to the lack of financing, it is critical to work out mechanisms that generate revenue and finance the state.
- Mechanisms should also be set up to ensure the transparency of certain revenue-generating activities (resource exploitation codes) and of spending activities (public expenditures management).
- In order to fulfil the minimum functions of the state, the Congolese government will need much larger financial means than those presently made available by donors.

Priorities for Recovery and Development

- A strategy for the poor might be a poor strategy: beyond the legitimate insistence on a participatory pro-poor approach, genuine development requires the 'hard core' of the state to be in place (see below).
- Since development goes where roads go, and roads enable, *inter alia*, to reconnect the markets, rebuilding the infrastructure should be the donor community's absolute priority.
- In order to restore law and order, donors should allocate significant funds for the police and armed forces.
- With a view to responding to immediate needs and investing for the future, donors should also target education and health sectors.
- Finally, development should not be based on natural resource exploitation only but increasingly on trade and services.

Boosting the Formal Private Sector

- The informal sector should be gradually absorbed into the formal sector through inducements such as micro-credit instruments.
- Transaction costs in the DRC should be reduced in order to facilitate commercial activities.

Avoiding a New Zaire

While donors should not wait for ideal conditions before getting involved in the DRC, they should also refrain from imposing their views on the process of reconstruction/development. Making the Congolese people responsible for their own development and freeing them from the donor dependent mentality is the optimal way to offer the DRC a better fate than Zaire.

Opening

Opening of the Seminar, Paul Meerts

Paul Meerts, deputy director of the Clingendael Institute, welcomed the participants and explained the programme of the seminar. The morning sessions, chaired by Renée Jones-Bos, were devoted to an assessment of the peace prospects and of the still acute security challenges. The afternoon sessions, chaired by Fred Racké, focused on rehabilitation, reconstruction and development issues and the role of the donor community in that regard.

Introduction by Renée Jones-Bos, Ambassador for Human Rights

Ambassador Renée Jones-Bos welcomed the participants on behalf of the Netherlands Ministry of Foreign Affairs. The African continent is a priority area of the Netherlands foreign policy as a whole, not only of the Dutch development cooperation policy. It is the ambition of the Dutch Government to develop an *integrated* policy towards Africa thereby guided by the notion that no peace can prevail without development, and no development can take off without peace. Ambassador Jones-Bos further stated that this seminar takes place at a very timely moment, *i.e.* on the eve of the transition period called for by the Pretoria II agreement, but also in view of the serious developments on the ground, in particular in the Ituri district.

Session 1 The Peace Process in the DRC: Assessing Problems and Prospects

The morning sessions were strongly influenced by the developments in the field, *i.e.* the crisis in Ituri and the deployment of an EU-led emergency force.

1. Towards a Strategy for the Pacification of Eastern Congo, Pierre Bardoux, International Crisis Group

While the Ituri conflict resulted from ethnic strife between the Hema and Lendu communities over access to land and mineral resources and over local positions of power, the district has above all become a battlefield between Rwanda, Uganda and Kinshasa's proxies. A highly risky operation, the intervention of the interim emergency multinational force (IEMF) under French command appeared on the face of it totally insufficient to meet the needs of Ituri's pacification. Indeed, the IEMF has only been conceived as a robust bridging capacity pending the deployment of additional regular MONUC troops in August.

In order to avoid a political quagmire and a rapid deterioration of the security situation inside Bunia, the town should be completely demilitarised and the militias should canton their troops out of Bunia or should be forcefully disarmed. In addition, Radio Candip in Bunia, which has been used as a hate radio by UPC, should be shut down; MONUC should immediately plan to train a new Congolese force for Bunia, and the Western and South African governments should keep exerting strong pressure on the governments of Rwanda, Uganda and the DRC so that the latter immediately stop supplying their respective proxies.

A three-month stop-gap deployment of an interim multinational force securing only Bunia town and incapable of reaching out to civilians in the rest of the province was deemed insufficient. According to ICG, the only way to break the cycle of violence in Ituri district is to back-up the Ituri Interim Administration's work over a long-term period. MONUC, which is scheduled to replace IEMF, should have the robust means as well as the mandate to permanently ensure the demilitarization of Bunia, to support the negotiated cantonment, disarmament, demobilization and reintegration of all militias, and to deploy one battalion in at least three other strategic towns of Ituri district. The control of arms flows to Ituri being another central element of the pacification process, ICG recommended posting UN military observers on notorious supply routes and sites to exercise control. Finally, in order to put an end to impunity, to scare extremists and reduce violence, ICG recommended setting up an international judicial commission of inquiry into the crimes committed since June 1999.

