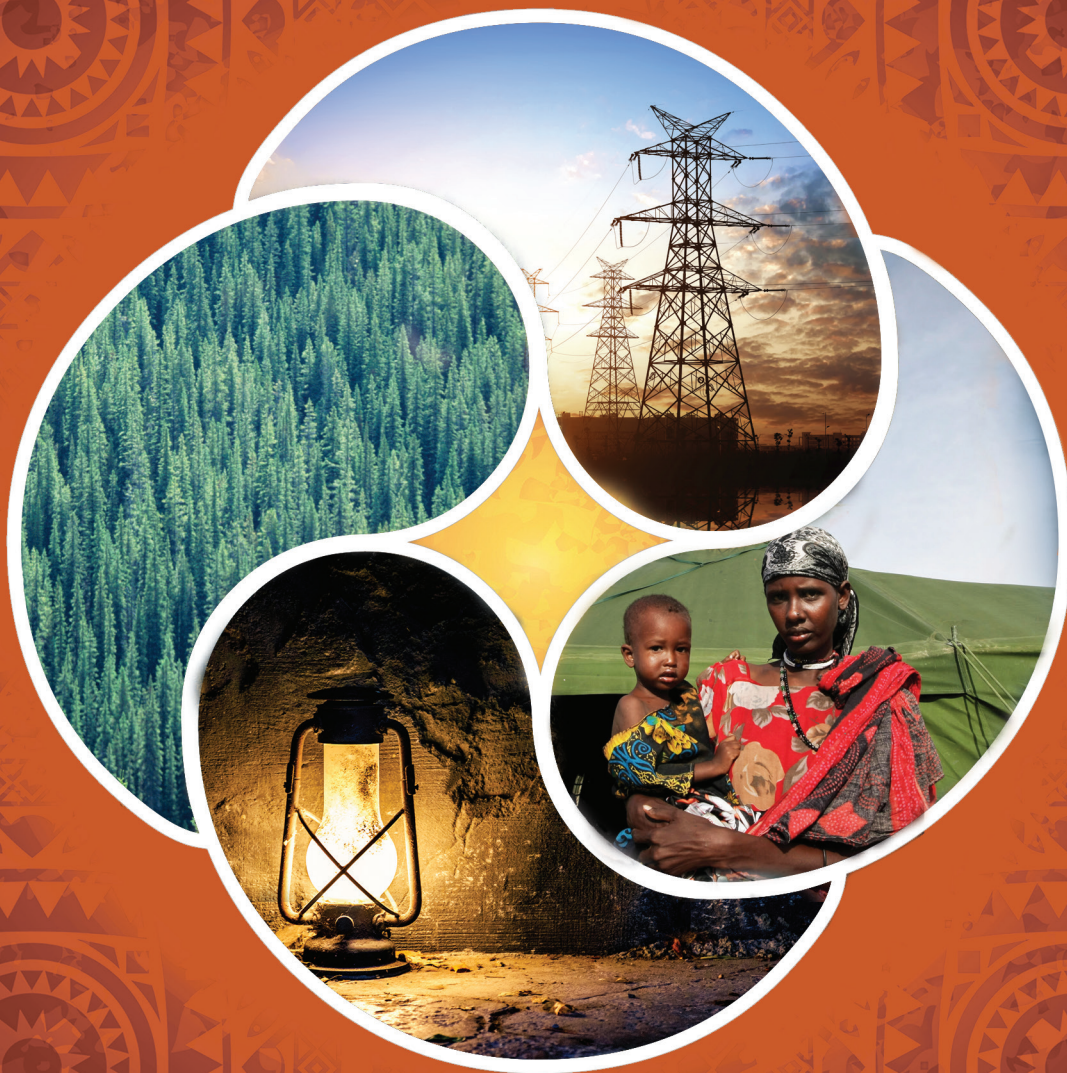




United Nations
Economic Commission for Africa

Conflicts in the Democratic Republic of Congo:

Causes, impact and implications for the Great Lakes region





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Web: www.uneca.org

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Acknowledgement

In 2013, the Chairperson of the African Union Commission, Nkosazana Dlamini-Zuma, requested that the Economic Commission for Africa (ECA) undertake three regional studies to examine the root causes of conflict in the Great Lakes, Sahel and Horn of Africa regions and to assess the costs and consequences of conflict for development.

The Conflict and Development programme accordingly benefited from the overall leadership, guidance and unwavering commitment of the Executive Secretary of ECA, Carlos Lopes, and the Deputy Executive Secretary for Knowledge Generation and Chief Economist, Abdalla Hamdok, who actively supported the preparation of the three regional studies.

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Executive Summary

The Democratic Republic of Congo is recovering from conflicts, posting substantial improvement in overall macroeconomic performance since the cessation of the war, on the back of robust copper and cobalt exports. Inflation has also declined remarkably and it has stabilized at single-digit levels thanks in major part to restrictive fiscal policy achieved through expenditure compression. These positive developments notwithstanding, the country remains confronted with structural problems at the sectoral level as well as high levels of poverty, high unemployment especially for the youth, and inadequate access to basic social services for the majority of the population especially in the rural areas.

The conflicts in the DRC and their aftermath remain a major cause of concern, as they pose a multi-dimensional challenge to economic and human development in the country and in the region. This calls for high-level attention at regional and global levels to support the DRC government in the search for a solution to conflicts and in its efforts to put the country back on a path of sustainable development. In this context, this report seeks to contribute to deepening knowledge on the root causes and developmental implications of the conflicts in order to formulate informed policy decisions at national, regional, and international levels. The report is organized in four chapters: an introductory chapter, a second chapter analyzing the root causes of the conflict, a third chapter documenting and discussing the development impact of the conflicts on the DRC economy and on the region, and a concluding chapter providing key messages and some policy recommendations.

Key findings and main messages

1. The recent wars in the DRC are, to some extent, a reincarnation of past conflicts, which is an indication that the fundamental causes of the wars have not been adequately addressed. This report therefore emphasizes the need to take a historical perspective in the analysis of the root causes of the conflict and in the design of strategies aimed at not only ending the conflicts but also minimizing the risk of reoccurrence of the conflicts in the future.
2. The wars in the DRC have multiple causes revolving around four clusters of factors: economic factors, institutional factors, regional factors and global geopolitical factors. These factors are interrelated and cannot be treated in isolation in understanding the causes of the conflicts or in the design of strategies for overcoming conflicts and for post-conflict economic development. The overall weak state of the economy played a key role in the genesis of the conflicts. The anti-Mobutu war erupted in an environment that was ripe for conflicts. In particular, the erosion of the overall macroeconomic environment, the mismanagement of the public sector, and the deterioration of social conditions, especially the explosion of youth unemployment, severely weakened the capacity of the state to deliver basic needs and security to the Congolese people, thereby creating an environment that is ripe for the formation of grievance-induced and greed-driven violent contestation of state authority.
3. While the wars in the DRC have been portrayed as “resource wars”, natural resources are not a direct cause of the conflicts. The wars may be better characterized as primarily “distributional conflicts” in the sense that they were fueled by poor management the natural resource sector and unequal distribution of the benefits from natural resource

exploitation. Thus, rather than high endowment in natural resources being the issue, it is rather the failure to establish strong institutions and an effective regulatory framework to manage the natural resource sector that has both made the country vulnerable to conflicts and prevented it from taking full advantage of its massive natural resource endowment.

4. Institutions have played a key role in the genesis and perpetuation of conflicts in the DRC. The institutions established under the colonial regime and in the post-independence era generated and perpetuated antagonisms around the control of the state and national resources while sowing the seeds for inter-regional and inter-ethnic conflicts. The disputes around the configuration of the state – federalism vs. centralized state – which characterized the political discourse during the struggle for independence and in post-independence era remain a key subject of contention even in today's politics in the DRC. The establishment of liberal democracy has not resolved this fundamental issue, and this remains a fundamental constraint to the consolidation of the state in the DRC.
5. Another important institutional factor of the conflicts has been the manipulation of citizenship and nationality laws by leaders for political purposes, which has politicized ethnicity and Congolese identity. This has marginalized segments of the population notably people of Rwandan origin and fueled antagonisms between them and other groups, while at the same time undermining the relations between the state and the citizenry on the one hand, and the relations between the DRC and its neighbors in the east on the other hand. Ethnicity politics was a key factor in both the anti-Mobutu rebellion and the anti-Kabila war.
6. The adoption of political pluralism and the holding of democratic elections was a historical breakthrough in the DRC political system. In particular, the 2006 elections brought fresh air into the institutional process and revived hopes for legitimacy of state institutions and the central government. However, political liberalization needs to be further consolidated especially in the areas of transparency and equitable representation of all regions and segments of the population.
7. The wars have dealt a heavy blow to the DRC's economy and the region as a whole. At the macroeconomic and sectoral level, the conflicts have accentuated the deterioration of the economy that started in the 1980s through mid-1990s. The conflicts increased macroeconomic instability and investment uncertainty, and they have deteriorated public finance in terms of both government fiscal balances and efficiency of public finance management. The effects of the conflicts are likely to be long-lived as they have impacted the key drivers of economic growth notably industry, manufacturing, agriculture, and human capital. They have reinforced the structural dependence of the economy on natural resources by undermining economic diversification. They have also increased the dependence on external financing by undermining domestic revenue mobilization, especially taxation in the natural resource sector. While the overall macroeconomic environment has improved recently especially starting since the cessation of open hostilities, with a surge in growth and a reduction in inflation, the aggregate picture masks structural problems at the sectoral level and deprivation at the individual and community levels.
8. Beyond the macroeconomic and sectoral impacts, the conflicts have had equally if not more damaging effects from a social and human development perspective. Beyond the high death toll and population displacement, the wars have caused tremendous social and psychological trauma for women, young girls and boys who have been subject to physical and psychological atrocities including rape, torture, humiliation and alienation from their communities. In particular, young girls have suffered dispropor-

tionately from rape, while children have suffered more deprivation than the general population. While the effects of the wars have reverberated throughout the entire country, the regions that have been the terrain of open confrontations have been affected much more and exhibit worse social development outcomes than national average. The effects of the wars will have long-lasting scars on individuals, communities, and the country as a whole.

9. The conflicts in the DRC have been costly in various ways for the neighboring countries and the sub-region as a whole. The wars have prevented the DRC and its neighbors from taking advantage of cross-border trade opportunities. They have compromised regional infrastructure development, especially in the power and transport sector, thus undermining growth and regional integration. The wars have also corroded the environment for cooperation in the Great Lakes region, thus retarding the implementation of mutually beneficial regional integration programs.
10. The global environment remains a key factor of the country's prospects for conflict resolution and long-run economic growth. In the post-cold war era, although strategic imperatives have changed, the DRC remains strategically important in the global fight against terrorism. It is also the epicenter of the global scramble for natural resources driven by the ever-rising demand for energy and industrial raw material. In this context, the stability and consolidation of the state's control over the territory has a major global public good dimension. Hence the urgency for concerted efforts at regional and global levels to support the Congolese government and people to find solutions to the conflicts and move to a path of strong, sustained and shared economic growth.

Conclusion and Recommendations

Finding solutions to the conflicts in the DRC requires addressing the root causes of conflicts not only to bring an end to existing instability, but also to prevent new cycles of conflicts. The focus should be on building strong institutions and a developmental state, designing and implementing a peace building agenda, rebuilding the economy, dealing with social and psychological effects of the conflicts, reforming the security sector, strengthening regional integration, and improving donor engagement to maximize aid effectiveness in terms of peace consolidation and economic development.

Institutions and state building

Going forward, two problems of state building need to be addressed: an economic problem regarding the management of fiscal decentralization and a political problem, namely overcoming the legacy of exclusionary politics. The fiscal decentralization agenda must be designed and implemented in such a way that (1) it ensures gradual devolution of fiscal power to the local communities along with decentralization of responsibilities in the provision public goods; (2) it minimizes imbalances across regions through redistribution of resources by the central state; (3) build technical capacity at the local level in public finance management; 4) establish and enforce mechanisms for transparency in public sector management.

Addressing the political problem of state building requires: 1) institutional mechanisms that ensure adequate representation of demographic minorities in all branches of government and in the security system; 2) enforcing constitutional rules on elections and democratic representation of all segments of the population.

Peace building, reconciliation and national dialogue

The DRC needs to design and implement a coherent national peace building aimed at establishing a people-to-people compact and a people-to-state compact as foundations of a developmental state. A key tool for peace building is open dialogue at local and national levels on fundamental issues that are either at the root of conflicts or effects of the wars. In this context, the DRC can learn – as appropriate – from other African countries that have implemented national dialogues on conflicts. In addition to strong commitment from the top national leadership, successful national dialogue for peace building will require substantial technical, diplomatic, and financial support from the regional community, especially the African Union, and from the country's international development partners.

Rebuilding the economy and awakening the 'dormant giant'

A central pillar of the country's efforts to overcome instability is an economic development strategy that not only aims to alleviate the effects of the conflicts, but also sets the foundation for fully exploiting the country's potential and launching it on a path of sustainable economic development. The strategy will be built around the following key pillars:

1. *Scaling up the stock of economic and social infrastructure and restoration of infrastructure* that has been destroyed, overused, or lacked adequate maintenance during the wars. The attention should be focused on energy, transport and telecommunications.
 - a) In the *energy sector*, it is important to pursue a mixed strategy that involves investment in both large power generation sources as well as small and micro power generation centers in the rural areas.
 - b) In the *transport sector*, in addition to scaling up investments in the restoration of existing infrastructure, it is important to improve the linkages between various nodes of the transport network, namely waterways, rail roads, and roads.
 - c) The *telecommunications infrastructure* should tap into public-private partnerships (PPPs) so as to capitalize on the technological and managerial expertise of the private sector, while leveraging the catalytic power of public financing from the government and donors.
 - d) *Going regional and pooling resources*: The design of the infrastructure development strategy must be conceived from a national and regional perspective. This will allow the DRC and the region as a whole to optimize the utilization of natural resource endowment by taking advantage of economies of scale and pooling resources at the regional level.
2. *Accelerate human development and increase employment creation especially for the youth*: This entails a reform of the education and training system to achieve a better match between the demand and supply of skills, and establishment of mechanisms and policies to incentivize job creation in the private sector.
3. *Harnessing the country's natural resource endowment* to convert the natural resource sector into a true engine of economic transformation and sustained growth. Specifically, attention should be on:
 - a) *Moving up the value chain*, enhancing linkages with the non-resource economy and employment generation in resource exploitation and transformation.
 - b) *Increasing revenue generation from natural resources* by rationalizing tax mobilization, reducing leakages of tax collection in the public sector, and combatting tax evasion by MNCs engaged in the natural resource sector, especially through im-

- proved transparency and public information disclosure of mining contracts and revenues.
- c) Build capacity and take advantage of existing institutional support in the region and the continent to improve the country's position in contractual arrangements with foreign investors in the natural resource sector.
 - d) Set clear rules on the utilization of the revenues from natural resources in an investment-oriented framework, as well as institutionalized and transparent mechanisms of distribution of rents between the central state and local communities.
 - e) Address the risk of resource-driven conflicts by taking advantage of existing frameworks at regional and global levels, notably the ICGLR's regional initiative against the illegal exploitation of natural resources.
4. *Leverage the potential of agriculture for employment creation, growth and economic transformation by:*
- Increasing infrastructure investment to reduce the cost of production (especially by providing reliable and affordable power), facilitate regional linkages and access to input and output markets, provide adequate and efficient storage and conservation of raw and processed agricultural products.
 - Increasing technology penetration in the agricultural sector by scaling up investments in research and development and facilitating access to existing technology for farmers and other operators in the agriculture sector.
 - Increasing investment in agriculture-specific skills development within the standard curriculum education and in the technical vocational education system.

Support social and psychological reintegration in the post-conflict reconstruction agenda, notably by:

To address the substantial and often-overlooked social and psychological effects of conflicts on individuals and society, it is important to take a comprehensive approach to post-conflict reconstruction that particularly targets the following:

- Scaling up resources allocated to the restoration and expansion of the health and education infrastructure.
- Establishing specialized curricula in health training institutions on socio-psychological treatment of victims of violence.
- Scaling up programs for family and community education, and sensitization on health and psychological effects of war and violence.
- Effective coordination between donors and the government in mainstreaming social and psychological dimensions in donor interventions and donor-funded programs.

Security sector reform

To consolidate the gains achieved recently in security, security sector reform is needed to address four fundamental problems: (1) the structural weakness of the military and police forces; (2) the legacy of abuses by government military and police forces against the civilian population; (3) the weakness of the judiciary system which has perpetuated the culture of impunity; (4) inequitable regional and ethnic representation in the security system.

To achieve these objectives, the security sector reform should aim to: combine military and political solutions; enhance capacity and professionalism; develop a politically neutral and

demographically representative security system; reform and strengthen the judiciary system in the areas of investigation and prosecution of violation of human rights by members of the police and the military forces.

Regional integration as a 'development bond'

The peace building and post-conflict reconstruction agenda must leverage regional integration as a 'development bond' to improve and consolidate the relations between the DRC and its neighbors, and the relations among the neighbors. The focus should be on:

- Building and expanding the regional infrastructure network especially in power generation and transportation, notably through implementation of CEPGL's and ICGLR's work programs in these areas.
- Promoting regional trade integration through implementation of regional protocols on movement of goods, capital, and people.
- Giving priority to "projects intégrants" (integrating projects) with high potential for horizontal and vertical linkages.

Donor engagement

The large number of donors, including traditional and new donors, requires innovative and flexible intervention approaches as well as increased coordination to maximize the security and development impact of aid in the DRC and in the region. In this regard, donors should prioritize the following:

- Leveraging and catalyzing resources through better coordination to pool resources from various donors including through public-private partnerships.
- Promoting 'integrating projects' that have the potential of establishing cross-border linkages between the DRC and its neighbors.
- Maximizing technology transfer to alleviate the shortage of skills in the DRC by systematically integrating technical capacity building in all donor interventions.
- Supporting to the regional integration framework especially through contributions to the ICGLR's trust fund to leverage the funding capacity of new donors and the experience of traditional development partners in the region.

Overall, the challenges of resolving conflicts in the DRC and establishing a strong basis for sustainable economic and social development are daunting. But the DRC also has an enormous potential for becoming an engine of growth and integration in the Great Lakes region and beyond by capitalizing on its massive resource endowment and its strategic position. To the extent that strong political will can be sustained and adequate financial commitments can be mobilized, the agenda for the resolution of the DRC conflicts offers an opportunity to leverage the country's potential to reap a substantial peace dividend not only for the Congolese people but also the entire Great Lakes region.