Eventually, the pacification of Ituri district should become a test-case for the pacification of the entire Congolese east. In that respect, MONUC should play a key role by proposing a Kivu Pacification commission, and by planning the deployment of a well-armed military contingent in the Kivus and on the Rwandan border. To sum up, there seems to be no other option for the pacification of eastern Congo but a sustained, robust and widespread UN intervention.

2. Comments by Norbert Braakhuis, Netherlands Ministry of Foreign Affairs

Norbert Braakhuis recalled the historic background and complexity of the current developments. Some of the problems the region faces today, such as population pressures, were indeed already acute before independence when Rwandese residents were transplanted in eastern Congo by Belgian rulers. Equally, much of the ethnic tensions that characterise present-day Congo does not exclusively relate to the 1994 genocide but already surfaced at independence. In fact, the present state of Congo might be considered as the outcome of a legitimacy void created over the past forty years. Historical roots should certainly be taken into account in designing a strategy for the pacification of eastern Congo. Beyond immediate action, key questions for the reconstruction of the DRC will have to be addressed relating in particular to the future relationships between the regions composing the Congo (one may say, the Congos) and the central government in Kinshasa which is expected to take up its functions but which suffers at first sight from the same lack of representativeness and national vision as its predecessors. Devolution of power, legitimacy and accountability are therefore key issues for the future. While an immediate stabilization is urgently needed, it is also crucial to start considering opportunities and modalities for rebuilding the country on a different basis. Finally, there is a temptation to simplify the parties' agendas and intentions in order to make them easier to understand. However, security concerns are no less important than economic objectives and are superposed on long-standing ethnic tensions as well as traditional disputes in the region between pastoralists and cultivators. As a result, it is misleading to single out any war aim or cause of conflict in the Great Lakes region. Still, the international community is called to intervene in a region it has little knowledge of.

3. Discussion

The Desirable and the Feasible

The discussion highlighted the gap which may exist between what should and what can be done. Doubts were raised, for instance, over the actual possibility of controlling weapons deliveries in such a region as the Great Lakes given the fact that arms embargoes have nowhere ever proved efficient. By the same token, establishing an international commission of enquiry in Ituri appeared quite challenging given the track record in investigation of the International Criminal Tribunal for Rwanda where the criminal situation was arguably more clear-cut. However, as the lack of troops, funds and capacity of MONUC illustrates, the gap between what can and should be done is often less a question of feasibility than of political will. While the case for realism - if not pessimism, given Congo's history - is strong, all participants agreed that solutions have to be worked out and each opportunity has to be seized to try to enhance the process. In that respect, in spite of the international community's late reaction and double standards (after all, massacres have been perpetuated in Ituri district for years), in spite also of the Europeans' traditional propensity to internationalize and exacerbate Congo's problems, the IEMF should be given full support.

Opportunities and Risks of Operation 'Artemis'

Operation 'Artemis', as the military intervention in Ituri has been called, represents the first ever military operation launched outside Europe by the EU in the name of the European Security and Defence Policy. For once, EU member states have reacted (relatively) quickly to the request for action by the UN Secretary General and to UN Security Council resolution 1484 (although warnings had been sent for months before the withdrawal of Ugandan troops). While any complacency should be avoided, this prompt reaction already has had some impact in Kinshasa where it was interpreted as a strong signal that the international community was finally, and irreversibly, prepared for a more determined engagement in the pacification of the Congo. This observation was reinforced by the fact that the deployment had the consent of the three presidents of the DRC, Rwanda and Uganda.

Despite general agreement that the IEMF was limited in scope and duration, it is expected to have a strong and positive impact if it succeeds in safeguarding the local administration as created by the Ituri Pacification Commission and in establishing a safe platform in Bunia for representatives of all ethnic groups to initiate a process of grass-roots reconciliation, and for all military leaders to discuss and oversee the implementation of the Dar-es-Salaam agreement. While clashes and ethnic massacres are likely to continue outside of Bunia, the Ituri peace process may be sustained once Bunia is secured.

Nonetheless, operation 'Artemis' entails a number of risks. First, the multinational force may face attacks, notably upon the arrival of its first contingents. The establishment of the force may also lead to a massive influx of IDPs and may create a humanitarian crisis which is difficult to manage. Crucially, since the operations of IEMF are limited to Bunia, it may not be able to react to potential massive ethnic violence in the outer areas, and to respond to situations which were the very *raison d'être* of the intervention. Failing to react properly to fighting or genocidal violence in or outside Bunia would seriously undermine IEMF's credibility. Given the fact that an army of journalists will travel to Bunia in the wake of the IEMF, the force might come under strong pressure to act beyond its mandate (the 'mission creep' syndrome) or its mandate could be revised and extended accordingly.

Whatever the case, the media coverage has been instrumental in spurring collective action in Ituri district and will most likely continue to play a key role. At worst, were operation 'Artemis' to end up in a disaster, public support for this kind of intervention may shrink and the first ESDP operation outside Europe may, at least for some time, also be the last. At best, however, media coverage may contribute to the quest for a solution in Ituri and the wider eastern Congo by stimulating the political will the major actors had been lacking prior to operation 'Artemis'.

In that respect, consideration should be given to suggestions made by the Humanitarian Advocacy Group for the DRC to include in the IEMF mandate the protection of the IPC institutions, a media reconciliation campaign, the cantonment of armed groups, the demilitarization of Bunia, and the creation of humanitarian corridors.

Kinshasa vs. Bunia

While all participants agreed that peace may not be restored in the DRC if international action proved too limited in scope (Ituri) and in nature (military involvement), the question arose as to how the peace processes in Kinshasa and in Bunia could and should be articulated.

Some participants warned against the risk of being distracted and deviated by the situation in Ituri. While in the final analysis long-term effects may only be obtained as a result of the transition process envisaged to start in Kinshasa, it was deemed important not to lose the momentum created by

the signing of the various peace accords. Representing the only source of legitimacy in the country and the first stepping stone of this process, the transitional national government (TNG) should soon be installed and be given full attention and support by the international community.

However, other participants stressed that the transition process was endangered by the developments on the ground and the continuous violence in eastern Congo. In fact, there were reasons to believe that chaos was deliberately created in the east by Uganda and Rwanda as a way to torpedo the peace prospects. Although a political process is clearly needed both in Ituri and in the Kivus through the establishment of an interim administration, such a process is hampered by the persistence of violence. Consequently, the international community should proceed step by step and first obtain a complete cessation of hostilities by neutralizing the peace spoilers.

Because of its heterogeneous composition and the double role of the Congolese parties - most of which are continuing their military operations while being committed to the transitional institutions - the expectations from the transitional government should not be set too high. While its establishment was unanimously considered a major requirement for the peace process, the transitional government could not be expected to pacify the east by the sole virtue of its installation². Hence, the local and national peace processes have to be fostered in parallel. In that respect, it was deemed critical that the international community and EU member states in particular stick together in supporting the transition process.

² The transitional government was finally announced by President Joseph Kabila on 1 July 2003.

Session 2 Politico-Military Responses to the Crisis: Peacekeeping, Disarmament and Demobilization

1. DDRRR: How to Get the Programme Going? Raja Jandhiyala, United Nations Development Programme

UNDP Programme Advisor in Kinshasa, Raja Jandhiyala, remarked that a negotiated peace settlement usually assumes commitment from all parties, which means that the disarmament process is of a voluntary nature. Usually, it is on the basis of this assumption that peacekeeping forces are deployed and given a mandate to proceed, *inter alia*, with the disarming of the combatants. But this does not apply to the case of the Democratic Republic of the Congo. Here, three different caseloads of combatants have to be disarmed:

- Non-Congolese combatants (Rwandan Hutu rebels) who are targeted by the DDRRR programme, totalling approximately 20,000 people;
- A significantly larger group of around 200,000 Congolese combatants belonging to components of the transitional government;
- Congolese nationals not belonging to any of the governmental components but who are members of local militias (this caseload is even larger as it encompasses almost every civilian which is in the possession of a weapon).

Experience shows that combatants are prepared to be disarmed in a few instances only: as a result of fatigue, military operations, or instructions given by political leaders satisfied with the outcome of the war. Until now, however, the Congolese context has displayed none of these factors leading to a successful DDR. To achieve an effective disarmament, additional conditions have to be met.

- First, minimum security conditions should exist on the ground in order to convince combatants to hand in their weapons.
- Secondly, parties should be committed at the highest political and military level. This means that the transitional government must be established, but also that direct negotiations are commenced between MONUC and the military commanders in order for the latter to issue the appropriate instructions to their troops.

- Thirdly, options for reintegrating the combatants should be made clear to all concerned. At present, options for civilian reintegration have been developed within the framework of the Multi-Country Demobilization and Reintegration Programme (MDRP), but the same is not true as regards the integration into the future national army. In this respect, it is vital to solve the dispute over the sharing of military responsibilities and to initiate the reform of the security sector³.