CHAPTER 1: Introduction

1.1 Cycle of wars and violence

Over the past two decades, Africa has enjoyed an impressive record in economic growth and steady progress in political stability marked by the end of conflicts in a number of countries, and consolidation of the democratic process in many others. However, instability remains a critical challenge for some of Africa, especially in the Great Lakes region. In particular, the insecurity in the Democratic Republic of Congo is a major constraint to economic and social development in the country and in the region as a whole. When the Secretary General of the United Nations issued his first report on “The causes of conflict and the promotion of durable peace and sustainable development in Africa” in 1998,¹ he noted that “Africa has begun to make significant economic and political progress in recent years, but in many parts of the continent progress remains threatened or impeded by conflict” (United Nations General Assembly, 1998, p. 3). The report observed that in 1996 alone, 14 out of the 53 countries in the continent were afflicted by armed conflicts. The list of conflict-afflicted countries included the Democratic Republic of Congo, which was experiencing the Kabila-led rebellion that eventually brought to an end the 32-year regime of Mobutu in May 1997.

In 2004, the United Nations Secretary General reported that the “gloomy picture” observed in 1998 had “changed dramatically and positively”, that only six African countries were in conflict and “facing deep political crises”, and that most African countries enjoyed “relatively stable political conditions” at that time (United Nations General Assembly, 2004). The DRC was not on the list of countries whose situation had “dramatically and positively” changed. It was still engulfed in deep instability despite the peace agreement that officially ended the war in that year. Today, the DRC is still facing deep insecurity and suffering from the consequences of what have been dubbed “continental wars” and the deadliest conflicts in the world since World War II (Coghlan et al., 2004; Prunier, 2009; Roberts and Muganda, 2008). In the 2013 report by the United Nations Secretary General, the DRC was singled out as one of the three African countries where there have been setbacks in stability and conflict resolution. Conflicts and wars remain a major feature of the Congolese history.

The DRC has continued to experience conflicts and instability despite consistent efforts at the national, regional, and international levels to negotiate the end of wars and consolidate peace. Key peace deals have been signed, including the six-country ceasefire signed in July 1999 in Lusaka; the July 2002 peace deal between the DRC and Rwanda for the pull out of Rwandan troops and disarmament of Rwandan Hutu militias in Eastern DRC; and the January 2008 accord between the DRC government and rebel groups. The ceasefires enabled the return of peace and preparation for an orderly transition to post-conflict, including the holding of elections in 2006 and 2011. But insecurity remains an issue, especially in the Eastern region.

The failure of the various ceasefires and peace deals to consolidate peace is indicative of unresolved deep problems that perpetuate inter-group antagonisms, distrust of the people and communities vis-à-vis the state, and troubled relations between the DRC and its neigh-

¹ The United Nations Secretary General's report had been requested by the Security Council at its 25 September 1997 meeting of Foreign Ministers on the promotion of peace and security in Africa.

bors. Most of these problems have a long history dating as far back as the colonial era. In particular, the colonial administration established a system of state-condoned exploitation of national resources for personal enrichment of the rulers, a practice that was passed along from King Leopold II to the Belgian colonial administration and to the post-independence regimes (Kisangani, 2012; Nzongola-Ntalaja, 2002). Thus, the wars in the DRC have been associated with poorly regulated exploitation of the natural resource sector that has become the terrain for competition among local as well as foreign state and non-state actors seeking to capitalize on the regulatory vacuum and insecurity. While natural resources may not be the cause of conflicts *per se*, in the absence of strong institutions to ensure effective regulatory oversight and protection of human rights, the exploitation of natural resources can become both an incentive for rebellion against the state as well as a fuel of the war machinery (see chapter 2). The legacy of the colonial and post-colonial administration has also been instrumental in the treatment of national identity. In particular, the institutionalized manipulation of nationality laws to target long-time immigrants from Rwanda and Burundi is at the heart of chronic insecurity in the Eastern Congo and the spillover of the conflicts into DRC's eastern neighbors. Thus, the wars in the DRC are indeed more than domestic conflicts; they have a long history of being regional conflicts.

1.2 Conflicts as a social and economic development problem

The conflicts in the DRC have been a major cause of concern at the national, regional and international levels, especially due to the heavy death toll and the massive abuses of human rights orchestrated by warring factions against innocent civilian populations. But the effects of the wars go far beyond the direct loss of human life and physical injuries to individuals. There is a developmental dimension of the wars that is critical for understanding the causes of wars and for designing strategies to resolve conflicts, consolidating peace and putting the country back on the path of sustainable development. On the one hand, to some extent, the failure of development has created an environment that is ripe for wars and conflicts. The development strategies pursued since independence have failed to produce consistent improvement in the wellbeing of the Congolese people, while at the same time enabling accumulation of personal wealth by the political and economic elites (Askin and Collins, 1993; Ndikumana and Boyce, 1998). These policies have also enabled the rulers to sell off the country's natural resources to foreign commercial interests, thus establishing a system that even today enables global economic interest groups to exert substantial control of the DRC's natural resources. Such a system creates alienation between the state and the Congolese people, which is a recipe for conflicts.

On the other hand, the chronic wars and conflicts have undermined economic development. Today, the country is emerging from a protracted economic contraction that was exacerbated by the wars. Growth has recovered and accelerated recently on the back of rising production and prices of minerals, especially copper and cobalt, and inflation has declined rapidly to single-digit levels due to aggressive expenditure compression and exchange rate stability. However, the country still faces enormous economic and social challenges with high poverty and unemployment rates; and it is facing the risk of missing most of the Millennium Development Goals, while it has limited fiscal space to implement pro-growth and pro-poor develop-

ment programs (IMF, 2014a)². The DRC ranks at the bottom among other developing countries in human and social development (number 186 out of 187 countries and territories in 2012), with a human development index of 0.304 compared to an average of 0.466 for countries in the low human development group and 0.475 for Sub-Saharan Africa (UNDP, 2013, DRC Country Profile).³ The wars have disrupted economic activity in key sectors such as agriculture and industry due to insecurity, population displacement and deterioration of physical infrastructure. They have also undermined the capacity of State institutions and governance, hence preventing the country from taking full advantage of the massive growth potential associated with its vast natural resource endowment and its strategic position in the region.

While wars in the DRC have resulted in a huge human toll and heavy costs at the macroeconomic and sectoral levels, they have had equally if not more devastating indirect effects that are more difficult to apprehend. Indeed, while the direct effects of wars attract the public's attention, their more salient effects on the health, social and psychological wellbeing of the people are often overlooked. Deaths resulting from the adverse consequences of wars often exceed the direct death toll by several multiples (see Coghlan et al., 2006). Moreover, the psychological effects of the trauma caused by wars on children and women not only compromise the wellbeing of those directly affected by violence, but also affect the entire society, and their impact may last for generations. These more salient but deep and long-lasting effects of conflicts are often inadequately taken into account in the design and implementation of programs aimed at rebuilding the economy and society in the post-war period. Failure to address the consequences of wars from a comprehensive perspective that includes the economic, social, human and psychological dimensions undermines the effectiveness of conflict resolution and post-conflict reconstruction programs.

1.3 Strategic importance of the conflicts

The conflicts in the DRC have a high strategic importance at the regional and global levels. At the regional level, the African Great Lakes region has throughout its post-independence history been the scene of several violent conflicts that have spilled over across borders. Thus, shortly after the genocide in Rwanda, the DRC became the theater of the deadliest wars since World War II. To some extent it is impossible to understand the root causes of the recent conflicts in the DRC without taking into account the regional context. As René Lemarchand put it, "only through a regional lens can one bring into focus the violent patterns of interaction that form the essential backdrop to the spread of bloodshed within and across boundaries" (Lemarchand, 2009, p. x). Thus, the DRC's neighbors have a high stake in the end of conflicts given the negative impact of these conflicts on their economy and political stability. For example, refugee flows constitute not only an economic burden on the receiving country, but can also become a source of political and social instability. In fact the influx of refugees following the Rwanda genocide was a major trigger factor for subsequent conflicts in the DRC (Kisangani, 2012; Lemarchand, 2009; Prunier, 2009). Moreover, the DRC has been and continues to be used as a staging ground by rebel movements opposed to the regimes in Rwanda, Uganda, Burundi and Sudan (Prunier, 2004). These neighboring countries therefore have a direct interest in ending the conflicts in the DRC for their own internal stability.

² See Table 1 in IMF (2014a).

³ The DRC Country Profile is accessible online at <http://hdr.undp.org/sites/default/files/Country-Profiles/COD.pdf>.

The countries in the Great Lakes region also suffer direct economic consequences from the conflicts in the DRC, notably through missed cross-border trade and investment opportunities. The DRC constitutes a massive market for its neighbors' imports and exports. The potential in trade may be seen through the high volume of informal trade in the region. For example, in 2006, informal trade between Uganda and the DRC was nearly twice the amount of formal trade (\$80 million compared to \$44 million, respectively).⁴ It peaked before the global financial crisis in 2008 at \$198 million compared to \$129 million for formal trade. It is clear that the conflicts in the DRC result in substantial missed opportunities for trade, employment creation and growth in the DRC and its neighbors.

From a political perspective, the conflicts in the Congo also have strategic importance at the regional level. In particular, they represent a reputational challenge to these countries and to the continent in general. It is a major test of the capacity of the region and the continent to find African solutions to African problems. It is a challenge for the immediate neighbors who are frequently accused of direct involvement in the conflicts (Prunier, 2009). Regardless of whether these accusations are justified or not, they are likely to endure, as long as the instability does.

The strategic importance of the conflicts in the DRC has motivated the efforts of the governments in the sub-region and the international community towards a coordinated response to the conflicts. The governments in the sub-region have adopted a regional approach to the conflicts as part of a broad agenda of economic development, stability and regional integration. In November 2004, the Heads of State and Government of the eleven members of the Great Lakes region held their first summit and issued the Dar-es-Salaam Declaration, in which they declared their "collective determination to transform the Great Lakes Region into a space of sustainable peace and security for States and peoples, political and social stability, shared growth and development" (African Union et al., 2004, p. 3, para 14). In 2006, the Heads of State and Government adopted the Pact on Security and Development to implement the objectives of the Dar-es-Salaam Declaration, with particular emphasis on economic development through infrastructure and regional integration, including policy coordination and trade facilitation; as well as multi-sectoral cooperation and solidarity among member states. A Special Fund for Reconstruction (SFR) has been established to support the implementation of the Pact.⁵

The mobilization of the international community for the integrated approach to the resolution of the conflicts in the DRC led to the signing of the Peace, Security, and Cooperation Framework (PSCF), a joint initiative of the African Union, the International Conference on the Great Lakes Region (ICGLR), the United Nations, the Southern African Development Community and the International Community (group of friends of the Great Lakes region). It is in this context that the World Bank committed \$2.2 billion to the implementation of the infrastructure projects identified in the Pact.

From the economic and security perspectives, the conflicts in the DRC also have important strategic global implications. Economically, the increase in global demand for and price

4 The data reported here are from the Central Bank of Uganda (online database).

5 The Pact is to be implemented with the support of the African Union, the United Nations, international financial institutions (the World Bank and the African Development Bank), and the broader donor community led by the Group of Friends of the Great Lakes Region (The European Union, Belgium, France, United Kingdom, and the United States).

of primary commodities makes the DRC highly coveted by commercial interests due to its large endowment in natural resources. The gradual shift of balance in global economic power in favor of Asia raises the importance of the DRC's connections to the world through the eastern corridor. Therefore, insecurity in eastern DRC is a major handicap to its ability to take advantage of globalization in addition to being a constraint to economic integration with its neighbors in the east.

From a global security perspective, protracted conflicts in the DRC make the country a potential breeding ground not only for rebel movements that destabilize the neighboring countries, but also possibly for negative global forces such as terrorist organizations. These conflicts also constitute a reputational question for the international community, as they challenge the efficiency of international mechanisms of conflict prevention, conflict resolution and post-conflict reconstruction.

Coordination of the ongoing efforts at regional and global levels, and especially through an integrated regional approach to the resolution of the conflicts and post-conflict reconstruction, offer much hope for an end of the conflicts, sustainable post-conflict recovery in the DRC, and consolidation of peace and stability at the regional level. The remaining challenge is effective delivery on commitments at the national, regional, and international levels, especially donors coming forward with pledges to the SFR and financial commitments to support the PSCF.

1.4 Objective of the study

The cycle of recurrent wars and violence in the DRC's history calls for an approach that aims to not only stop violence but also address the root causes of the conflicts so as to establish a solid foundation for sustained economic development. The severe developmental impacts of the DRC conflicts and their strategic importance call for high-level attention to these conflicts in the continent and globally. Through the African Union, the African Heads of States have voiced their deep concern about protracted conflicts in the DRC. The countries in the Great Lakes Region of Africa that are directly impacted by the conflicts have expressed a strong desire for a consistent plan to end the cycle of conflicts and consolidate peace in the region. Through the creation of the ICGLR, the eleven member countries have pledged to collectively contribute to such a plan of support from the international community.

In this context, it is essential to deepen knowledge through analytical work and to mobilize debates around the root causes of the DRC conflicts and their developmental implications for the country and the region. The analytical work will shed light on the nature of the conflicts and their impact on economic and human development, and thus help in the formulation of informed policy decisions at the national, regional, and international levels. The objective of this report is to contribute to this knowledge generation agenda as an input into the debates on strategies for a sustainable solution to the conflicts in the DRC and accelerated economic and social development in the Great Lakes region.

1.5 Methodology and data

This study undertakes a qualitative and quantitative analysis of the root causes of the DRC conflict and their impact on various aspects of social and economic development at the na-

tional and regional levels. It uses a historical perspective to identify factors that are common to the current and past wars, which can help to uncover deep rooted causes of the conflicts. This is essential for designing appropriate policies to resolve them. Indeed, 'resilient' factors of conflicts are at the root of the cycle of violence, and unless they are resolved, peace cannot be achieved and consolidated.

The study uses data from reports and databases of the DRC government, neighboring countries, and international institutions. These include data from surveys at the household level which are utilized to examine the social consequences of wars especially on poverty, education, and health. The analysis of these data and the interpretation of the existing evidence in the literature were enhanced with information gathered from interviews and consultations held by the research team with various stakeholders in the DRC, Burundi, Rwanda and Uganda in March, May and June 2014. Meetings were held with representatives of key government entities, notably Ministries of Finance and Planning, Energy and Mining, and Central Banks; bilateral and multilateral donors; and regional organizations such as the ICGLR. These consultations and interviews were especially essential for distilling the public's understanding of the nature of the conflicts and for assessing their impact on the ordinary citizen, the spillover effects of the wars in neighboring countries, and the challenges associated with ongoing efforts to resolve the conflicts.

The analysis of the root causes of the conflicts considers both latent factors, which are underlying features of the economy, society and institutions of the DRC throughout its history, as well as trigger factors that are critical for understanding the timeline of the conflicts. As trigger factors – such as the influx of Hutu refugees following the 1994 genocide – are the ones that ignite conflicts, they tend to be the focus of media and public attention. However, the likelihood of conflicts, their duration, and their recurrence depend on latent factors – such as unequal distribution of natural resources – that may be more complex and intricately integrated in the structure of the economy and society. Therefore, for a study that is intended to shed light on strategies for both resolving current conflicts and laying the foundation for long-run political and social stability, it is important to pay equal attention to both latent and trigger factors. The study examines the role of a wide range of factors including economic, social and institutional factors as drivers of conflicts.

The analysis of the developmental impact of the conflicts is indirect given that it is impossible to measure directly the effects of wars and conflicts. These effects take various forms, some being direct while others are indirect; some effects occur in the short run while others are more long lasting. The first approach taken in the study is to examine the long-term trends of key economic, social and human indicators at the aggregate, sectoral and individual levels to identify changes that may be associated with episodes of war. At the macroeconomic level, the study traces the effects of the wars through growth of output and indicators of macroeconomic stability such as inflation and macroeconomic balances, notably the fiscal deficit and the current account balance. At the sectoral level, the analysis highlights trends in the performance of the key sectors notably agriculture, industry and services. The social and human impacts are analyzed using data on poverty, educational outcomes, and health. The second approach is to identify salient differences between conflict-affected regions and those that have been spared wars. Using existing survey data, the analysis shows that conflict-affected regions exhibit worse social and human development outcomes than the relatively more stable regions, implying excess deprivation due to conflicts. However, caution is urged in inferring causation and in attributing the deterioration of economic and

social conditions to conflicts, given that economic performance and social wellbeing are affected by a wide range of factors, some of which may be independent of conflicts.

1.6 Structure of the report

Following this introductory chapter, the remainder of the report is organized into three chapters. The next chapter is an in-depth analysis of the root causes of conflicts in the DRC. It begins with a description of the long history of conflicts starting from the turbulent post-independence era. This analysis provides appreciation of the importance of the underlying factors behind the recurrent conflicts in the country. The chapter proceeds with an analysis of the economic factors in the conflicts, and examines the importance of macroeconomic factors, management of the public sector, natural resources including land, as well as social development conditions prior to the onset of the recent conflicts. The chapter highlights the critical role played by institutions, notably the laws governing citizenship and nationality, the relationships between the central government and subnational entities, and the democratization process. The chapter considers regional and global geopolitical factors to be essential for understanding the root causes of the conflicts in the DRC. It is important to emphasize that these clusters of factors are interrelated and cannot be treated in isolation in understanding the causes of the conflicts. For example, institutional factors are key determinants of economic performance, while in turn economic development endogenously influences the quality and effectiveness of institutions. Nonetheless, for the sake of clarity of exposition, these clusters of factors are presented in sequence in this report.

The third chapter is an analysis of the impact of the conflicts on economic, social and human development. It examines the effects of the conflicts at the macroeconomic level and highlights the impact on growth, inflation, and indicators of domestic and open-economy macro balances. The analysis in the chapter calls for caution in the appreciation of the recent post-conflict performance through the lenses of macroeconomic aggregate indicators such as growth resurgence and inflation stabilization as these do not reflect necessarily the wellbeing of the Congolese people. The chapter also examines outcomes at the sectoral level and discusses the ways in which conflicts have undermined key drivers of growth such as infrastructure and the natural resource sector. It goes on to discuss how the conflicts have worsened the already weak social and human conditions that prevailed throughout the 1980s and 1990s. Using survey data, the chapter examines how conflict-affected regions – especially in the Eastern and Southern regions – compare with those that were relatively spared from the conflicts. The impact of the conflicts on vulnerable groups is examined by focusing on women, children and the youth. Survey-based data are used to document the effects of the conflicts on maternal mortality, sexual violence against women and girls, child nutrition, poverty and deprivation, educational outcomes, youth unemployment, child labor and child soldiering. The analysis points to deep and long-lasting effects of conflicts on the population and the economy beyond the end of open confrontations.