2. Comments by Martin Koper, Netherlands Ministry of Foreign Affairs

While DDR and the peace process are clearly interlinked, it is a one-way relationship: the peace process can drive disarmament and demobilization, but the reverse is not true. Therefore, expectations should not be set too high as regards an effective DDR in the DRC: donors and executing agencies should concentrate on completing the Multi-Country Demobilization and Reintegration Programme and should ensure MDRP's implementation from the moment peace in the DRC is restored. If proper arrangements to absorb and take care of the demobilised combatants are left undone, the peace process may be seriously endangered. MDRP should also be made as flexible and proactive as possible in order that every opportunity is seized to reintegrate in civilian life those who may incidentally be willing or allowed to do so. Yet, MDRP has originally not been designed for the kind of in-between situation that characterises the current DRC. That is why political analysis in combination with a rapid reaction mechanism should be made part and parcel of the DDR strategy with a view to anticipating, identifying and exploiting those small windows of opportunity that may arise.

3. Discussion

The Role of the UN Mission in Congo

While 17,000 troops were sent to Sierra Leone to disarm combatants as duly foreseen in a peace agreement, the UN Mission in Congo was initially made up of 5,000 observers deployed in the country despite the absence of proper disarmament provisions. In addition, part of the solution to the disarmament issue relates to the conditions of reintegration of Rwandan Hutu rebels into their country of origin, and in this respect MONUC lacks the means to act. For all these reasons, MONUC's poor performance as regards DDR should not be surprising. According to several participants, the UN mission could nevertheless have shown more creativity and could have been more proactive despite, and within, the limitations of its mandate and resources.

Ex-FAR and Interahamwe

As recalled by one participant, the Lusaka and Pretoria I agreements are fundamentally flawed as two parties basically agreed to have a third one disarmed, which was not a signatory to these agreements. Yet, the disarming and repatriation of Interahamwe and ex-FAR elements remain vital issues: no stabilization of the DRC can be expected as long as these groups, now calling themselves *Forces Démocratiques de Libération du Rwanda* (FDLR), are present in the country. While DDR cannot spur the peace process, the latter may be torpedoed by the Rwandan government if progress in the

³ Rebels and the government of the DRC finally agreed on the sharing of military posts on 29 June 2003.

disarmament of Hutu extremists in Congo does not come off. Action is thus required at different levels.

- First, the political situation in Rwanda proper should be fully taken into consideration when planning for potential disarmament and repatriation of armed groups. Yet, MONUC is said to have very little knowledge of the Rwandan political context and is therefore not able to report adequately to Rwandan rebels in the DRC.
- Secondly, efforts should be made to isolate Rwandan Hutu hard-line leaders from the rank and file and to respond to the wishes of those of the latter who might be disposed towards surrender. At the same time, it was also stressed that a comprehensive DDR process is unlikely to occur without the support and commitment of top military commanders.
- Thirdly, continuous pressure should be exerted on the Kabila government to put a definitive halt to its supporting Interahamwe and ex-FAR elements. However, those groups should also be deprived of the support they allegedly receive from within European countries.

The Congolese Combatants

The Congolese combatants constitute a much larger group whose disarmament and reintegration is no less politically significant as each of these factions is susceptible of breaking away from and thus causing the collapse of the peace process. Yet, the specific requirements of those nationals attached to the transitional government may not have been sufficiently taken into account. For their DDR to eventually materialise, the following is required:

- Keeping pressure on the transitional government to remain cohesive;
- Fostering agreement, beyond the distribution of military posts, on the size and structure of the national army and the incorporation of rebel groups within its ranks;
- Designing a programme of reintegration for this specific caseload. Only such a programme will enable the demobilised combatants to resign to their fate (political requirement), to be occupied with new activities (military requirement) and to meet their basic needs (social requirement).

The Local Militias

A strategy different from formal DDR may be required for the local militias, entailing post-conflict rehabilitation activities, community development projects and innovative initiatives for collecting small arms.

Session 3 The Economics: Channelling Resources Towards Development

1. Transforming a Predatory Economy, Prof. Stefan Marysse, Antwerp University

Professor Marysse emphasized that the conflict currently ravaging the Great Lakes Region is the results of an intricate cluster of internal and external factors. The two immediate factors were an internal conflict in Rwanda that spilled over into Zaire and the gradual decay of the Zairean state during the Mobutu years.

During the reign of President Mobutu, who was firmly supported by the West in the Cold War years, the economy of Zaire all but collapsed, ruined as it was by the neo-patrimonial regime. Political patronage and clientelism were viewed much more important than the responsible economic management of enterprises, thereby undermining the productive base of the Zairean economy. This in turn seriously compromised the financial base of the State: in less than twenty years, it shrunk to a mere five percent of its previous level. As state revenues no longer sufficed to finance even the most basic functions of the State, the army was left to fend for itself and was no longer preoccupied with defending the country. Soldiers were no longer paid, so that they resorted to imposing ad hoc taxes on the population.

The waning support from the West following the end of the Cold War still aggravated Zaire's problems. President Mobutu's regime became labelled 'kleptocratic' and support from the West shifted to 'new' more 'enlightened' African leaders, such as Museveni and Kagame, who maintained close ties with the United States and the United Kingdom in particular and, until very recently, could count on their almost unconditional support. However, the UN Panel of Experts has demonstrated how Uganda and Rwanda are taking advantage of their military presence in eastern Congo by illicitly exploiting and exporting the DRC's natural resources. Yet, the notion of illegality, on which the UN Panel's assessment is based, has several shortcomings. First, it begs the question of the legality and legitimacy of the present Congolese government. Secondly, the phenomenon of illegal exports is not confined to the period of occupation, but is a deep-rooted reality in this country with a weak state: those in power, rather than fostering the general interest, have abused their position to enrich themselves by illicitly exporting Zaire's mineral wealth. For a proper estimation of the true extent of damage done, the concept of illegality should be replaced with the notion of plunder, which ties in much more closely with economic reality than the UN Panel's perspective based on the rule of law. If the war is allowing value added in the exploitation of natural resources to be siphoned off to a military-commercial group, so that it does not benefit local actors, this should be labelled 'plunder in times of war'. In the case of Rwanda plunder appeared to be more significant than in that of Uganda, accounting for 6% of Rwandan GDP or 146% of military expenditure when the coltan rush was at its peak. One may therefore safely say that the abundance of natural resources has extended the war and prolonged the people's suffering.

An analysis of the specific coltan trade chain leads to the following, somewhat unexpected, conclusions. First, coltan production is completely ‘informalised’ and a myriad of intermediaries is earning a living in this commodity chain. An international boycott of supposedly ‘illegal’ coltan exports is clearly problematic, given the harm such a boycott would inflict upon these informal diggers and intermediaries. Secondly, the highest value added is generated in the mining sites that are under direct control of the Rwandan military and are exploited through forced labour. Thirdly, most of the value added is captured by international traders, some of whom have direct links with the military-commercial class of the invaders. The example of coltan plunder may help understand the role of crisis-ridden peripheral countries such as the DRC in international trade. However, Congo is certainly not regarded as a long-term source for a stable supply of coltan as compared to more ‘reliable’ countries such as Australia and Brazil. Ultimately, the DRC remains as economically marginal as before, failing to attract serious long-term investment because of the country’s instability.

To conclude, donors should take the following considerations into account when developing policies for rebuilding the DRC.

- First, the Congolese government will need much higher financial means (estimated at 2 billions dollars) in order to be able to fulfil the minimum functions of the state. Although much money is pledged, donors are understandably reluctant to actually liberate these funds unconditionally.
- Secondly, transaction costs in the DRC must be reduced. While the Congolese are more creative than any other people in devising coping strategies, transaction costs remain higher than anywhere else, which can only hamper commercial activities.
- Thirdly, a strategy for the poor might be a poor strategy: beyond the legitimate insistence on a participatory pro-poor approach, real development requires the ‘hard core’ to be in place, starting with an efficient infrastructure and a well-functioning army. Such sectors, however, are both extremely costly and hardly attractive for donors.

2. Economic Revival and Poverty Alleviation: an Optimist’s Agenda, Mbuyamu Ilankir Matungulu, (until February 2003) Minister of Economy, Finance and Budget of the DRC

Since it gained independence from Belgium in 1960, the Democratic Republic of Congo has undergone a profound transformation of its social fabric, essentially characterised by extreme pauperization of its people. Against the background of constant political instability and gross mismanagement of public resources, the economy has performed very poorly, resulting in a tremendous decline in per capita income over the years. Drawing from these developments, many in Congo, as well as within the international community, had given up hope that the country’s economy could be revived, and a genuine process of poverty reduction initiated. Yet, the DRC may still escape this doomsday scenario. Indeed, as developments during 2001-2003 clearly suggest, a fundamental change in the country’s economic fortunes may well be possible.

Economic performance in the 1990s and in 2000 was marked by severe macroeconomic imbalances and negative growth. Government revenue declined substantially, against the backdrop of expanding expenditure, resulting in large fiscal deficits, which were systematically monetized. Money supply ballooned, setting in motion a vicious hyper-inflationary process, while the national currency constantly depreciated over time. The overall rate of GDP growth remained systematically negative

throughout the 1990s; in 2000 it stood at minus 7 percent, whereas the same period showed a significant increase in inflation.