The final chapter distills the key findings and messages of the study, and draws policy recommendations for the resolution of the conflicts and the consolidation of peace and stability in the DRC and in the Great Lakes region. Recommendations are made for actions to be undertaken at the national, regional and international levels. The analysis in this report suggests measured optimism in light of the ongoing efforts at all levels to find a lasting solution to the conflicts, as well as a sense of urgency given the difficult conditions faced by

the Congolese population not only in the conflict-stricken eastern region but throughout the country as a result of the indirect effects of the conflicts on the national economy.

CHAPTER 2: The Root Causes of Conflict in the Democratic Republic of Congo

2.1 Introduction

Since the 1960s, the Democratic Republic of Congo (DRC) has experienced conflicts that have marked its difficult transition from colonization to indigenous leadership. The conflicts in the early days of independence resulted from internal disagreements among the political elite on, among others, the configuration of the state, especially the choice between federalism and a centralized state (Kisangani, 2012; Lemarchand, 1964; Ndikumana and Kisangani, 2005; Young, 1965). The period was marked by strong antagonisms along regional and ethnic lines. The instability in the young nation were exacerbated by the refusal of the colonial masters to “let go” of the milk cow, and the geopolitical interests of the Western powers who used the DRC as a base in the fight against the expansion of communism in Africa. Thus, the conflicts in the DRC have always had both internal and external dimensions.

Today’s conflicts in the country are, to a large extent, a reincarnation of those of the past. This indicates that the structural causes of the conflicts have not been adequately addressed. Thus, even apparent episodes of peace, such as under the Mobutu regime in parts of the 1970s and in the 1980s, were achieved not by successful peacemaking, but through repression of popular discontent.

This chapter seeks to provide evidence on the root causes of the conflicts and raise substantive issues to feed into the dialogue aimed at finding lasting solutions to the conflicts and for building a basis for peace consolidation, sustainable development, and regional integration.

The chapter examines the root causes of the conflicts, taking a historical perspective in the realization that today’s conflicts have structural linkages with past conflicts which must be taken into account in charting a viable way forward. Thus, the chapter resists the temptation of limiting attention to the current conflicts in Eastern Congo and isolating them from the problems in the rest of the country as is often done in the media and even in policy research. The view advocated in the chapter is that the analysis of the conflicts in the DRC must be done from a systemic perspective and therefore must emphasize the historical dimension. The chapter also pays substantial attention to the regional and global dimensions of the conflicts, given that these conflicts are and have always been influenced by both domestic and external factors and players.

This chapter is organized into four sections. Following this introduction, the next section provides a background to the conflicts. Section 2.3 discusses economic factors in the conflicts. Section 2.4 analyzes institutional factors in the conflicts. Section 2.5 examines geopolitical dimensions of the conflicts at the regional and global levels. The chapter ends with a conclusion and a summary of the key messages from the analysis in Section 2.6.

2.2 Background to the conflicts

This section provides the background to the conflicts in the Democratic Republic of Congo and sets the stage for the analysis of their root causes. It highlights the key features of the economy and society of the DRC, the strategic position of the country in Africa and in the region, and the importance of the conflicts beyond national borders. The section provides a historical context of the recent conflicts and their links to previous ones. In addition to the recent conflicts, which are, the “first Kabila war” of 1996-1997 and the anti-Kabila or “continental war” of 1998-2002, the analysis highlights the linkages between the recent conflicts and the conflicts of the 1960s and 1970s. This helps us to identify structural problems that have not been addressed in the resolution of past conflicts which must take center stage in the debate on strategies to achieve lasting peace and stability in the country and in the Great Lakes region.

The DRC’s economy and geography

The Democratic Republic of Congo is literally a geographic and (potentially) an economic giant on the African continent. It is the second largest country on the continent with 2.26 million square kilometers, after Algeria (2.38 million square kilometers).⁶ But it is also sparsely populated, with about 28 inhabitants per square kilometers, which is the 20th lowest density on the continent. It has a large and dense forest cover due to its geographical location right on the equator. This has conferred on it important advantages, especially high fertility and abundant water. But there are also important disadvantages, notably the difficulty of connecting various parts of the country by transport infrastructure due to the large expanses and the harsh tropical weather.

The country has massive endowment in natural resources, including minerals, oil, water, forestry and agricultural land. The DRC is a world leading producer of copper and cobalt, and it also produces large amounts of coltan (columbite-tantalite), diamonds, silver and petroleum.⁷ Table 2.1 provides some data on the quantity and value of the production of key minerals and oil. According to the most recent estimates, the DRC accounts for 55 percent of the world’s cobalt production (with 45 percent of world’s reserves), 21 percent of industrial diamonds, and 12 percent of tantalum (USGS, 2014).⁸ The mining and processing of minerals represent a substantial share of total domestic production (11.5% in 2012); the sector has been the main driver of the recent growth acceleration. While minerals and oil generate the most attention, other sources are equally important. These include the massive endowment in large water reserves, which constitutes an important asset for transport and hydropower generation. The country has the potential to generate electricity that can feed the entire Great Lakes region and beyond. This constitutes a potential pillar and incentive for regional integration in addition to being a source of growth and an enabler of economic diversification in the country and the region.

The DRC is also blessed with land that is fertile due to the abundant rains on the entire territory and the volcanic soils in the eastern and northern parts of the country. In addition to providing a stable basis for food security, agriculture also constitutes a potential spring-

⁶ The data reported in this paragraph is from World Development Indicators (World Bank).

⁷ Detailed information on endowment in natural resources can be obtained online at the US Geological Survey’s website at <http://minerals.usgs.gov/minerals/>.

⁸ The USGS report is accessible online at <http://minerals.usgs.gov/minerals/pubs/country/2012/myb3-2012-cg.pdf>.

board for industrialization to the extent that adequate investments in infrastructure and technological innovation are undertaken as part of a coherent national industrialization and growth strategy.

Table 21: Natural resources in DRC: production (quantity and value)

| Commodity | 1990 | | 2000 | | 2011* | |
|--|------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | Quantity (Metric Tons) | Value (\$'m) | Quantity (Metric Tons) | Value (\$'m) | Quantity (Metric Tons) | Value (\$'m) |
| Cobalt | 19,000 | 345.8 | 10,000 | 297.0 | 60,000 | 2166.0 |
| Copper | 339,000 | 918.7 | 21,000 | 40.7 | 530,000 | 4743.5 |
| Gold | 9 | 115.3 | 7.2 | 64.9 | 3.5 | 176.8 |
| Silver | 84 | 13.0 | 0 | 0.0 | 10.1 | 11.4 |
| Diamond | 4 | 27.7 | 3.2 | 6.8 | 3.9 | 4.0 |
| Petroleum, Crude (thousands 42-gallon barrels) | 10,600 | 260.0 | 8,500 | 258.2 | 8,558 | 812.0 |

* Estimates.

Source: US Geological Survey, "The Mineral Industry of Congo (Kinshasa) 2012", accessible online at: <http://minerals.usgs.gov/minerals/pubs/country/africa.html#cg>

The DRC has nine neighbors, the largest number on the continent. Thus economic development and political stability in the DRC have direct implications for the Great Lakes region and even beyond. A key advantage of such a strategic geographical location is that it opens up opportunities for trade and for transforming the DRC into an anchor of economic integration in the sub-region. But of course there are also disadvantages associated with having many neighbors. A key disadvantage is that the country faces negative externalities from spillovers of instability from its neighbors. Indeed, the country has been and continues to be used as staging ground by rebel movements from Sudan, Uganda, Rwanda and Burundi (Kisangani, 2012; Prunier, 2004, 2009). This destabilizes the country while undermining its relationships with governments in neighboring countries. Indeed these negative externalities have played a key role in the origin, impact, and duration of the recent wars in eastern Congo.⁹ This geographical configuration implies that understanding the causes of the conflicts in the DRC and designing strategies for addressing them and supporting post-conflict reconstruction requires explicitly and systematically adopting a regional approach that takes the interests of the neighboring countries into account.

Historical context of current and past conflicts and their linkages

Conflicts in the early independence era

The conflicts in the DRC have roots that date back to the occupation by King Leopold II and through the colonial regimes. The Belgian regimes sowed the seeds and cemented the tradition of unchecked personal power, use of national resources for personal enrichment, brutal repression of the demands of the people for political freedom, and social divisions along ethnic and regional lines (Kisangani, 2012; Lemarchand, 1964; Young, 1965; Young and Turner, 1985). Partly as a result of this tragic history, the DRC experienced a difficult and unstable post-independence era, marked by rebellions and secessionist wars starting in

⁹ See Lemarchand (1997) for a detailed discussion of the role of external factors as trigger factors of the first war in the DRC in 1996.

1960 (Coquery-Vidrovitch et al., 1987; Kisangani, 2012; Lemarchand, 1964; Nzongola-Ntalaja, 2002; Young, 1965; Young and Turner, 1985). The wars of the 1960s and 1970s are critically important for understanding the conflicts in modern day DRC and for thinking about workable strategies for resolving them and consolidating peace. The main features of the past wars and rebellions in the country are summarized in Table A.1 in the Appendix. This section discusses these key features and their implications for current conflicts. More detailed discussion is provided in subsequent parts of the chapter.

Ideological antagonism

One of the important causes of the conflicts in the early independence era was the strong ideological disagreement between the main political leaders. The first main issue of contention centred on self-determination. One side, led by Patrice Lumumba, advocated total ideological independence of the country from former colonizers and the West in general. The opposing side was more sympathetic to preserving strong ties with the West. While Lumumba was of the view that any cooperation with the West should be on an equal footing, his rivals, led by Moïse Tshombé, wanted to preserve patrimonial relations with Belgium or “community with Belgium”¹⁰ (see, among others, Kisangani, 2012; Lemarchand, 1964; Meditz and Merrill, 1994; Meriam, 1961; Ndikumana and Kisangani, 2005; Verhaegen, 1969; Weiss, 2000).

The second line of antagonism pitched the pro-socialist proponents, led by Lumumba, against the pro-capitalists led by Tshombé. This ideological antagonism was the key cause of the Eastern rebellion of 1964–66 which was led by a pro-Lumumba coalition headed by Gbenye and Gizenga, with other key actors including Laurent Kabila who would later resurface as leader of the 1996 anti-Mobutu rebellion (Kisangani, 2012; Lemarchand, 1964; Nzongola-Ntalaja, 2002; Weiss, 2000). The ideological disputes caused political chaos following independence, and were the key motivation behind the assassination of Lumumba, and the installation of pro-Western Mobutu in power.¹¹ This course of events dramatically changed the country’s destiny, sowed the seeds of regional and ethnic antagonism, and instituted the long reign of dictatorial, autocratic, and kleptocratic regimes.

Disputes over the constitutional orientation: federalism, unitarianism and secessionism

The constitutional orientation of the country following independence was drawn by the *Loi Fondamentale* (Kisangani, 2014; Nzongola-Ntalaja, 2002). This transitional constitution provided for parliamentary democracy and reserved substantial autonomy to the provinces. It left substantial ambiguities with respect to the control of the central authority over provincial administrations. Provincial leaders exploited these ambiguities to advance their own political ambitions.

The independence era witnessed strong disagreements among political leaders with regard to the configuration of the state, notably whether the country should be organized in the form of a unitary state or a federal system. Lumumba advocated a unitary and centralized state, as an expression of true national independence. Tshombé, Kasavubu and Kalonji,¹² in

10 Lumumba was the leader of the Mouvement National Congolais (Congolese National Movement, MNC) while Tshombé led the Confédération des Associations Tribales du Katanga (Confederation of Tribal Associations of Katanga, CONAKAT)

11 See **De Witte (2001)** for a historical account of the assassination of Lumumba.

12 Albert Kalonji was the leader of the dissident wing of the MNC.

contrast, wanted autonomy of provinces vis-à-vis the central government (Kisangani, 2014; Nzongola-Ntalaja, 2002; Young and Turner, 1985). This formed the roots of the secessionist movements witnessed in the 1960s and 1970s.

Dispute over the control of natural resources

While the DRC is heavily endowed in natural resources, they are unequally distributed across her regions. For example, Katanga accounts for 70 percent of the country's copper and cobalt production. At independence, the province generated 75 percent of national output and financed 20 percent of government expenditures (see Ndikumana and Kisangani (2005) and sources therein). Similarly, the Kasai region, known as the "diamond state", has vast reserves of gem-quality and industrial diamonds. The eastern provinces, especially the Kivus, are endowed in large reserves of gold, coltan and tin. In the early days of independence, the leaders of these regions advocated secession due to their discontent over the management of resources by the central government, as they felt that their regions were subsidizing the central government's expenditures with little benefit in exchange (Kisangani, 2014; Meditz and Merrill, 1994; Meriam, 1961; Nzongola-Ntalaja, 2002). Thus Katanga was the theater of the first open secession war in 1960-63, followed later by the Shaba I war in 1977 and Shaba II war in 1978. It is in this context that one must also understand the Kasai secession war of 1960-62, as well as the eastern rebellion of 1964-66.

Ethnic dimensions of the conflicts

Ethnicity played an important role in the conflicts at the dawn of independence and it continues to be central to modern day conflicts. A key factor at independence was the ethnic dominance of most political parties. Only Lumumba's MNC advocated national unity and transcended ethnic affiliation (Kisangani, 2012; Lemarchand, 1964; Young, 1965; Young and Turner, 1985). Other parties were ethnic-based, and explicitly defended the interests of particular ethnic groups against the "threat of foreigners". Thus, for example, CONAKAT (created on 4 October 1958) was given the explicit mission of defending the interests of "authentic Katangans" (Lulua and Baluba from Katanga) against "strangers" (Lulua and Baluba from Kasai and Kivu, who were recruited to work in the mines by the UMHK). The xenophobia was fed, first, by the urban mining workers seeking to protect their employment, and second, by political elites (led by Tshombe) seeking to advance their own political agenda. These ethnic antagonisms were a key factor in the Kasai secession war of 1960-62 (Kisangani, 2012; Nzongola-Ntalaja, 2002).

It is important to underscore the fact that the ethnic orientation of the political process was a result of the fact that the colonial system deliberately denied space to the emergence of a dynamic middle class, thus suffocating civil society as an avenue for democratic expression, and making ethnic kinship a default framework for political competition. The ethnic discourse in the DRC politics was therefore not a natural result of any inherent animosities among ethnic groups as is typically asserted in some analyses of African politics. Instead, as in other African countries, ethnicity became politicized as a result of the combination of the divide-and-rule agenda of the colonial administration, which was exploited by members of the national elites seeking convenient means of mobilizing political support.¹³

¹³ A similar process marked the struggle for political independence in Burundi and Rwanda, the other Belgian colonies. See **Lemarchand (1970)**.

Recent conflicts

Mobutu's long reign was brought to an end by a rebellion led by Laurent Kabila that erupted in October 1996 in Eastern Congo, and ousted him in May 1997. The following year, Kabila himself faced a rebellion which led to his assassination in 2001, and eventually brought to power his son Joseph Kabila. The remainder of this chapter elaborates on the various dimensions of the causes of these recent conflicts. This historical background section highlights the key features of the context of these recent conflicts.

On the economic front, the conflicts of the end-1990s occurred in the context of an economy that had been weakened by steady deterioration following the "zarianization" process of the mid-1970s (Ndikumana and Kisangani, 2005). Economic decline was exacerbated by the debt crisis of the 1980s and the drying out of external financial support to the Mobutu regime in the 1990s. On the political front, the Mobutu regime faced a growing domestic opposition advocating democratic change. The discontent was exacerbated by Mobutu's violent repression of political dissidence. The most publicized event was the massacre of university students in Lubumbashi in 1990 (Kisangani, 2012). A key factor in the deterioration of Mobutu's political power and his inability to repress domestic discontent was the disengagement by his former western political allies in the context of the end of the Cold War. While Mobutu was no longer needed as a strategic ally in the fight against communism in Africa, he was becoming an embarrassing ally in light of his suppression of demands for democratic change and violation of human rights. Pressed by mounting domestic contestation against his autocratic rule and abandoned by his former western supporters, Mobutu was unable to resist the Kabila-led rebellion (Nzongola-Ntalaja, 2002; Willame, 1997, 1999).

An important trigger of the 1996-97 conflict was the influx of more than one million Rwanda Hutu refugees in Eastern Congo in June 1994 following the genocide and the victory by the Rwandan Patriotic Front (RPF). The arrival of such large numbers of Hutu disturbed the delicate balance among ethnic groups in the region, and it especially increased the marginalization of the Banyamulenge who were associated with the Rwandan Tutsi ethnic group (Kisangani, 2012; Prunier, 2009; Willame, 1997, 1999). Mobutu attempted to exploit the situation to shore up domestic support by fueling ethnic antagonisms, especially targeting Kinyarwanda-speaking residents who were vilified as "foreigners" and accused of supporting the interests of foreign regimes, especially Rwanda. On 28 April 1995, the parliament adopted a resolution that voided Congolese nationality for all Banyarwanda and Banyamulenge. In October 1996, the South Kivu government decided to expel Banyarwanda and Banyamulenge in application of this parliamentary resolution.

It was in that chaotic situation that Laurent Kabila's Alliance des Forces Démocratiques de la Libération (Alliance of Democratic Liberation Forces, AFDL) staged a rebellion in October 1996, drawing its forces from the Banyamulenge as well as other ethnic groups that were traditionally opposed to Mobutu's regime, notably the Mai Mai. While Kabila's rise to power was nearly effortless given that Mobutu's regime had become severely weakened, his own demise was also swift after he turned his back on his supporters, especially Rwanda and Uganda. Within a year, an anti-Kabila rebellion broke out, igniting the second Congo war in August 1998. Kabila's regime had to be rescued by forces from Angola, Namibia and Zimbabwe, making the conflict a true "African war" (Prunier 2009). Kabila's assassination in January 2001 and the crowning of his own son did not diffuse the conflicts and as of today the country is still experiencing structural instability and substantial humanitarian problems, especially in the eastern region.

From the foregoing discussion we can conclude that the history of the DRC has been marked by wars and conflicts since independence that share common features related to structural characteristics of the economy and society. The cyclical nature of the conflicts suggests that these factors have not been addressed appropriately; attempts to suppress dissent and demands for political opening by the Mobutu regime were unsuccessful. The deterioration of the economic and political system created an environment that was conducive to the formation of the rebellions that eventually brought the regime to an end in 1997. The subsequent sections in this chapter examine in detail the economic and institutional factors behind the cycle of conflicts in the DRC.

2.3 Economic factors of the conflicts

This section examines economic factors that have predisposed the DRC to conflicts as well as those that may have triggered conflicts. The analysis seeks to identify how economic factors relate to the country's vulnerability to conflicts, the timing of conflicts, and their duration. It sheds light on the motivation of the various players involved in the conflicts both at the domestic (national and local) and external (regional and international) levels. The analysis draws on the literature on the economics of conflicts, highlighting the empirical regularities and the peculiarities of the DRC case. The overall objective is to identify strategies for resolving conflicts and building a solid base for lasting peace and economic prosperity in the DRC and the region.

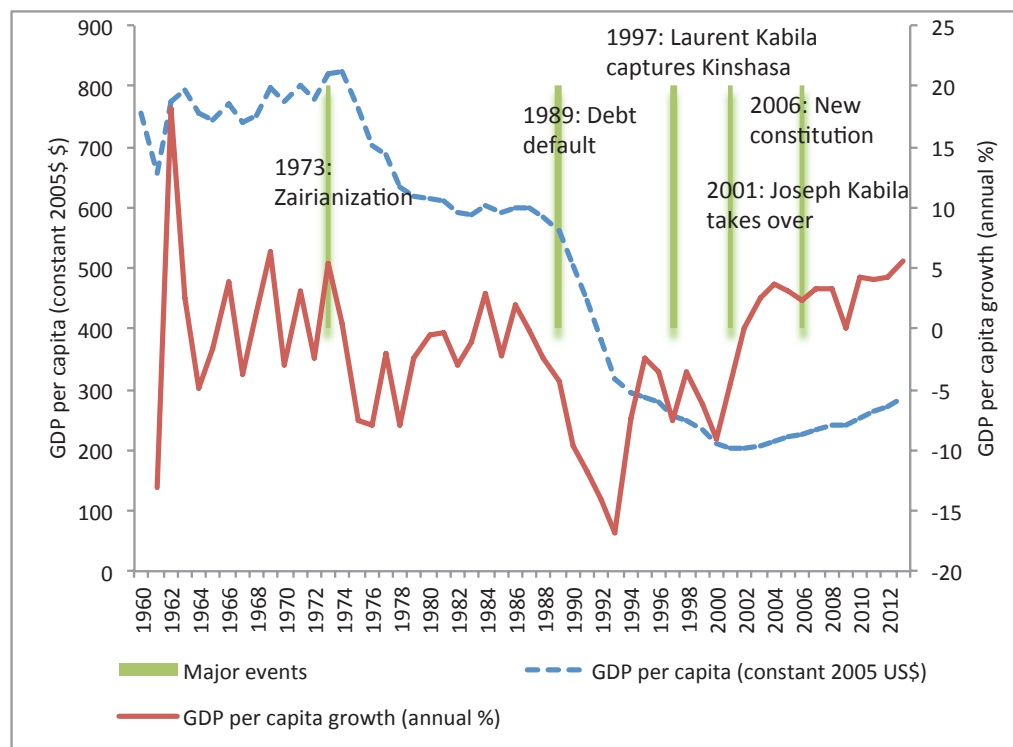
Role of the macroeconomic environment

The conflict of 1996-97 in the DRC occurred in a context of a severely weakened economy with a deteriorating macroeconomic environment. The economy descended into a tailspin starting in mid-1970s following zaïrianization. 1974 national output started a long and protracted contraction, as can be seen in Figure 2.1. When Mobutu announced before Parliament on November 30, 1973 that foreign businesses were to be seized and redistributed to nationals, he presented it as a policy for consolidation of national economic and political independence (Kisangani, 2012; Nzongola-Ntalaja, 2002). In practice, asset-stripping offered Mobutu an opportunity to distribute wealth to the political and economic elite or the "state bourgeoisie", and hence a means to assert his absolute power (Nzongola-Ntalaja, 2002, p. 148). When the "acquéreurs" failed to manage the bounty, Mobutu decided to nationalize the businesses. But even nationalization failed. Zairianization and nationalization devastated the private sector and destroyed the commercial and industrial infrastructure.

As the economy was feeling the adverse effects of zaïrianization and nationalization, it was hit by a major commodity price shock. The international price of copper, the country's main export, dropped from US\$0.64 to US\$0.24 per kilogram between 1974 and 1975, a fall of the price index from 113 to 68 (base 2000 = 100) (Figure 2.2). The price of copper dropped again substantially in 1980 and in 1989, exacerbating economic contraction. By the time the war broke out in 1996, real per capita income was less than one third of its value in 1974 (\$278 down from \$824).

Throughout the 1980s and 1990s, macroeconomic balances continued to deteriorate along with the decline in output. Inflation spiraled out of control due to factors arising from both the demand side as well as the supply (see De Herdt (2002)). On the demand side, inflation was fueled by irresponsible expansionary monetary and fiscal policy geared towards

Figure 2.1: GDP per capita: Level and growth rate, 1960-2012



Source: World Bank, World Development Indicators (online)*

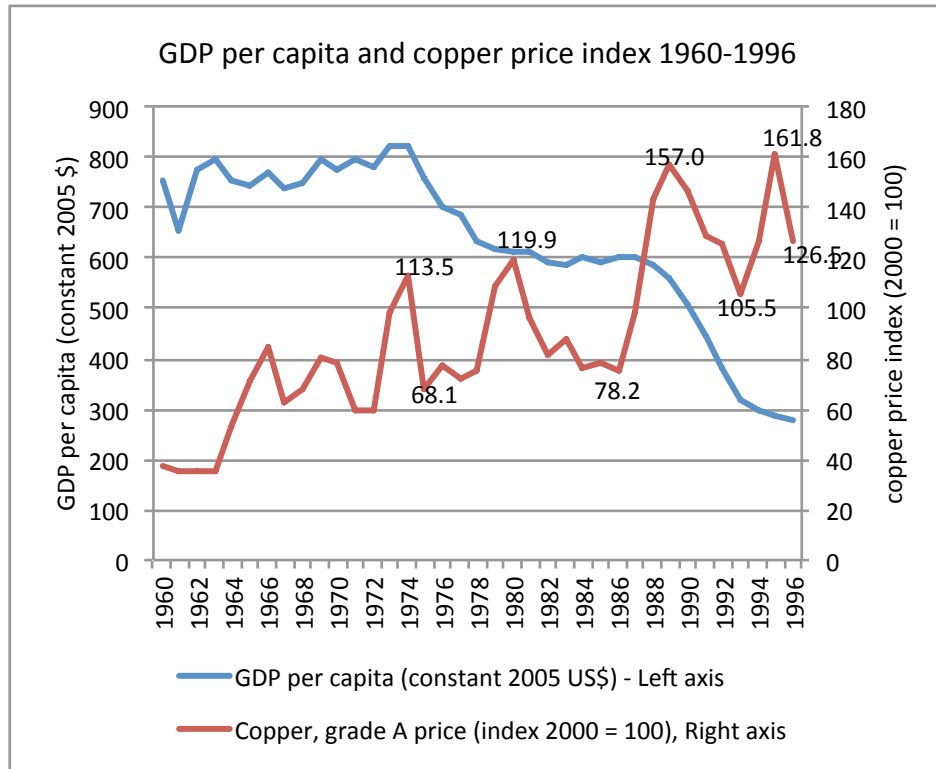
* Accessible at: <http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source=world-development-indicators>.

financing the extravagant lifestyle of the state. From the supply side, the collapse of economic activity in the public and private sectors, devaluation of the national currency, and bottlenecks in the production sector such as lack of infrastructure, contributed to chronic shortage in the supply of key consumption commodities, which exerted upward pressure on prices. The loss of credibility in fiscal and monetary policy contributed to maintaining high inflation expectations that became a self-fulfilling prophecy. The combination of the collapse in commodity prices and mismanagement of public sector enterprises depressed government revenue, leading to deeper fiscal deficits.

On the external front, the trade balance deteriorated due to both a high import bill (especially for oil) and poor export performance. By the end of the 1980s, the country was virtually insolvent, forcing it to default on its external debt in 1989. Its foreign exchange reserves had declined from an average of 12.7 percent of external debt in the 1970s to only 1.3% in the period preceding the first Kabila war (Table 2.2). In the meantime, the country had experienced massive financial hemorrhage in the form of capital flight and other illicit financial flows. It is estimated that during the Mobutu regime, from 1970 to 1996, the country lost about \$25 billion through capital flight,¹⁴ which occurred through embezzlement of external loans and export proceeds, as well as trade misinvoicing. Underinvoicing of exports accounted for \$25 billion (unrecorded outflows), while import smuggling totaled \$10 billion

14 Detailed data on capital flight from the DRC can be found online at the Political Economy Research Institute at the University of Massachusetts at: www.peri.umass.edu/africa/africa. The figures reported here are in constant 2010 dollars. Also see Ndikumana et al. (2015).

Figure 2.2: DRC's GDP per capita and international copper price index, 1960-1996



Sources: World Bank, World Development Indicators online (per capita GDP); UNCTAD statistical database, online (copper price).

(unrecorded inflows), leading to a net trade misinvoicing of \$15 billion (net outflows).¹⁵ By the time Mobutu was overthrown, the country's stock of capital flight vastly exceeded its debt stock outstanding, ironically making it a 'net creditor' to the rest of the world (Ndikumana and Boyce, 1998).

In an attempt to avert economic collapse, international financial institutions forced Mobutu to undertake drastic economic reforms, including deep cuts in spending on social services, privatization of state companies, and devaluation of the currency (De Herdt, 2002; Kisan-gani, 2012). These measures further crippled the government's capacity, as well as increased domestic discontent.

Throughout his reign, Mobutu had been able to leverage his strategic importance in cold war politics to secure financial support from multilateral and bilateral sources. As his economic policies began to flounder and scare off private financiers, most external debt came from official sources (Ndikumana and Boyce, 1998). While private credit represented over 80 percent of total external debt in the early 1970s, its share was minute by the end of his rule in 1996 (about 9%) (Figure 2.3). By the end of his regime in the context of the end of the Cold War, funding became harder to come by and external funding declined. Mobutu's regime was thus weakened by internal disintegration of the economy, mounting domestic political

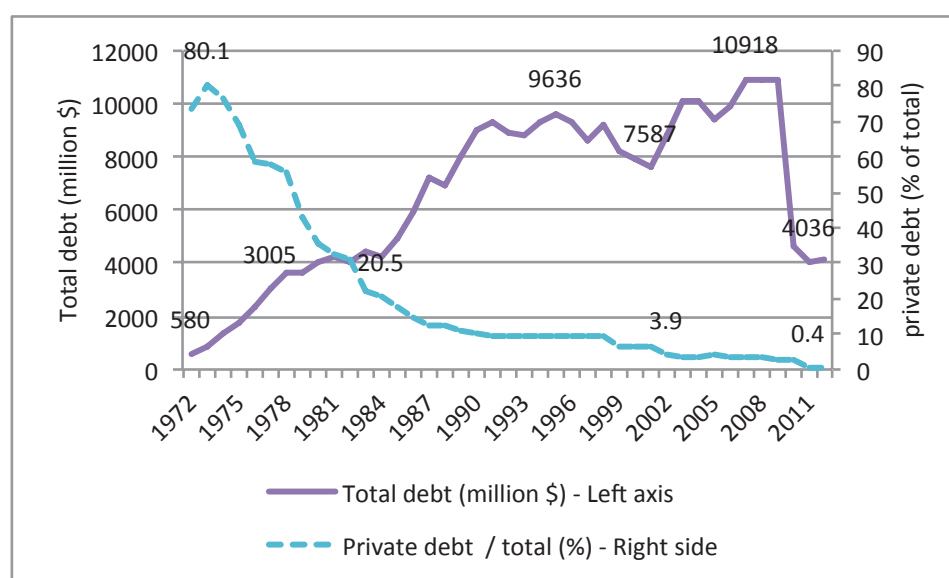
¹⁵ Other channels of capital flight were through various forms of balance of payment leakages and unrecorded remittances.

Table 2.2. DRC macroeconomic indicators from 1970 to 2013

| Indicator | | | Pre-war | War time | Post-war |
|--|---------|---------|---------|-----------|-----------|
| | 1970-79 | 1980-89 | 1990-96 | 1997-2002 | 2003-2013 |
| GDP per capita (constant 2005, \$) | 739.9 | 598.4 | 359.5 | 225.3 | 242.1 |
| GDP growth, annual average (%) | 0.3 | 2.2 | -6.2 | -2.9 | 6.2 |
| Inflation rate, annual average (%) | 40.3 | 58.9 | 4754.8 | 240.8 | 15.8 |
| Budget deficit (% of GDP) | n.a. | n.a. | -7.1 | -1.6 | -0.1 |
| Gross domestic investment (% of GDP) | 16.4 | 11.4 | 9.8 | 6.0 | 15.7 |
| Public investment (% of GDP) | n.a. | 4.3 | 2.3 | 1.3 | 5.0 |
| Gross domestic savings (% of GDP) | 12.9 | 10.9 | 10.5 | 6.6 | 9.5 |
| Trade balance (% of GDP) | -3.5 | -0.9 | 0.7 | 0.6 | -6.2 |
| Foreign exchange reserves (% of external debt) | 15.5 | 5.5 | 1.3 | 0.7 | 10.6 |

Source: World Bank, World Development Indicators (online). IMF, World Economic Outlook database (online, for inflation) Note: n.a. = not available.

Figure 2.3: DRC’s external debt: total debt stock and share of private credit



Source: World Bank, World Development Indicators (online).

pressure, and gradual abandonment by his international supporters due to the change in the global geopolitical environment.

It is important to underscore the fact that while the macroeconomic factors examined in this section increased the risk of conflicts, they did not directly cause them. The relationships between these factors and conflicts were indirect and operated through various channels. In particular, the deterioration of the economy weakened the capacity of the state to provide basic services, which alienated its relationships with the population. Moreover, the weak economy undermined the state’s capacity to finance national security, which eroded the morale and combat readiness of the army and security forces. There are also impor-

tant political economy dimensions that drive the linkages between the deterioration of the economy and conflicts. In particular, the protracted economic crisis led to the worsening of economic inequality as the majority of the population struggled to sustain a decent living while the political and economic elites continued to accumulate wealth. With the increasing economic alienation of the population, especially the unemployed youth, including those who were educated, the environment became increasingly conducive to the formation of rebellions that challenged the state. The protracted economic crisis also severed the external relationships that the Mobutu regime had historically counted on for financial and military support. The situation was therefore ripe for a rebellion-led opposition against the regime. The weak economic situation also explains the failure of the regime to put up any meaningful resistance to the rebellion.

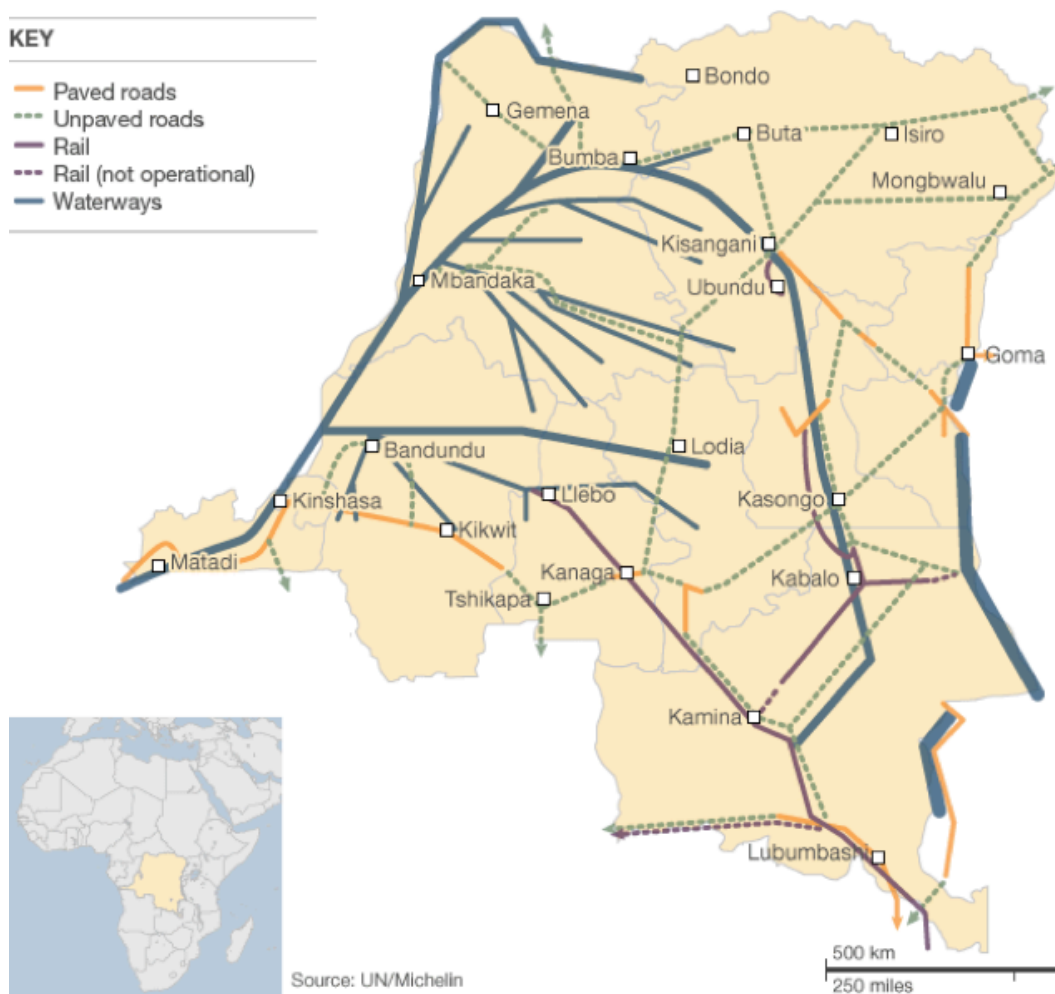
Public sector management and conflicts

The efficiency of public sector management plays a critically important role for economic performance as well as political stability in several ways. An efficient system of mobilization and utilization of public resources provides a solid basis for the government to support development programs and sustain economic development. At the same time, effective resource mobilization provides much needed policy space that enables the government to genuinely own its development agenda. Failure to mobilize sufficient domestic resources not only constrains the government's ability to finance development programs, but also exposes it to dependence on external financing and hence a loss of autonomy over its policies.

On the expenditure side, strong performance in management of public expenditure, especially public infrastructure and social service delivery not only contributes to growth and poverty reduction, but also strengthens the legitimacy and credibility of the state domestically and internationally. Efficient public spending is also an important tool for redistribution and alleviation of vertical and horizontal inequalities.