To prevent a further deterioration of the economic situation, the government, under the leadership of President Joseph Kabila, put together an IMF staff-monitored reform programme (SMP) covering the nine-month period between July 2001 and March 2002. The SMP aimed primarily to stamp out the raging hyperinflation, to stabilize the macroeconomic framework, and to lay the basis for a strong and sustained revival of economic growth. Several corrective measures were introduced to that effect, most of which in the budgetary and monetary areas. Together with the macroeconomic measures, a comprehensive structural reform programme was put in place. It called, *inter alia*, for the liberalization of all key sectors of the economy, ranging from the distribution of, and setting prices for, petroleum products, to public transport and diamond export activities. Congo's SMP produced surprisingly good results: monthly inflation initially declined to below 1 percent; the budget deficit was, for all practical purposes, eliminated by 2001; reform measures also brought about remarkable stability in the external value of the national currency; finally, with the liberalization of their prices, petroleum products became more readily available. The implementation of Congo's SMP received a satisfactory evaluation from the IMF and the World Bank, allowing the government to negotiate with these institutions a three-year programme under the IMF's Poverty Reduction and Growth Facility (PRGF).

The PRGF-supported programme seeks to consolidate macroeconomic stability and to improve the business climate in Congo, so as to enhance competitiveness of the Congolese economy. It benefits from IMF and World Bank financial support in the sum of USD 750 million and over USD 900 million dollars, respectively. Key measures under the programme include the continuation of prudent budgetary and monetary policies, with a view to consolidating the gains made under the SMP in tackling inflation, continuing currency depreciation and macroeconomic instability. During the 9-month period up to December 2002 the performance under the new, PRGF-supported, programme was satisfactory. Inflation remained under control, while economic activity began to pick up, particularly in the second half of 2002. For the first time in more than a decade, Congo recorded in 2002 a positive rate of economic growth - estimated at 3 percent.

It should however be pointed out that to put itself firmly on the path towards sustained growth, Congo will have to reinforce its structural reform agenda even more, aimed at improving the general business climate, particularly in the areas of tax administration, the judiciary, and the financial and public enterprise sectors. But the Congolese economy is also in need of large infusions of financial resources. For that reason, maintaining good relations with the international financial community, notably through a successful implementation of the PRGF-supported reform programme, will continue to be critical. But experience has also demonstrated that in the effective implementation of the required economic reform measures several major risks have still to be faced. Potential downsides for Congo include: (i) high expectations among the population for a rapid improvement in living standards; and (ii) continued uncertainty on the political and security fronts.

3. Discussion

Fighting the International System of Predation...

As recalled by several participants, the ‘international community’ plays a direct role in predatory economies as home countries of companies that do business in conflict areas like Congo. According to Global Witness, up to 50% of EU timber imports may be labelled illegal, which clearly illustrates both the lack and the need for policy coherence from the part of European countries. At present, EU trade regime undermines any attempt to combat predatory economies.

While the Kimberley process represents a step forward in tackling the existing international system of predation, the certification scheme is not water-tight - even less so as countries like the United Kingdom, South Africa and Israel fail to report on their imports. Companies continue to operate in an international legal vacuum that needs to be filled in order to tackle the problem of conflict trade. But experience shows that it is extremely difficult to file a concrete case against companies and to demonstrate with undisputable evidence that fraudulent activities are undertaken. In addition, while economic monitoring and regulatory frameworks are certainly needed, political will is even more crucial to have these mechanisms actually enforced. Yet, whereas pressure is exerted by NGOs and the media, this cannot be said of the home governments of the companies involved in conflict trade, as shown by the lack of follow up on the OECD guidelines and on the recommendations of the UN Panel of Experts.

... While Building on Existing Networks

The task of reconstructing the DRC is made even more immense as the formal economy has completely collapsed (95% of the population now live from the informal sector) and social cohesion has dissipated. Such a dire situation requires both realism and creativity when looking for ways to rebuild the country. Compensating for this lack of social cohesion it may be temporarily needed to make use of the existing, even though illicit, networks of artisans, diggers, and workers. Not only should these networks be preserved as they enable the population to survive, but they might also provide the basis for economic recovery. The same logic may apply in the realm of politics. While the Kabila regime is largely composed of individuals from abroad who have not been engaged in networking, one option might be to resort to some kind of clientelism inherited from the past. Clientelism, indeed, at least enables to link and lead people towards a common objective. Finally, as regards the society at large, churches, chiefs and traditional leaders may also have a role to play in restoring a certain degree of social cohesion. While such an approach may appear politically incorrect at first sight, it is no less valid than rewarding violence with appointments to ministerial posts.