In the case of the DRC, the period leading to the onset of the wars of the 1990s was characterized by a steady deterioration of the public sector due to ill-advised policies and erosion of institutions of accountability and transparency, leading to endemic corruption and the deterioration of the overall macroeconomic environment. Public sector management failed to serve its redistributive role on both the revenue side and the expenditure side. On the one hand, the public sector served as a source of personal enrichment for the political and economic elites, leaving the burden of revenue generation on the working class and private enterprises. Corruption and embezzlement of public resources became the established practice in the Mobutu regime. As one observer put it, Mobutu had established a form of kleptocracy to end all kleptocracies (Askin and Collins, 1993; Blumenthal, 1982; Gould, 1980). The country suffered heavy capital flight (Ndikumana and Boyce, 1998, 2011), while at the same time it was saddled with large external debts. On the other hand, the government failed also in its mission of providing adequate public infrastructure and basic public services to the population. Despite its vast natural resources, the country had among the lowest levels and quality of public infrastructure, and among the lowest scores in access to social services on the continent. The map of the road infrastructure is quite telling (Map 2.1). Overall public investment declined steadily throughout Mobutu's reign and by the 1990s it was half of its 1980s level (2.3 percent of GDP compared to 4.3%) (Table 2.2). As this decline in public investment was not compensated by private investment, capital accumulation

Map 2.1: Road infrastructure in the Democratic Republic of Congo



declined, which is one of the major reasons for the steady decline in economic growth (as seen in Figure 2.1).

Weak public sector management severely undermined the effectiveness of the government and this played an important role in increasing the risk of conflicts in several ways. First, it undermined the government’s capacity to establish a strong and coherent security system to defend the interests of the central state domestically and internationally. In the 1960s and 1970s, the Mobutu regime had been able to defeat rebellions and secessionist movements by both using its national army and through the help of his international allies (Kisangani, 2012; Young, 1965; Young and Turner, 1985). With a severely underfunded, under-equipped and demoralized army, Mobutu was unable to mount any meaningful resistance against the Kabila-led rebellion in 1996. While the weakening of the military had been a successful tool used by Mobutu to prevent internal resistance to his rule, it became a major liability when he needed the army the most in the 1990s to defend his regime.

The failure of the government to use public sector policies to provide infrastructure and social services undermined the central government’s legitimacy in the eyes of the local population, and provided a basis for opposition movements fueled by feelings of alienation, especially in the resource-endowed provinces. The leaders of these provinces opposed what they viewed as a one-way transfer of resources from the provinces to the central gov-

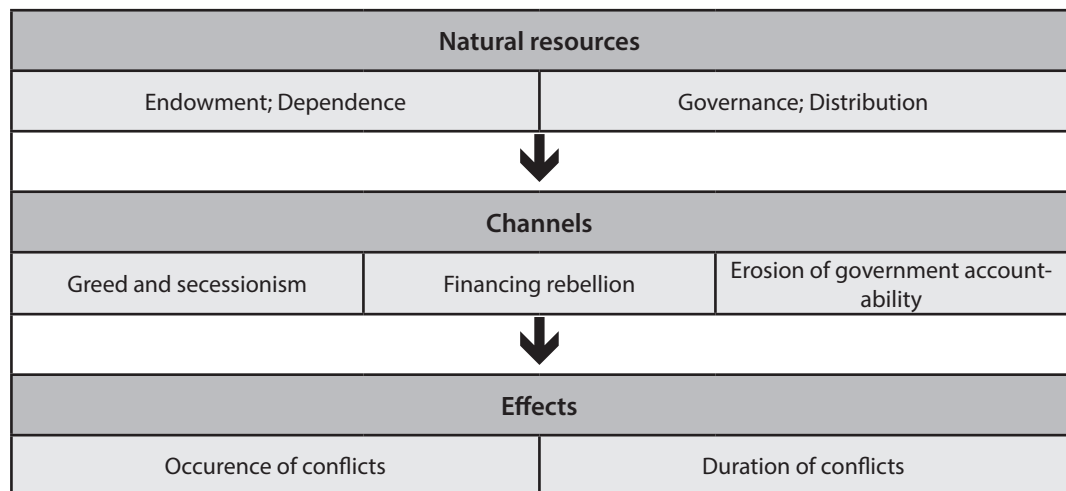
ernment. This provided a crucial opportunity to mobilize popular dissent against the central government. While alienation and grievance provided the motivation for anti-government opposition, the progressive weakening of the government’s capacity made the rebellion feasible. This is critically important for understanding the timing of the conflicts that started in 1996. From a financial and security perspective, these conflicts occurred in the context of a severely weakened government that had been abandoned by its traditional international supporters. Time was therefore ripe for a successful attack on the state. Fiscal disintegration and the deterioration of public sector management were major factors in creating conditions that were conducive to the formation of rebellions and for giving them victory. This constitutes a major reason why the Kabila-led rebellion was successful in overthrowing the Mobutu regime (Kisangani, 2012; Lemarchand, 2009; Nzongola-Ntalaja, 2002; Prunier, 2009).

Natural resources and conflicts

Natural resource abundance, or rather, resource dependence has been singled out as an important factor and characteristic of the conflicts in the DRC. In that sense it could be argued that the country has experienced the worst case of the so-called ‘resource curse’: it has not only suffered from the atrophy of non-resource sectors, but natural resources have also motivated, fueled, and sustained conflicts (see Katunga Murhula (2006); Laudati (2013)). It may also therefore be argued that the DRC fits the textbook case of the economics of resource-driven conflicts (see Collier and Hoeffler, 2012). Natural resources are linked to conflicts in many ways as summarized in Figure 2.4. First, natural resources may predispose a country to high risk of conflicts as they promote violent secessionist movements. Just as natural resources are not equally distributed across countries, they may also be unequally distributed within countries. Moreover, there may be a natural tendency for populations that live in resource-endowed regions to claim exclusive rights over those resources.

However, the abundance of natural resources and their unequal distribution across the country are not sufficient for a country to experience conflicts. After all, oil in Canada and the United States is concentrated in a few regions; and yet these countries have not experienced any oil-linked conflicts. Similarly, Botswana is rich in natural resources, but it has had a long history of political stability and strong economic performance. The question then is: what makes abundant but unevenly distributed natural resources in the DRC a contributing

Figure 2.4: Natural resources and conflicts: channels of causation



Source: Author’s design.

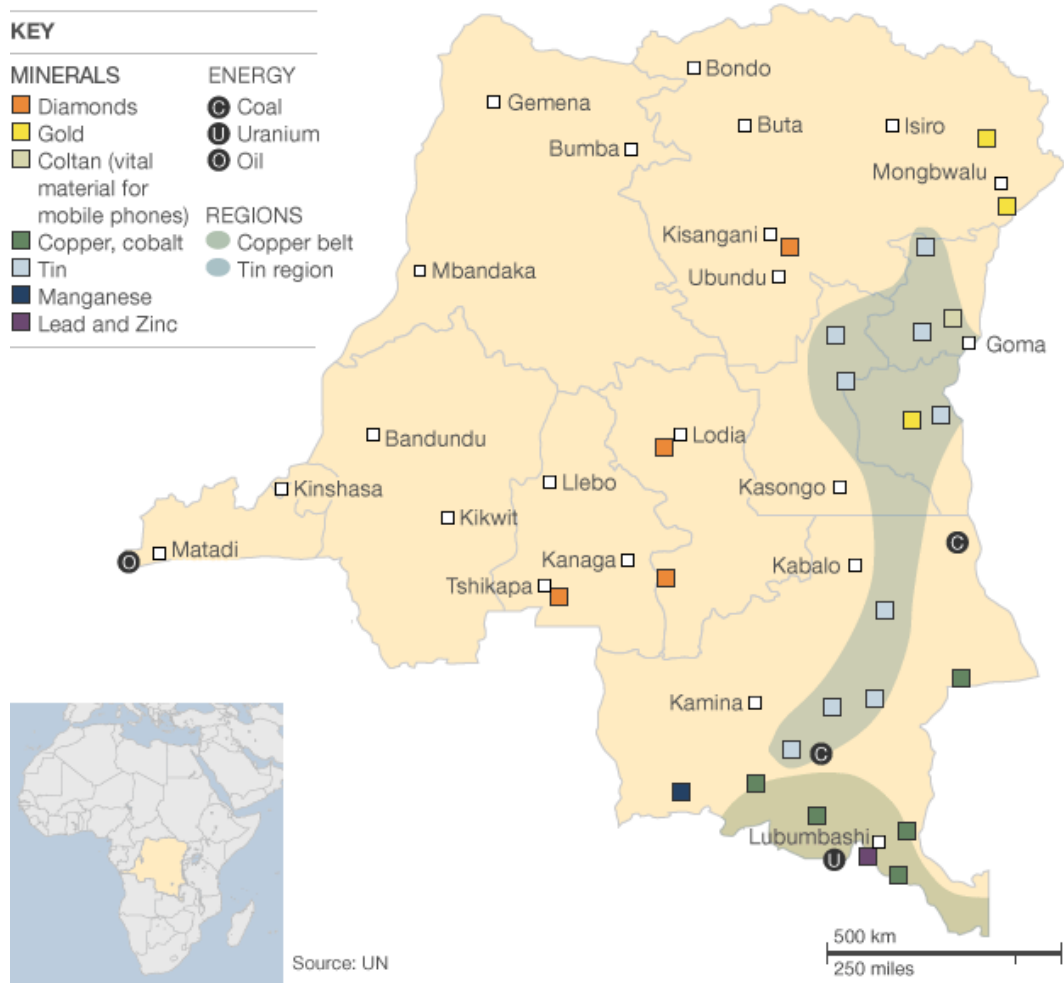
factor to its conflicts? Five factors make the link between conflicts and natural resources possible in the case of the DRC. The first is the unequal distribution of proceeds from natural resources, which is a cause of grievance for the resource-endowed regions. Thus, these regions see the central state as a mechanism for exploiting their wealth without tangible benefits at the local level. The second important feature of the DRC is ethnicity, which plays a role as the mobilizing factor in conflicts, especially in secessionist movements. The marked ethnic concentration across regions implies that regional distribution of natural resources is in fact distribution of resources across ethnic groups. The distribution of natural resources is given in Map 2.2. Thus, ethnicity-politics entrepreneurs fuel and perpetuate grievances against the centralized state by advocating ethnic auto-determination and defense of ethnic interests against the “foreigners” (Kisangani, 2012). Xenophobia becomes a source of political mobilization for politicians who seek to consolidate their power base.

The third factor is the high value of minerals which makes the claims for secession credible. In the case of the DRC, the hike in the copper and cobalt prices in the 1970s was an enticing factor in fueling the secessionist drive. Similarly, rising commodity prices and the discovery of highly valued commodities such as coltan in the context of a global economic boom contributed to fueling resource nationalism in resource-rich regions, especially the Eastern provinces, the Katanga and the Kasai regions (Kisangani, 2012; Ndikumana and Kisangani, 2005). The fourth factor is the weakness of the state that becomes unable to quell the secessionist rebellions and is incapable of sustaining a strong security apparatus to combat the rebellion. Moreover, a weak state that is unable to provide public services lacks loyalty from its people including its own security. Finally, the combination of a weak state and abundance of natural resources creates opportunities for external agents to take advantage of the power vacuum to exploit natural resources. Thus, insecurity emerges and is sustained as various actors fight for the control of natural resources while taking sides in domestic conflicts.

The second channel of the link between natural resources and conflicts arises from the financing of the wars. As Soysa points out, “war is a costly endeavor; it will not occur if those who invest in it do not expect returns” (de Soysa, 2012, p. 440). Grievances alone cannot bring about armed conflicts, because “challenging the state requires significant financing and a relatively large number of volunteers” (de Soysa, 2012, p. 440). But the financing motive cannot be a sufficient condition for the link between natural resources and conflicts. In the case of the DRC, two additional factors make the resource-conflict nexus possible. The first is, once again, the power vacuum due to the weak central state. The second is the unequal distribution of the proceeds from the exploitation of natural resources. In the presence of a strong centralized state, natural resources could help build strong security, good governance, and effective redistribution of income, all of which would reduce the incentives for and the feasibility of secessionist rebellion.

The third channel of the link between natural resources and conflicts is the erosion of government accountability (Collier and Hoeffler, 2012). Natural resource abundance exonerates the government from the need to raise large amounts of revenues from taxation. Efficiency in taxation requires good governance – no taxation without representation – and at the same time taxation helps to hold elected officials accountable to the public. With high natural resource endowment, the central government is able to generate revenue through rents, thus avoiding politically costly taxation as a source of public finance. Over time, however,

Map 22: Regional distribution of mineral reserves in the DRC



the erosion of accountability generates conditions that fuel anti-state movements while making these movements financially feasible.

So how does the evidence on the DRC conflicts stack up with these conceptual propositions on the linkages between natural resources and conflicts? The answer is, pretty well. But also and most importantly, the nexus between natural resources and conflicts demonstrates that the recent conflicts in the DRC and chronic insecurity are a reincarnation of the conflicts of the 1960s and 1970s, except for the much more complex geopolitical environment that has made the modern day conflicts more violent and intractable (Katunga Murhula, 2006; Kennes, 2000, 2005; Martineau, 2003).¹⁶ The wars of the 1960s and 1970s were, to a large extent, due to resource nationalism. While the leaders of the secessionist rebellions in Katanga, Kasai and the Eastern region held divergent views from those of the national leadership with regard to ideological orientation, it was the drive to control mineral resources and their opposition to a one-way transfer of wealth from their home provinces to the capital Kinshasa that fueled the rebellions. The high value of minerals enabled local leaders to mobilize combatants and procure equipment to fight the secessionist wars. Overall, while the conflicts were motivated partly by grievance, they were made logistically feasible by the financing from natural resource exploitation. But by and large, these conflicts

¹⁶ Also see Cuvelier (2003).

may be characterized as primarily “distributional conflicts”¹⁷ fueled, to a large extent, by the simultaneous geographical concentration of ethnicity and natural resources.

Under the Mobutu regime, from the 1980s, while there were no secessionist wars, the system of management of the resource sector established by the regime created conducive conditions for conflicts. Mobutu engineered a regime of embezzlement and selling out of natural resources to foreign commercial interests that also benefited him and his associates among the political and economic elites (Kisangani, 2012). In 1967 Mobutu nationalized the giant Union Minière (then fourth largest copper mining company in the world) which became Gécamines. In 1973 he nationalized Forminière (then the largest industrial diamonds producer in the world), which became Miba. These companies became the cash cow for Mobutu and his associates, and a drain on government finances. Pressure to privatize mining companies in the context of the structural adjustment programs was strongly resisted. Instead Mobutu used opaque joint ventures and joint contracts between these national companies and foreign companies that generated opportunities for rent extraction. He continued to sign such contracts even during the Kabila-led rebellion. In addition, Mobutu continuously designed and revised mining codes, providing extravagant facilities to mining corporations, including generous tax holidays and other exonerations with absolutely no transparency. Over time, the Mobutu regime set up the framework for the exploitation of natural resources by a corrupt state and foreign corporations. Mobutu, “King of Zaïre”¹⁸, was indeed a faithful disciple of King Leopold II in that respect.

The link between conflicts and natural resources came to the fore during the anti-Mobutu war. Laurent Kabila’s regime was a smooth continuation of the system of opaque exploitation of resources established by Mobutu (Kisangani, 2012; Willame, 1999). Continuity has in this regard been the brand name of the DRC post-independence regimes. As the war waged on, both Mobutu and Laurent Kabila competed in selling off the country’s mineral and oil concessions to foreign companies in their respective controlled territories (see, among others, Abadie (2011)). This explains the sub-optimal gains from natural resources in terms of government revenue (discussed further in chapter 3), as well as the continued leakage of financial resources through capital flight even after the Mobutu era. Over the 1997-2010 period, it is estimated that the country lost nearly \$10 billion through capital flight (Ndikumana et al., 2015). This amounts to an average of \$765 million per year compared to \$924 per year under the Mobutu regime. Mis-invoicing of international trade, especial mineral exports, as well as embezzlement of export proceeds, are the key channels of capital flight associated with the natural resource sector. Additional losses occurred through tax evasion and tax avoidance by multinational corporations that engaged in unethical business practices (albeit legal, alas!) such as transfer pricing and others techniques, enabling them to reduce their tax liabilities.

A distinguishing feature of the conflicts of 1996-2002 was the involvement of foreign governments directly in combat, but it also had connections with natural resources. Some claim that resource exploitation was in fact the main reason for the interventions (United Nations 2001, 2002, 2003; Prunier 2009). After Laurent Kabila took office, he attempted to void the mining deals which had been signed by his predecessor, ostensibly to protect the country’s economic interests (Abadie, 2011). In practice, this was a means for him to control the flow

¹⁷ See Ndikumana (2005) for an application of the notion of ‘distributional conflicts’ to the case of Burundi.

¹⁸ From the video “Mobutu, King of Zaïre” directed by Thierry Michel.

of resources in his favor. The foreign economic interests in the nation's natural resources proved to be too powerful to challenge; this ended up costing Laurent Kabila his life.

One of the major challenges faced by the regime of Joseph Kabila was to break the tradition of lack of transparency in the exploitation of natural resources. The main difference relative to previous regimes was that under the new global geopolitical environment, ideology was less relevant and therefore could not be used to leverage international support (Kisangani, 2012; Nzongola-Ntalaja, 2002; Willame, 1999). In contrast, economic and financial interests became dominant drivers of international geopolitics. Powerful multinational corporations operating in the natural resource sector, backed by powerful politicians, now dominated the scene (Abadie, 2011), and change in the management of the natural resource sector became difficult and slow. Thus it has been difficult to break the resource-conflict nexus, which was a major factor in fueling the most devastating conflicts in the history of the country, referred to as a "continental war" (Prunier, 2009).

It is clear that it is not the rich endowment in natural resources and even the globally coveted high value of these resources that are fundamental to the conflict-resource nexus in the DRC, whether today or in the past. It is rather the failure to establish strong institutions and an effective regulatory framework to manage the natural resource sector. And it is not for lack of institutions and frameworks. At the national level, the successive governments made various attempts at reforming the natural resource sector, including through revisions to the mining code, the last one in 2002.¹⁹ However, the mining codes and the various regulatory frameworks have not resolved the key problems in the mining sector, namely lack of transparency in the management of mining contracts, and tax evasion by multinational mining corporations. In general, observers have warned that reforms in mining codes in developing countries have been designed with a bias towards fostering inward foreign investment rather than long-term development objectives (Besada and Martin, 2013; Campbell, 2010, 2009). The case of the DRC seems to fit this trend.

At the regional level, there are institutional frameworks designed in principle to prevent resource-induced conflicts. On a bilateral basis, the DRC has signed cooperation treaties with Angola, Burundi, Congo-Brazzaville and Uganda that govern the exploitation and sharing of oil reserves located along common borders. Failure to manage such agreements can ignite or exacerbate tensions and even open conflicts, especially with countries for which the country already has fragile relationships, notably Angola, Rwanda and Uganda. The DRC-Angola relations are especially fragile partly due to the legacy of the 1885 Berlin Conference that was recognized by the OAU under the principle of inviolability of colonial borders. The specific issue is that Angola's oil blocks surround Congolese territorial waters. This has been and remains a highly contentious issue between the two countries (see International Crisis Group, 2012). Cognizant of the role of natural resources for conflict prevention, the International Conference of the Great Lakes Region has included provisions for the management of natural resources as part of the strategies for preventing conflicts, post-conflict reconstruction and economic development at the regional level. The key to success is commitment by all stakeholders to the provisions of these institutional frameworks.

¹⁹ Law No. 007/2002 of July 11, 2002 Relating to the Mining Code; available online at http://mines-rdc.cd/fr/documents/codeminier_eng.pdf.

At the global level, there are also institutional mechanisms that can alleviate resource-induced conflicts in the DRC.²⁰ The most relevant mechanisms are reforms in the regulation of the corporate sector aimed at preventing corruption, tax evasion and avoidance, and abuse of human and workers' rights in the natural resource sector. In this context Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act is a major contribution to the global efforts to prevent "mineral conflicts."²¹ Other governments are following suit in this effort. Such is the case of the Australian government which in 2010 released detailed guidelines on due diligence to promote responsible supply chain management of minerals originating from Eastern DRC. The Canadian Parliament is considering bills providing guidelines for due diligence by Canadian companies purchasing minerals from the sub-region as well as corporate social responsibility standards. In the same spirit as the US Dodd-Frank law, the EU has developed legislation to promote reporting by multinational corporations on a country-by-country and project-by-project basis to improve information disclosure and minimize the opportunities for trade of conflict minerals and tax evasion.²² In addition to its own guidelines on responsible conduct by European companies in the extractive industries, the OECD has collaborated with and is supporting the DRC government and the ICGLR in developing and implementing detailed guidelines for due diligence in the mining sector in the region (see OECD (2013)).

While these institutional frameworks are important in principle, their effectiveness in breaking the resource-conflict nexus is contingent on strong political will on the part of the DRC government, its neighbors in the region and governments in western countries where the multinational mining corporations are domiciled. Political will, cooperation and coordination are critical for these provisions to have a bite; else they remain plain text on paper. It is also important to underscore the fact that in addition to the resource-conflict nexus, conflicts also create other networks of 'war economies' that undermine the wellbeing of the population and perpetuate conflicts (see Laudati (2013)). Thus the resource-conflict nexus in the DRC must be considered in the broader context of the institutional and regulatory reforms in the post-conflict reconstruction agenda.

Social development context prior to the recent conflicts

The links between social development and conflicts run both ways. On the one hand, low social development, especially deprivation vis-à-vis basic needs and lack of income-generating opportunities, generates alienation vis-à-vis the state. This creates an environment where it becomes relatively easy to mobilize anti-government rebellion. On the other hand, conflicts undermine the national development agenda and cause a deterioration of social conditions. Thus, in the analysis of the causes of conflicts, it is important to pay attention to the social conditions that prevailed in the period leading up to the conflicts.

The period leading to the 1996-97 war was characterized by poor social conditions throughout the country as a result of the deterioration of the economy at macroeconomic and sectoral levels, the collapse of the public sector, and atrophy of the private sector. At the sectoral level, the embezzlement and unregulated exploitation of the natural resource sector,

20 See Ndikumana (2013) for a discussion of institutional mechanisms to fight private sector corruption.

21 The Dodd-Frank Act may be found at <https://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>. Also see KPMG's overview of Article 152 of the Act and application to the mineral sector in the DRC: <https://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Documents/conflict-minerals-overview-august-2012.pdf>.

22 See Ndikumana (2013) for some recommendations on the prevention of private sector corruption most of which are applicable to the case of the DRC.

the neglect of agriculture, and de-industrialization, led to a steady decline in household income, an increase in unemployment, and systematic shortages in the supply of basic goods and services (Ndikumana and Kisangani, 2005). These conditions worsened as the Mobutu regime weakened, especially in the early 1990s.

By the time the anti-Mobutu rebellion broke out in 1996, the DRC ranked at the bottom in most measures of social and human development (see *Human Development Report*, various issues). Its human development index was much lower than the sub-Saharan African average (Table 2.3). Health infrastructure had deteriorated due to inadequate spending on expansion and maintenance. Indeed, the government was spending less than 1 percent of GDP on health (0.15%) compared to 2.3% average for Sub-Saharan Africa. Most health expenditures were privately funded, falling on the shoulders of the households, which was another illustration of government failure. To illustrate, there were only 1.4 hospital beds per 1000 persons, down from 5.7 at independence. Despite the abundant endowment in fertile land, more than half of the country's children were malnourished (51%). Mortality rates, especially maternal and infant mortality, were among the highest in the world.

The impact of decades of economic mismanagement can be seen in the high levels of poverty. The existing estimates suggest that over three-fourths of the population is poor from an income perspective. As in other African countries poverty is predominantly a rural phenomenon: poverty rates are much higher than in urban centers. Table 2.4 provides the poverty head count by province derived from a household survey. While there are some disparities in income poverty across provinces, it does not appear necessarily that natural resource rich provinces have fared substantially better than their counterparts which are

Table 2.3: Social development indicators prior to the conflicts, 1990-1995

| | DRC | SSA average |
|--|--|-------------|
| Human development index | 0.286 (rank = 186th = last in the world) | 0.342 |
| Health index | 0.408 (rank = 186th = last in the world) | 0.468 |
| Hospital beds | 1.4 (down from 5.7 in 1960) | 1.2 |
| Access to clean water, rural (% of population) | 25.7 | 37.6 |
| Access to modern sanitation, rural (% of population) | 13.7 | 17.6 |
| Malnutrition, height for age (% of children under 5) | 51 | |
| Life expectancy at birth | 48 | 50 |
| Maternal mortality rate (per 100,000 live births) | 930 | 820 |
| Infant mortality rate | 117 | 106 |
| Under 5 mortality rate | 181 | 175 |
| Health expenditure, public (% of GDP) | 0.15 | 2.3 |
| Health expenditure, public (% of total health expenditure) | 95.8 | 62.8 |

Sources: The World Bank, World Development Indicators (online)¹; UNDP, Human Development Report database (online)²; WHO, World Health Statistics (online)³.

1 Accessible at: <http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source=world-development-indicators>.

2 Accessible at: <http://hdr.undp.org/en/data>.

3 Accessible at: <http://www.who.int/research/en/>.

Table 2.4: Poverty headcount by province (percentage of the population)

| Province | Villages | Towns | Cities | Average |
|--------------------|----------|-------|--------|---------|
| Bandundu | 97.1 | 66.2 | 91.6 | 90.8 |
| Bas Congo | 86 | 76.6 | 52.9 | 76.3 |
| Equateur | 97.7 | 92.2 | 75.2 | 91.5 |
| Kasaï Occidental | 70.8 | 82.5 | 64.6 | 72.0 |
| Kasaï Oriental | 77.9 | 74.6 | 62.9 | 73.5 |
| Katanga | 85.6 | 94.4 | 61.2 | 79.8 |
| Kinshasa | | | 37.3 | 37.3 |
| Maniema | 79.9 | 61.9 | 56.8 | 71.8 |
| Nord Kivu | 86.4 | 72.3 | 66.5 | 77.3 |
| Province Orientale | 87.6 | 77.8 | 82.1 | 77.8 |
| Sud Kivu | 94.1 | 87.7 | 74.6 | 89.6 |
| Average | 87.5 | 77.5 | 59.2 | 77.9 |

Source: Computed using survey data from INS (2005).

less endowed. This provides more evidence of the lack of a positive connection between natural resource endowment and welfare at the regional level. This further underscores the role of grievance and alienation in motivating secessionist movements in the country.

Another legacy of the deterioration of social conditions under Mobutu was the high levels of youth unemployment at the end of his regime. Two problems of unemployment are especially important for the analysis of the environment leading up to the conflicts. The first problem was the high unemployment of the unskilled youth, resulting from the deterioration of the education system in a context of high population growth. In addition to lack of adequate capacity in the education system to accommodate the rising demand, some of the youths were attracted to alternative income-generating activities, especially artisanal gold and diamond mining, and were exposed to exploitation of all forms even during periods when there was no conflict. The second problem with youth unemployment was the rising numbers of young graduates that could not be absorbed by the labor market due to overall deterioration of the economy, fiscal stress in the public sector that limited the government's capacity to create jobs, and a weak private sector.

Today, youth unemployment is one of the most challenging development and political problems facing the country.²³ Some recent reports estimate that only 100 out of 9000 persons graduating from the universities manage to find a job that is appropriate to their level of education.²⁴ About 80 percent of the population is outside of the labor market; the unemployment rate is estimated at 73% and it is highest among the youth aged between 15 and 24 years. Addressing the youth unemployment problem is an incredibly challenging task. The World Bank estimates that the economy would need to create 2-4 million jobs annually to absorb the youth entering the job market and to reduce poverty. Under its Poverty Reduction Strategy Paper 2011-2015, the government has set its target of creating 900,000

²³ As the 2012 African Economic Outlook demonstrates, the problem of youth unemployment is a continent-wide issue; it is not limited to post-conflict countries like the DRC.

²⁴ The figures cited here are from IMF (2013).

jobs per year for young people (IMF, 2013). This is a rather ambitious goal in a post-conflict country.

The question is: what is the relationship, if any, between youth unemployment and conflicts in the DRC? In other words, was the deteriorating youth unemployment situation in the 1990s a contributing factor to the wars during that period? And does the dire youth unemployment situation contribute to extending the duration of conflicts? The “youth bulge” has been identified in the literature as one of the determinants of the risk of conflicts and their duration (Collier and Hoeffler, 1998, 2004; Fearon and Laitin, 2003; Urdal, 2005, 2006). A large youth population may increase both the opportunity and motives of conflicts (Urdal, 2005). In particular, a high number of unemployed youth offers the rebel and secessionist movements a “reserve army” for the recruitment of combatants. The reservation wage of these young people is very low as they have no alternative income generating opportunities. They have usually been recruited to fight in the rebellion or to work in artisanal mining being controlled by the rebel movements. Therefore, the presence of high levels of youth unemployment has made rebellions both financially feasible and profitable for the rebel leaders as these youths are a captive cheap labor market. In some cases, the youths do not have the option of not joining the rebellion; they face the high risk of being killed or suffering deprivation if they do not join as combatants. This explains the high presence of youths among combatants in the first and second wars.

On the other hand, a high level of unemployment of the educated youth constitutes a basis for political mobilization against the central government. These young people are aware of their legal rights, and are able to see the pervasive inequalities in income and economic opportunities in the country. The role of the educated youth as a force of social change was clearly demonstrated during the Arab Spring in 2011 in North Africa where disenfranchised and alienated youths decided that it was better to sacrifice one’s life than face sure humiliation from deprivation. In the case of the DRC, the educated youth has always been politically active. Mobutu’s strategy had been to crush their demands through brute force. This only strengthened anti-state sentiments throughout the country. The loss of Mobutu’s domestic political support was therefore clearly associated with the deterioration of the employment situation for the youth. Today the high levels of unemployment among the educated youth constitute a major cause of concern as it is a potential source of instability in the country. Youth unemployment problem must therefore take center stage in the discussion of strategies to achieve stability in the country and in the region.

To summarize, the foregoing discussion demonstrates that economic factors have played a key role in both the occurrence and the duration of conflicts in the DRC. In particular, the erosion of the overall macroeconomic environment, the mismanagement of the public sector, and the deterioration in social conditions, especially the explosion of youth unemployment, have weakened the capacity of the state to deliver basic needs and security to the Congolese people, thereby creating an environment that is ripe for the formation of grievance-induced as well as greed-driven violent contestation of state authority. The natural resource endowment has been a facilitator and an incentive for conflicts. In that sense, the modern day conflicts are a reincarnation of the conflicts that shook the country immediately after its independence. However, while the conflicts are often referred to as “resource wars”, they are primarily a manifestation and the outcome of the systemic failure of the state to regulate the natural resource sector to maximize its developmental impact and ensure

equitable regional distribution of the proceeds of natural resource exploitation. The next section examines institutional factors of the conflicts from a historical perspective.

2.4 Institutional factors of conflicts

Taking a historical perspective, this section examines the role that institutions have played and continue to play in the DRC as a factor of the risk of conflicts (the country's predisposition to conflicts), the timing of conflicts (explaining why a conflict erupts at a particular time), the location of the conflicts (why a conflict erupts in a particular location), the duration of conflicts (how long the conflict lasts), and the recurrence of conflicts. The analysis pays particular attention to the constitution, electoral law, delegation of power, decentralization and federalism, and nationality laws. In particular, the section highlights the relationship between the central state and local/subnational communities in the emergence of conflicts, conflict resolution, post-conflict economic reconstruction, and post-conflict state building. It also assesses the implications of the "liberal peace" approach to state building (political liberalization) in the case of the DRC. The section especially examines the implications of political liberalization (or the Western electoral democracy model) on the legitimacy of the central state, its relationships with local communities, state building, and political stability. Such an analysis can yield important lessons that may inform strategies for conflict resolution, state building, and consolidation of peace and stability in the DRC and the Great Lakes region.

The design of institutions and conflicts

It is beyond dispute that efficient institutions are essential for promoting political stability and economic development. They are especially critical in the case of a country that is prone to conflicts. Proponents of consociationalism argue that deep social divisions within a country's population are best addressed through two practices: (a) *power sharing*, i.e., including representatives of all relevant social groups in the decision-making bodies and processes, and (b) *group autonomy*, i.e., allowing all relevant groups considerable say over the affairs of their own communities with minimal interference from the central state (Lijphart, 2004). The argument is based on the view that an important cause of political violence is the exclusion of some social groups from power. A key element of the institutional configuration that is critically important for political stability and conflicts in the case of the DRC is the design of the constitution and the manner in which it has been used by consecutive regimes not only to hold onto power, especially by suppressing demands for a decentralized system, but also to alienate targeted segments of the population.

From 1960 to 2014, the DRC had five different constitutions. The first pseudo-constitution adopted by the Belgian legislature was known as the *Fundamental Law* (Kisangani, 2012; Nzongola-Ntalaja, 2002). It laid down a parliamentary system based on a dual executive with a president and a prime minister who were indirectly elected from the lower house of Parliament.

The Belgian legislature also passed the *Electoral Law* of 23 March 1960 based on proportional representation. In particular, the law gave migrants from Burundi and Rwanda the right to vote as residents. Article 1 of the law provides the following guidelines: "A voter must be Congolese or born of a Congolese mother, or from Ruanda-Urundi having resided in Congo at least for ten years" (Gérard-Libois and Verhaegen, 1961, p. 656). In addition, the law re-

Map 2.3: Provinces of the Democratic Republic of Congo, 1960 and 1963



Source: (Kisangani, 2012, p. 19)

tained the colonial centralized system with six provinces, namely Equateur, Kasai, Katanga, Kivu, Leopoldville, and Orientale (Map 2.3). However, this centralization was abandoned on 27 April 1962 with the promulgation of a new law that created 21 decentralized provinces, taking effect in 1963.

In August 1964, a new constitution called the *Luluabourg Constitution* was promulgated, with the main goal being to solve the problem of power sharing between the president and the prime minister by giving the president sufficient executive powers to even override the prime minister. Once in power, Mobutu suspended the 1964 constitution and ruled by decrees until the promulgation of a new constitution on 24 June 1967 that recreated a centralized and unitary state, thus removing all powers previously granted to the provinces. The fourth constitution, promulgated on 15 August 1974, institutionalized the single-party state and a strong presidential system. In December 2005, a new constitution was approved in a referendum, and it was promulgated in February 2006. The 2006 constitution established a federal system with 25 decentralized provinces and the capital city.

One key weakness of the institutional configuration in post-independence DRC was the failure of the proportional representation system to address antagonisms along ethnic, regional and ideological lines. Given that most political parties were formed along ethnic lines, parties engaged in “ethnic-outbidding” (Rabushka and Shepsle, 1972) and acted to advance mutually exclusive group claims to power. As a result, nationalist parties were completely excluded from power by 1963 as a result of proportional representation. This competition along ethnic lines undermined the provision of public goods, as elected officials sought to funnel state resources to co-ethnic constituencies (Kisangani, 2012; Nzongola-Ntalaja, 2002).

It was generally expected that through regional autonomy, federalism would improve the chances for democratic consolidation. However, federalism has been contested by the central government since the early days of independence, leading to secessionist wars in Kasai and Kivu (see Ndikumana and Kisangani (2005) and Table A.1 in the Appendix). In practice, what has emerged in the post-independence period is a centralized one-party system. In this context, the 2006 Constitution marked a major shift in institutional design by re-establishing the proportional representation system based on a semi-parliamentary system. Most importantly, unlike the 1960s when most political parties were ethnic parties, the picture was quite different in the recent elections when most political parties reflected some multiethnic configuration. The new Constitution established a regime combining the presidential and parliamentary systems, thereby giving some hope for political stability. Indeed, the presidential majority in Parliament in 2006 and 2011 included political parties that cut across ethnic groups. Thus at least in principle, the new Constitution offered a framework for overcoming the “ethnicization” of party politics in the DRC. However, in addition to ethnicity there are other structural sources of political cleavage that will continue to undermine stability if they are not properly addressed. In particular, the new institutions must resolve the secular problem of tensions between the centralized state and the regions. That issue is discussed in the following section.

Relations between the central Government and subnational communities

The challenges associated with the centralized state

As discussed above, the DRC’s history has been marked by antagonisms centered on the issue of a choice between federalism and a centralized State. In practice, the country has been ruled as a de facto unitary and centralized state since 1966 (Kisangani, 2012; Nzongola-Ntalaja, 2002). One major challenge of a centralized polity is the absence of veto players. A veto player is an individual or a collective actor whose agreement is necessary for a change in the political status quo (Tsebelis, 2002). For example, federalism provides provincial entities some veto power vis-à-vis the federal government.

During the Mobutu regime, Parliament was a unicameral body whose members were either nominated or elected within the single party. There was no institutional veto player capable of challenging President Mobutu. When Larent Kabila became president in 1997, he suspended the transitional parliament and ruled by decree. Although the 2006 Constitution provides a number of institutional veto players such as the National Assembly and an independent judiciary, these entities have limited effective power. Furthermore, constraints to freedom of the press undermine the emergence of non-partisan veto players, of which the media is a major part.

Another challenge of a centralized system is the concentration of resources in the center of decision making. Since the mid-1960s, the share of financial resources accruing to the provinces has remained small compared to resources accruing to the capital city. It is estimated that between 1966 and 2010, the office of the president consumed an annual average of 20% of the national budget, compared to less than 10% accruing to the provinces (Kisangani, 2012).

In addition, the centralized State in the DRC weakened traditional authorities who were part of the state-building process during the colonial period and who could have helped in building a strong State in the post-colonial era. By weakening those traditional authorities, the central State's capacity to collect taxes was also severely eroded, forcing it to rely on foreign aid. Furthermore, weakening the traditional authorities through taking away their role as custodians of land also undermined them as a mechanism of peaceful resolution of conflicts relating to land.