Session 4 International Aid: Helping Rebuild the State and Develop the Country

1. From Stabilization to Recovery to Real Development, Onno Ruhl, World Bank Resident Country Manager for the DRC

As recalled by Minister Matungulu, the economic situation of the DRC has now been stabilised thanks to the support given by the Bretton Woods institutions. Technically in a post-conflict setting since 2 April 2003, the country is now ready to enter the next phase of recovery, which should cover the transition period. The real development phase is envisaged to start after the elections called for in 2005.

For recovery to be actually achieved three conditions are needed: the transitional government must take office; violence must stop; and a strategic framework must be designed, which is the purpose of the \$454 million Emergency Multi-Sector Rehabilitation and Reconstruction Project (EMRRP) approved by the Board of the World Bank in July 2002. What are the priorities?

- Rebuilding roads and infrastructure: Roads open the way for development, *inter alia*, by reconnecting the markets.
- Boosting the formal private sector: By definition, the informal sector generates no revenue to the state, which is consequently unable to provide proper public services; it is therefore imperative to gradually move the informal sector into the formal one, not by suddenly imposing a coercive tax system but by using inducements such as credit instruments at micro level. Micro credit may make the formal sector attractive by allowing recipients to move from survival activities to investment.
- Investing for the future by targeting education and health sectors.
- Reinforcing legitimate authorities: this objective should be pursued not only through programmes producing tangible results, but also by increasing the transparency of natural resource exploitation and improving public expenditure management.

In the short run, there are reasons for optimism. The delivery of foreign aid will create growth (as estimated, up to 10% until the elections) and spur investment. In the medium term, mining, forestry, energy, agriculture and trade and services can be expected to substitute foreign aid as the main sources of growth. However, the question arises - and is especially relevant for the World Bank - how to avoid Congo turning into a new Zaire in the long run. The answer, in four letters, might be: PRSP. While the abbreviation may sound a bit bureaucratic, the elaboration during the next three years of a Poverty Reduction Strategy Paper for the DRC is actually the means to designing a Congolese development plan for the Congolese people. Making the Congolese people responsible for their own development and freeing them from the donor dependent mentality is the best way to offer the DRC a better fate than Zaire.

2. Supplementary Remarks by Prof. Mbaya Kankwenda, United Nations Development Programme

The war in the DRC resulted from the double failure of the democratisation process and the development process. The transitional government will have to deal with this legacy and will be under immense pressure to deliver in order to make peace dividends tangible. Therefore, it should identify the stakeholders and be guided by their expectations.

- With a view to fostering economic recovery, the transitional government will also have to determine which sectors to give priority to - with due regard to their potential for creating job opportunities. Agriculture, infrastructure and export industries (mining) are likely to be among these key sectors.
- Recovering from the failure of economic governance will require from the new leadership of the country a largely shared vision of reconstruction and development, which has, however, been lacking since independence. Having such a vision and rebuilding institutional capacity are the only ways to move from a predatory economy to a development-oriented system.

For its part, the international donor community should certainly refrain from imposing its views but instead should facilitate the process of reconstruction/development. In this perspective, it should:

- Consider cancelling, rather than reducing or rescheduling, the debt.
- Reinforce state institutions with a view to provide the DRC with the capacity to protect itself against its neighbours.
- Empower local communities.

3. Discussion

What to Expect from the Transitional Government?

Several factors contribute to reduce the attractiveness of the DRC to donors, some inherited from the past (the shadow of Mobutu's Zaire) and others related to the present context (the continuous violence in the east). The installation of the transitional government is therefore key to create confidence. This step passed over, many questions arise as to the way the TNG will effectively function and perform.

While the various components of the government did not really fight over divisive political issues, they are not known either for holding a large vision of the country's future. How to rebuild the DRC with such a leadership? How much committed to the peace process are governmental components that continue to engage in fighting on the ground? While most factions fought over strategic positions for predation purposes, have their motives significantly changed or have they been sufficiently satisfied since then? Thus, while its installation is certainly essential, one should not expect too much from the TNG either. Yet, the overall picture may not be that bleak.

- The TNG may lack a national vision, but none of its components is driven by separatist goals.

- The TNG may lack cohesion, but all factions have a strong incentive to stand together in the foreign aid that will be disbursed: indeed, all factions understand that an improved economic situation makes it more likely for them to perform well in elections and they may therefore appreciate the need for securing financial support (through HIPC) and creating peace dividends.
- The TNG may lack coherence, but this may be compensated for by the pressure that international actors and donors will have to exert on the Congolese parties. It is also important the transitional government be assisted in getting focused on a few priorities to achieve during the transition period, and that they are not overwhelmed with recommendations and ready-made solutions as it is often the case.

How to Engage with a Failed State?

Rebuilding the DRC requires setting up not only a legitimate, but also efficient government, which performance is assessed through the quantity and quality of public services it delivers. Relying on NGOs for the delivery of such basic social services may enable to obtain quick results, but this option is a valid one in the short term only. The private sector can also be resorted to in sectors where NGOs' contribution is limited, such as roads and infrastructure. In the final analysis, a government should be composed of ministries, not only of ministers. The following key considerations may be examined in that respect:

- First, the state is so weak that it should be ascribed no other role/ambition than focussing on the essentials.
- Secondly, the chief reason why state institutions are weak in the DRC does not relate to deficient human capacity, but to the lack of financing. Hence, the key is to work out mechanisms that finance the state.
- Thirdly, and as an illustration, providing law and order requires funding for the police and the armed forces. Donors would thus be well advised to allocate significant funds for the security sector, although funding is clearly not a sufficient condition for restoring law and order.
- Fourthly, mechanisms should be created not only to generate revenue but also to ensure transparency in spending activities (public expenditures management). This is where codes for the regulation and management of natural resources find their relevance.
- Finally, development should not be based on natural resource exploitation only (the curse that lead states to fail) but increasingly on trade and services.

Conclusion: The perfect and the doable

The perfect is the enemy of the doable in the Democratic Republic of the Congo. Donors should not wait for ideal conditions before getting involved, but should engage now without further hesitation – as the Congo is not doomed to fail but would surely be otherwise.

Programme of the Seminar

Rebuilding the Democratic Republic of Congo: Which Role for the Donor Community?

*Seminar Organised by the Clingendael Institute - Conflict Research Unit
with the Support of the Netherlands Ministry for Foreign Affairs (Policy Planning Staff)
6 June 2003, Clingendael Institute, The Hague*

Chairperson

Renée Jones-Bos, Ambassador for Human Rights, The Hague (morning)
Fred Racké, Ambassador-at-large for Africa, The Hague (afternoon)

9.00h Arrival of Participants, Coffee

9.30h Welcoming Words by Paul Meerts, Deputy Director, Clingendael Institute

9.35h Aim of the seminar, Renée Jones-Bos, Chair

Session 1. The peace process in DRC and the region: assessing prospects and problems

9.40h Chaos and Violence in Eastern Congo; Transition in Kinshasa
Pierre Bardoux, Analyst, International Crisis Group, Nairobi, Kenya

10.00h Comments by Norbert Braakhuis, Head Central and Eastern Africa,
Netherlands Ministry for Foreign Affairs

10.15h Discussion

11.00h Coffee break

Session 2. Politico-Military Responses to the Crisis: Peacekeeping, Disarmament and Demobilisation

11.30 A Role for Europe?
Peter Beck Christiansen, Head of Unit for Central Africa/Great Lakes,
European Commission, Brussels

- 11.50h DRRR: How to Get the Programme Going?
Raja Jandhiyala, Programme Advisor United Nations Development Programme,
Kinshasa, DRC
- 12.05h Comments by Martin Koper, Deputy Head, Peace-Building and
Good Governance Section, Netherlands Ministry for Foreign Affairs
- 12.10h Discussion
- 13.00h Lunch
- Session 3. The Economics: Channeling Natural Resources Towards Development*
- 14.00h Transforming a predatory economy
Professor Stefaan Marysse, Institute of Development Policy and Management,
University of Antwerp and Chairman Africa Institute, Tervuren, Belgium
- 14.20h Economic Revival and Poverty Alleviation: an Optimist's Agenda
Mbuyamu Ilankir Matungulu, Former Minister of Economy, Finance and
Budget of the Democratic Republic of Congo
- 14.40h Discussion
- 15.30h Tea Break
- Session 4. International Aid: Helping Rebuild the State and Develop the Country*
- 16.00h From stabilization to recovery to real development
Onno Ruhl, World Bank resident country manager, Kinshasa, DRC
- 16.20h Supplementary remarks by Professor Mbaya Kankwenda
Programme Coordinator, United Nations Development Programme
- 16.30h Discussion and considerations on strategies and scenarios for rebuilding the Congolese
State
- 17.30h Closure of the seminar

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