Finally, the centralized State's capacity to provide public goods such as roads, education, and health has deteriorated over time. In 1959, the DRC had over 145,000 kilometers of operational roads. By late 2013, there were fewer than 31,000 kilometers of operational roads mostly located in Kinshasa, Lower Congo, and southern Katanga (RDC, 2012, p. 16). In 1958-1959, the DRC had the best medical or health infrastructure in tropical Africa (European Community, 1959). Five decades later, the infrastructure has deteriorated severely. The inability to provide public infrastructure and social services undermines the legitimacy of the centralized state vis-à-vis the population. It also creates an environment that is conducive to the mobilization of opposition against the central State, which may lead to violent rebellions at the local level.

Nationality and other underlying factors of conflicts in the Kivu region

The centralized Congo has been weak since the mid-1970s, which has made the country prone to political instability. The recent conflicts in North-Kivu and South-Kivu cannot be seen as isolated events. They should be understood within their historical context (Kisangani, 2012; Lemarchand, 1997, 2009; Nzongola-Ntalaja, 2002). In the specific case of the conflicts in Eastern Congo, one important factor is the set of nationality laws that have explicitly aimed at not only excluding people of Rwandan descent from the political process, but also denying them the right to a permanent homeland (Kisangani, 2012; Lemarchand, 1997, 2009; Nzongola-Ntalaja, 2002). The issue of Congolese nationality originates from the decree of 27 December 1892 signed by King Leopold II according to which "an individual acquires the Congolese nationality by birth on the territory of the state of Congolese parents, by naturalization, by presumption of the law, and by option"; and "is Congolese, a child born on the Congolese soil of the state of legally unknown parents or without known nationality" (RDC, 2004, p. 11, Articles 13-16). In brief, King Leopold II gave more weight to the doctrine of *jus soli*, place of birth, than that of *jus sanguinis*, blood doctrine or ancestry. The annexation of the Congo Free State to Belgium in 1908 did not change this law.

The 1964 Constitution was the first institutional framework that discriminated against people of Rwandan descent living in the DRC by making the Congolese nationality more restrictive (Kisangani, 2012). Article 6 of the 1964 Constitution reserved Congolese nationality to those people whose ancestors were members of an ethnic group that had lived in the country before 18 October 1908, unless they made a special request within 12 months to change their nationality. This article automatically excluded most Banyarwanda of Masisi,

who immigrated from 1922 to 1950 as a result of famine in Rwanda and labor shortage in the Belgian Congo, as well as illegal immigrants who arrived after 1960. As a consequence, frictions emerged in North-Kivu between Banyarwanda and other groups, especially in Masisi where Rwandan immigrants had outnumbered the Hunde natives by a ratio of two to one (Pabanel, 1991).

A more inclusive nationality law was promulgated by decree (law no 72-002 in 1972) that conferred Congolese nationality on all immigrants from Rwanda and Burundi who had been in Congo before January 1950 and had continued to reside in Congo (Kisangani, 2012). According to Article 15 of that Law, "The people from Ruanda-Urundi who were established in the Kivu province before 1 January 1950 and who had continued to reside since then in the Republic of *Zaire* until the promulgation of the present law had acquired the *Zairian* nationality on 30 June 1960."

On 29 June 1981, a new nationality law, no. 81-002 of 29 June 1981, was enacted, with severe implications on stability in North Kivu, especially with regard to issues relating to arable land. The law explicitly canceled the rights of the Banyarwanda in Kivu. Article 4 of the law stated that a person "is Zairian in terms of Article 11 of the Constitution, on 30 June 1960, any person whose ancestor is or has been member of one of the tribes established on the territory of the Republic of Zaire within the limits set on 1 August 1885, and as modified by subsequent conventions." Therefore, the people of Rutshuru were Congolese given the 1910 convention between Germany and Belgium, but migrants from Rwanda since the 1930s and their children were not. The consequence of the 1981 law was that people of Rwandan descent lost their Congolese nationality. By stripping people of Rwandan descent of their Congolese nationality, the government created a stateless and landless people. The worst would happen in 1995 when Parliament passed a Resolution to expel all Rwandan migrants back to Rwanda, in purported implementation of the 1981 nationality law (Kisangani, 2012).

In December 2002, the Congolese transitional legislature signed the *Global and Inclusive Act of the Transition*, and in 2004 it passed a new law on nationality that was supposed to end the issue of nationality of Rwandan immigrants (Kisangani, 2012). However, it also remained discriminatory. Article 6 of the law stipulated that "any person belonging to an ethnic group or nationality whose people and land were part of the territory that became Congo upon independence is of Congolese origin." Under this law, Rwandans who immigrated in the DRC before July 1960 automatically became Congolese. No nationality reinstatement procedure was necessary. The law remained silent on more than 190,000 Tutsi refugees who migrated to the DRC after 1960 and their children who were born in the country. Thus, these immigrants and their descendants were deemed not to be citizens of the DRC. However, Article 21 of the law provided that descendants of Rwandan immigrants might choose to apply for Congolese nationality upon reaching maturity. Two of those descendants of Rwandan refugees are Laurent Nkunda and Bosco Ndaganda, the prominent rebel leaders, who were born in the DRC after the mid-1960s (Kisangani, 2012).

Once in power, Laurent Kabila orchestrated ethnic discrimination in the provincial government in North Kivu and South Kivu in favor of Rwandophones. Thus, former victims became victimizers. Moreover, the high visibility of Tutsi and Rwandan soldiers was negatively perceived by "autochtone" Congolese as a sign of dominance by Rwanda. However, Laurent Kabila soon grew increasingly uneasy with the cooperation with the governments of Rwanda and Uganda (Braeckman, 1999; Weiss, 2000). In late July 1998, he decided to end

cooperation with both countries, and asked all foreign troops to leave the DRC. This ignited the war against him on 2 August 1998.

A second underlying factor of conflicts in Kivu is the issue of land scarcity in a region that lacks an industrial base to absorb the surplus of rural labor. However, scarcity of land cannot be attributed to population pressure alone. Particular rules and institutional provisions have contributed to this scarcity. One of such institutional arrangements was the *Bakajika Law*, promulgated on 7 June 1966, by which the Congolese state took possession of all lands. It was followed by the General Property Law no 73-021 of 20 July 1973, which remained the cornerstone of land tenure in the post-colonial period (Kisangani, 2012). The law de facto nationalized the Congolese land and ended the colonial distinction between modern land tenure based on written laws and unwritten traditional land tenure (Kisangani, 2012).

The conflicts over land in Eastern Congo have worsened over time by the increase in cattle ranching which requires vast grazing areas. The problem is exacerbated by the unequal distribution of cattle ranching across ethnic groups with a heavy predominance of Rwandophones in the sector. This contributed to the xenophobic sentiments among the “autochtone Congolese” which were exploited by rebel leaders and politicians to advance their political interests (Kisangani, 2012).

Another major factor in the conflicts in Eastern Congo is the failure of the Disarmament, Demobilization and Reintegration (DDR) of former combatants (Kisangani, 2012). Two important problems are especially worth emphasizing. The first is an economic problem. As is typical in all post-conflict countries, the DDR program consisted of handing out cash grants to former combatants. This approach proved ineffective given that the grant was too small to support meaningful income generating activities for individuals who basically have to start from scratch to rebuild their lives with no assets, no skills, and limited social networks. Moreover, given that the grant is only awarded to former combatants, this policy creates resentment among the resident population that feels as though the government is rewarding the same individuals who caused misery and deprivation in their community. To improve effectiveness and sustainability of the DDR program, the funds should be used to finance employment-generating development programs that benefit the entire community even if it means making special provisions for “affirmative action” considerations in favor of former combatants.

The second problem with the DDR program in Eastern Congo was political. The DDR was intended to incorporate different militia factions into a unified national army in what the government called *mixage* and *brassage* (Kisangani, 2012). *Mixage* provided for military integration at the platoon level with a view to forming six brigades; it also allowed troops to remain in their province of origin. *Brassage* aimed to create a unified national army by merging the individual members of various armed forces operating in the country, and involved the transfer of troops to provinces other than their home province. However, it was observed that these provisions were not applied uniformly across militias and rebel groups, and that in particular the Tutsi armed groups – including General Nkunda’s troops – were allowed to remain in the two Kivu provinces, thus strengthening their relative military power in the region.

The final trigger factor of the conflicts in eastern Congo was the outcome of the 2006 and 2011 elections. The 2006 elections completely marginalized the Congolese of Tutsi origin

in the Kivu region. Only one Congolese Tutsi was elected in the provincial assembly from Masisi. But once he was chosen by provincial legislators to become senator, he had no single representative in North-Kivu political institutions (Kisangani, 2012). The lack of representation of the Congolese Tutsi at all levels of provincial institutions alienated them in the democratic process. In 2011, elections that were supposed to provide the Congolese Tutsi with some representation in their stronghold Masisi territory were cancelled as a result of political instability. This became a major issue that triggered the revolts led by Nkunda and Ntanganda (Kisangani, 2012; Prunier, 2009).

To summarize, a key factor of the conflicts in the DRC has been the conflictual relations between the centralized state and local communities. The manipulation of nationality laws has alienated descendants of migrants from Rwanda and Burundi while also perpetuating antagonisms among ethnic groups. The politics of exclusion are at the heart of the conflicts in the DRC and their spillover across borders to neighboring countries. In particular, the involvement of neighboring countries in the first war was partly due to a call for help by endangered Congolese citizens cast as “foreigners” in what may be referred to as “kin-country syndrome” (Huntington, 1993, 1996), which is an essential part of the “internationalization” of the DRC civil war (Lemarchand, 2009; Prunier, 2009). Moreover, the lack of clarity regarding the roles and powers of traditional local authorities, especially vis-à-vis land legislation, combined with a weak centralized State, have contributed to a power vacuum at the local level that breeds conflicts and rebellions. To bring the conflicts to an end and consolidate political stability will require effective institutions that govern the relationships between the central state and local communities, including a clear mandate for traditional local authorities.

Political liberalization and conflicts in the DRC

Emergence of political liberalization in the DRC

The collapse of the Soviet Union in the late 1980s ended Mobutu’s strategy of playing the communist card to secure Western support. Internally, the end of the Cold War sparked political unrest as the Congolese people demanded institutional reforms. A series of demonstrations that occurred in the early 1990s in the capital city were violently suppressed by the military (Kisangani, 2000). Despite the repression, more riots and demonstrations followed throughout the country. In an effort to defuse tension, on 24 April 1990 Mobutu announced the de-politicization of the security services and the administration, and introduced legislation that allowed the creation of new political parties and free trade unions, and set the stage for free elections. However, the elections initially scheduled for 1991 were postponed because of disputes over power sharing between pro-Mobutu and opposition forces. After five years of political stagnation, elections were announced for May-June 1997. Mobutu was deposed by the ADFL in May 1997 before he could deliver the first democratic elections.

While the ADFL had pledged to hold elections in 1999 when it took power, the civil war that broke out on 2 August 1998 against Laurent Kabila disrupted the electoral process. The *Lusaka Peace Accord* and the peace agreement signed in Pretoria, South Africa, on 17 December 2002 led to the formation of a transitional government in June 2003 and the creation of the Independent Electoral Commission (CEI) whose task was to oversee the elections which took place on 30 July 2006. In the second round of elections held in October, Joseph Kabila won with 58 percent of 16.6 million counted votes against 42% received by the challenger Jean-Pierre Bemba. Despite accusations of irregularities by critics, the Supreme Court validated the results a few days later and the international community endorsed them as well.

Implications of political liberalization for the legitimacy of the state

The 2006 electoral process was a major historical event in a country that had not had free and fair elections for more than four decades. The elections brought fresh air into the institutional process and revived hopes for legitimacy of state institutions and the central government. They provided Parliament with an opportunity to exercise its constitutional power over the executive. From 2006 to mid-2009, members of the government and heads of state-owned enterprises made over 40 appearances before 24 legislative investigating committees and four senatorial committees to answer questions pertaining to their respective duties. Vital Kamerhe, then leader of the Alliance for the Presidential Majority (Alliance pour la Majorité Présidentielle, AMP) and speaker of the lower house, encouraged televised debates among members of the majority and the opposition. However, Kamerhe was forced to resign when he disagreed with President Kabila's decision to conduct joint military operations with Rwanda, which Kamerhe had accused of financing rebel groups in eastern Congo. The consequence of Kamerhe's resignation was the collapse of the opposition, as the presidential majority refused to allow any open debate in Parliament. By 2009, nearly all liberal-democratic safeguards had collapsed under the tyranny of the majority (Dizolele and Kambale, 2012).

It was under these circumstances that the Parliament, controlled by the AMP, decided in early 2011 to change the Constitution to help Joseph Kabila win another term. Joseph Kabila emerged as the winner with 48.9 percent of the 8.88 million votes counted. Etienne Tshisekedi, who came second with 32.3 percent of the votes, unsuccessfully contested the results. On 16 December 2011, the Supreme Court of Justice certified Joseph Kabila's election for a second five-year term (Dizolele and Kambale, 2012).

On 27 January 2012, the Electoral Commission announced the results that gave the majority to Kabila's presidential alliance with 341 seats out of 500, or 68.2 percent of the seats in the lower house. These results were also contested by the opposition. The Carter Center election monitoring mission issued a statement charging that the official results of the two elections lacked credibility due to serious irregularities (Carter Center, 2011). The United States Department spokeswoman Victoria Nuland said that the elections were "seriously flawed, lacked transparency and did not measure up to the democratic gains" seen in recent African elections (*Africa Research Bulletin* 2011, p. 19085). In sum, hopes to see the electoral process legitimize the state and its institutions were dashed by what observers called "well-orchestrated rigged elections" in 2011 (Dizolele and Kambale, 2012). In a sense, the elections did not mean much to the ordinary Congolese citizens because they did not provide true representation and failed to "establish relationships of trust between people and the government in true democratic spirit" (Trefon, 2009, p. 141).

Overall, a major weakness of the political liberalization process, thus far, has been that the interests of the Congolese citizens have not been sufficiently taken into consideration. While new institutional arrangements have provided citizens with the right to vote, the system has not yielded real change. For example, the election of governors, members of provincial governments and national senators is not direct. These groups are elected through an indirect process that consists of two steps. First, candidates are elected at the district level to be part of the provincial assembly. In the second round, the candidates are elected by provincial legislators. This opens opportunities for incumbent politicians to get re-elected by manipulating the process at the provincial level. As a result, elected officials remain insensitive to the needs and interests of the local communities.

The expectation of citizens is that the liberal peace would bring political stability and improve the delivery of public goods. However, the prospects for economic prosperity remain elusive. This is one of the key factors that have fueled conflicts in the DRC and it remains a fundamental constraint to state legitimacy and to the establishment of a developmental state.

2.5 Geopolitical factors of the conflicts

This section examines the role of geopolitical factors in the emergence and intensity of conflicts and in post-conflict reconstruction in the DRC's past and present conflicts. The analysis covers the regional as well as global dimensions of the conflicts.

Regional dimensions of the conflicts

The roots of the wars in the DRC have regional dimensions and the impact of the wars have spilled beyond the country's borders and affected the entire region. The Great Lakes region as a whole has suffered greatly in terms of the human death toll, political instability and the negative effects on the economy. As Nzongola-Ntalaja puts it, "no region of the African continent has known as much political strife, loss of life and social dislocation as the Great Lakes region" (Nzongola-Ntalaja, 2002, p. 215). It is therefore important to understand the regional dimensions of the triggers of the wars as well as the mechanisms that transformed the seemingly internal conflicts into regional and even continental wars.

The key regional trigger factor of the anti-Mobutu war of 1996-97 was the 1994 genocide in Rwanda and its aftermath (Kisangani, 2012; Lemarchand, 1997, 2009; Nzongola-Ntalaja, 2002; Prunier, 2009). The influx of Rwandan Hutu refugees in Eastern DRC disturbed the ethnic balance in the region, which exacerbated underlying antagonisms between ethnic groups associated with Rwandan descent and those considering themselves as "autochtone" ethnic groups. The presence of a large contingent of the Hutu militias (Interahamwe) among the Rwandan refugees, and the threat they posted, created the necessity for the Rwandan government to intervene in the DRC to prevent the militias from attacking Rwanda. The Rwandan intervention was partly driven by the failure of the Mobutu government to ensure law and order in the region, creating a staging ground for attacks by the militias and rebel groups against neighboring countries. As Nzongola-Ntalaja puts it, "The Congo under a capable and responsible government could have stopped the genocide of 1994 in Rwanda, the second major determinant of instability in the region, or at least prevented the genocidal forces from using Congolese territory to launch raids into Rwanda" (Nzongola-Ntalaja, 2002, p. 214). The ease with which Kabila was able to mobilize the anti-Mobutu rebellion was partly due to the alienation of Rwandophones by xenophobic nationality laws that created a perpetual threat of statelessness and landlessness against those ethnic groups.

Eventually the war was regionalized, pulling in Angola, Uganda, and Zimbabwe. The key motive for these countries' involvement in the war was the protection of their national security. The strong support provided to the Kabila-led AFDL by the regional coalition, combined with the disintegrated state of Mobutu's national defense system, enabled speedy victory for the coalition.

The second DRC war or "the anti-Kabila war", which broke out in 1998, was driven by two key factors with a clear regional character. The first was the disappointment of Rwanda,

Uganda and Burundi over Kabila's failure to take control and restore security in eastern DRC. The second factor was Kabila's desire and domestic pressure to curtail the dominance of his external backers, namely Uganda and Rwanda. Kabila's decision to expel his former "comrades-in-arms" back to Rwanda in July 1998 triggered the war the following month, led by the RCD rebel group (Nzongola-Ntalaja, 2002). The war featured rebel groups including Kabila's former Rwandophone allies, groups with left-wing leanings, and pro-Mobutu groups on the one hand, and regional governments, some of them on Kabila's and others against him, on the other. Two types of motivations were behind the intervention by foreign countries in the anti-Kabila war. The first was the security concerns of Angola, Burundi, Rwanda and Uganda. For example, Angola's motivation was to protect its oil and diamond fields, especially the Kabinda oil fields, which are split by Congolese territory. Angola was also concerned about the threat of an alleged coalition between the AFDL and Savimbi's UNITA, and the risk of the DRC becoming a rear base for anti-government rebellions (Kisangani, 2012).

Secondly, the power vacuum created by state decay provided an opportunity for competition for the control and exploitation of DRC's natural resources. As Nzongola-Ntalaja noted in 2002, "with state decay and the breakdown of law and order, the Congo has once again become a wild frontier in which everyone is free to fetch whatever they can" (Nzongola-Ntalaja, 2002, p. 235). Such an argument, however, may not be generalized to include all the intervening countries of the second DRC war, especially in the cases of Namibia and Tchad.

A key underlying factor in the intervention of DRC's eastern neighbors was the issue of nationality and identity. Specifically, the war was an illustration of the fact that alienation of the Congolese of Burundian and Rwandan origins continued to haunt the DRC's political system. It explains why certain rebel groups keep turning east for support. It also explains the antagonisms between autochtones and Rwandophones that are exploited by political entrepreneurs, which fuels and perpetuates conflicts.

It is important to note, however, that the wars, whether opposing the State by rebel movements or involving foreign armies, have largely been waged more against civilians than between armies (Nzongola-Ntalaja, 2002, p. 142). Indeed, the most deadly events have not been confrontations between the national army and rebel groups or even a foreign invasion, but rather the attacks on civilians by state security forces and rebel groups.

Global dimensions of the conflicts

The recent wars in the DRC differ from the wars of the 1960s and 1970s in important ways. The recent wars occurred in a very different geopolitical context marked by the end of the Cold War on the one hand, and the onset of the war on terrorism on the other. In the 1970s, the Mobutu regime was able to count on its Western allies who valued his strategic importance in the region. By 1996, Mobutu had lost this strategic advantage and had been abandoned by his allies, and his regime was swept by the Kabila-rebellion with little resistance. During the second DRC war – the anti-Kabila war – the Western powers also waited it out with a substantial degree of indifference (Nzongola-Ntalaja, 2002, p. 232). Certainly, no French or Belgian paratroopers were sent to Kabila's rescue. With the end of the Cold War, the focus of attention in global security has shifted to the war against terrorism. Moreover, the experience of the US intervention in Somalia also contributed to the reluctant attitude of the Western governments to intervene in the DRC conflicts. Furthermore, the support of strong strategic regimes in the region constitutes a key tool in the combat against terrorism. Thus, in the context of global geopolitics, having strong and stable regimes in the DRC's

neighboring countries is viewed as critically important for ensuring that the eastern region of the DRC does not fall prey to terrorist movements.

The wars in the DRC have also illustrated inefficiencies and asymmetries in global response to conflicts. These wars have caused the highest death toll in modern history. But the international intervention has not been proportional to the magnitude of the death toll and human suffering. The international intervention has been inadequate in terms of resources and has focused on humanitarian assistance. Inadequate attention has been paid to the complex nature of the root causes of the conflicts and the adverse effects of the wars on individuals and communities.

Another distinguishing feature of recent conflicts in the DRC relative to post-independence conflicts is the heavy presence of multinational corporations and other private operators that take advantage of both the country's natural resources and weakness of the regulatory system. In fact, rather than scaring off private capital, conflicts have made the country the magnet of private resource-seeking capital. The conflicts have been an illustration of the negative side of globalization, notably the immense powers of unregulated private global enterprises.

The dominance of MNCs in the natural resource sector has serious implications for conflict and economic development. It is linked to the abusive exploitation of natural resources with negative effects on society and the environment. MNCs operating in the context of weak regulation are also notorious for engaging in various forms of corruption and unethical business practices including tax evasion and avoidance, transfer pricing, and abuse of workers' rights (Ndikumana, 2013). Global capital has both benefited from a weak regulatory system to exploit natural resources and to weakening institutions by undermining governance reforms. These, in turn, contributed to raising the risk of conflicts and to prolonging instability.

The regional and global dimensions of the wars in the DRC imply that solutions to the conflicts in the country must be designed with a regional outlook. This requires commitment and strong will on the part of the government of the DRC and of neighboring governments. These efforts at the national and regional levels must be complemented by the vigorous, adequately resourced, and coordinated intervention of the global community.

2.6 Conclusion

The conflicts in the DRC exhibit a substantial degree of complexity in the nature, scope and magnitude of their causes. The evidence presented in this chapter suggests three major clusters of factors that have played a key role whether as underlying causes or trigger-factors of conflicts. The first cluster consists of factors related to bad economic policies and the resulting weak development record. The country's massive economic potential has not been effectively harnessed to meet the needs of the Congolese people and to transform the country into a true engine of economic integration in the Great Lakes region. Instead the country's natural resources have been used to finance the wars with dire consequences on the populations and the region in general. The poor economic performance is related to the drivers of the conflicts in several ways. Poor economic performance has weakened the government's capacity to deliver basic public services and to build an adequate security system that can provide law and order internally and protect the country's borders. As a result, economic deprivation has created an environment that is conducive for the mobilization of

rebellions – by reducing, first, the opportunity cost of joining rebellions for the unemployed youth; and second, the capacity of the government to counter the attacks of rebel groups.

The second cluster of factors involves bad governance and systemic institutional failure. Leading up to the conflicts, the state had failed to perform its fundamental functions of delivering services, securing law and order, and defending the country's interests at the regional and global levels. It had failed to establish and maintain institutions at national and local levels that can manage conflicts among groups. In contrast, the state had enacted rules and laws that undermined peaceful cohabitation among ethnic groups. The most blatant example is the use of nationality and immigration laws to transform targeted members of society (e.g., the Rwandophones) into stateless communities. The state had also failed to establish an institutional environment for adequate regulation of economic activity. Instead, it fostered a system plagued by corruption, kleptocracy and rent-seeking which alienated the people vis-à-vis the state, while opening up opportunities for chaotic resource extraction by domestic as well as foreign actors.

The third cluster of factors involves geopolitical interests at the regional and global levels. In this context, it seems that the history of the country has come full circle. From the mercantilist drive of King Leopold II during his conquest of the colony, through the Cold War era marked by global security determinism where the DRC was used as a staging ground for the global fight against communism, by the mid-1990s the country had reached an era where both forces merged seamlessly. On the one hand, the recent wars occurred in an environment that was marked by the collusion of public and private mercantilist interests in a resource-rich but institutionally weak state. On the other hand, it was an environment characterized by the resurgence of global security determinism in the face of the rising threat of terrorism, while at the regional level the DRC's relationships were compromised by critical national and cross-border security threats to its neighbors. Thus, today as in the past, the DRC finds itself in a situation where its control over its own political and economic fate is substantially compromised by global forces.

The analysis of the strategies to overcome conflicts in the DRC and to build lasting peace must be cognizant of these important lessons from the country's history. Thus, attention must first be focused on crafting strategies aimed at addressing issues at the national level, rather than just on the conflicts in the eastern region. Second, the strategies must include a new economic policy framework aimed at (1) addressing the severe problem of unequal distribution of resources, (2) reducing the alienation of the people vis-à-vis the state through increased effectiveness in the delivery of public services at regional and local levels, (3) managing the natural resource sector to optimize government revenue generation and employment creation in an environmentally sustainable manner, and (4) putting the country on a path of economic diversification beyond natural resources. Third, a critical condition for a lasting solution to the conflicts in the DRC is the design of institutional mechanisms that address the problems around the configuration of the state. In particular, it is important to design mechanisms for the establishment of a viable federal system, for the resolution of the issue of citizenship and nationality, and the protection of the human, economic, political rights and security of the minority groups. These are challenging tasks; but they are commensurate to the magnitude of the problems to be resolved. The concluding chapter of this report elaborates on these and other strategies for overcoming chronic conflicts and for establishing a basis for peace and sustainable development in the DRC and the Great Lakes region.

CHAPTER 3: Social and Developmental Impact of the Conflicts in the Democratic Republic of Congo

3.1 Introduction

The previous chapter discussed the complex causes of past and recent conflicts in the DRC, ranging from economic to institutional factors, including domestic, regional, and global. This chapter analyses the effects of conflicts on economic and social development. Public attention has typically focused on the massive death toll of the wars. Indeed the recent wars have been characterized as the most deadly wars in human history since World War II (Kisangani, 2000, 2012), with an estimated 5.4 million victims as of April 2007 and 6.9 million as of February 2010 (Coghlan et al., 2007; Kristof, 2010).²⁵ However, beyond the death toll, the wars have had wide ranging effects on the economy and society, and these effects have spilled over across the country's borders, impacting the economies of the neighboring countries, and undermining economic development and integration in the Great Lakes region. Some of the effects are direct, others are indirect. The wars have affected individuals, communities, and the society at large. In order to design strategies to resolve the conflicts and rebuild individual livelihoods and the economy, it is critically important to understand the complex nature of the impact of the conflicts on the economy at the national and regional levels.

This chapter examines the impact of conflicts by paying attention to effects at the macroeconomic, sectoral, individual and community levels. It documents and discusses the impact on macroeconomic performance including growth, inflation and other indicators of the macroeconomic environment. It examines the effects of the conflicts on key sectors of the economy, especially the natural resource sector. The chapter discusses the effects of the conflicts on social and human development with an emphasis on the impact on education and health outcomes. It pays particular attention to the impact of the conflicts on the vulnerable groups of the population, especially women, children and the youth. It underscores the regional dimensions of the impact of the conflicts, and discusses their potential and observed effects on the economies and societies of the neighboring countries. Despite data limitations, the analysis in this chapter sheds light on the losses due to the conflicts, and the potential gains that may derive from peace, stability and effective cooperation between the DRC and its neighbors.

The rest of the chapter is organized into four substantive sections and a concluding section. The next examines the impact of the conflicts at the macroeconomic level. The third section discusses the effects at the sectoral level, followed by an analysis of the impact of the conflicts on poverty and welfare, in the fourth section. The fifth section presents and discusses evidence on the impact of the conflicts on vulnerable groups, namely women and girls, children and the youth. The sixth section concludes the chapter.

²⁵ At the peak of the war, about 45,000 people were reported to be killed every month due to conditions created by the war (Coghlan et al., 2007; Kristof, 2010).

3.2 Effects of the conflicts at the macroeconomic level

Aggregate output and price effects

As already illustrated in the previous chapter, the onset of Kabila-led anti-Mobutu war in 1996 occurred in the context of protracted economic contraction that started back in 1974 with the Zairianization crisis. The conflicts accentuated this decline, leading to further contraction as the economy was in the process of recovering from the largest contraction in its history experienced over 1990-93. During those four years, national output contracted by an average of 9.7% per annum.²⁶ In 1997, gross domestic product declined by 5.6% and growth stayed in the negative territory throughout the second Congo war of 1998-2001. Growth only resumed in 2002 as the intensity of the war declined (Figure 3.1.a). Figure 3.1 and Table 2.1 present data on the trends of key macroeconomic indicators before, during and after the recent Congo wars, from 1990 to 2013. Table 2.1 distinguishes between the pre-war, war time, and post-war periods. The charts and the Table are used in the discussions of the impact at the macroeconomic level in the remainder of this section.

During the years of intensive conflicts from 1997 to 2002, the national income contracted by an average of 2.9 percent per annum (Table 3.1). As a result, per capita GDP reached rock bottom at its lowest level in the country's post-independence history at \$201 (constant 2005 dollars) in 2001. This was less than a quarter (24%) of the peak per capita income reached in 1974 (at \$824), the year of Zairianization.

The accelerated contraction of the economy during the conflicts was primarily due to the disruption of activity in the formal and informal sectors. In particular, in the formal economy the manufacturing and industry sectors were hit the most severely. Agriculture suffered from the effects of population displacement, loss of labor supply due to war-related death toll and enrollment of men and the youth in war-related activities including rebellion, militia and artisanal mining, which compounded the effects of increased overall instability throughout the country. These effects are discussed further below in the sub-section on sectoral effects of the conflicts.

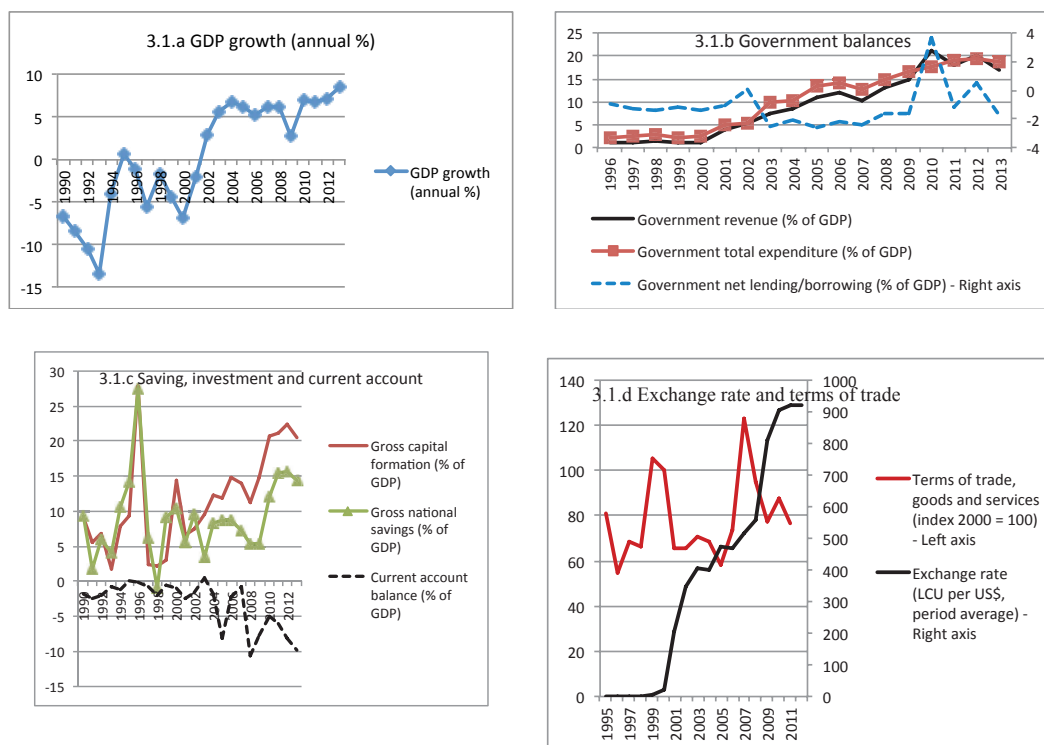
²⁶ The data cited in this paragraph are from the World Bank's World Development Indicators and the IMF's World Economic Outlook database, both of which are available online.

Table 3.1: Selected Macroeconomic indicators in the DRC, 1990-2013

| | Annual averages | | | | | | |
|---|-----------------|-------|-------|-------|---------|-----------|-----------|
| | | | | | Pre-war | War time | Post-war |
| | 1990 | 1996 | 2002 | 2013 | 1990-96 | 1997-2002 | 2003-2013 |
| GDP growth (annual %) | -6.6 | -1.0 | 2.9 | 8.5 | -6.2 | -2.9 | 6.2 |
| Inflation (CPI, annual %) | 81.3 | 617.0 | 25.3 | 0.8 | 4754.8 | 240.8 | 15.8 |
| General government revenue (% of GDP) | n.a | 1.2 | 5.3 | 17.4 | 1.2 | 2.3 | 14.0 |
| General government total expenditure (% of GDP) | n.a | 2.2 | 5.2 | 19.2 | 2.2 | 3.4 | 15.2 |
| General government net lending and borrowing (% of GDP) | n.a | -0.9 | 0.1 | -1.7 | -0.9 | -1.0 | -1.2 |
| General government gross debt (% of GDP) | n.a | | 136.0 | 20.0 | n.a | 150.9 | 70.7 |
| Gross domestic investment (% of GDP)* | 9.1 | 27.9 | 7.7 | 20.6 | 9.8 | 6.0 | 15.7 |
| Gross domestic savings (% of GDP) | 9.3 | 27.5 | 9.5 | 14.4 | 10.5 | 6.6 | 9.5 |
| Current account balance (% of GDP) | -1.7 | -0.1 | 4.8 | -10.2 | -1.2 | 0.8 | -3.4 |
| Total reserves (% of total external debt) | 2.5 | 0.6 | 0.7 | 27.6 | 1.3 | 0.7 | 10.6 |

Sources: World Bank, World Development Indicators (online, GDP growth, total reserves; investment; savings); IMF, World Economic Outlook database (online, other variables).
 Note: * Gross capital formation (% of GDP).

Figure 3.1: Selected macroeconomic indicators, 1990-2013



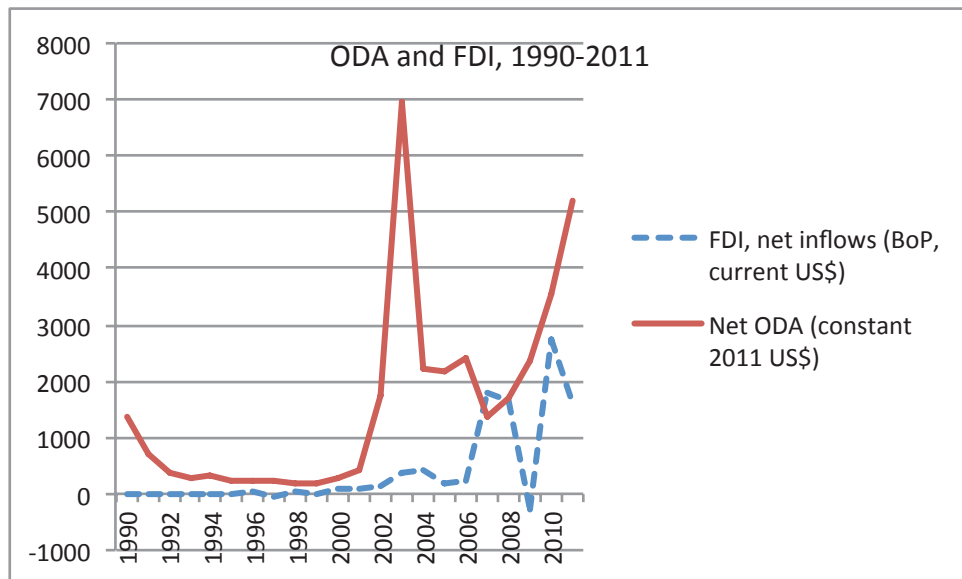
Sources: World Bank, World Development Indicators (online); World Bank, African Development Indicators (online).

Effects of conflicts on government balances

There are three typical effects of the civil war on public finance. The first is the loss in revenue due to the disruption of economic activity. The second is the crowding out of public expenditures on productive and social sectors in favor of defense expenditures. The third effect, which is hard to measure but nonetheless causes serious damage to the economy, is the erosion of the quality of public finance management due to the decay of institutions of control and accountability as well as loss of technical capacity. Loss of technical capacity undermines public finance management especially in the case of catastrophic conflicts such as genocide—as experienced in Rwanda in 1994—or protracted conflicts as in the case of the DRC. In the first instance this is due to physical loss of technical expertise due to the war death toll; the second is a consequence of the first two effects whereby loss of revenue and the defense bias in budget allocation undermines training and capacity building in the public sector.

In the case of the DRC, the country has suffered from all these effects to various degrees. With regard to revenue and expenditure, the data does not show significant impacts on the level and trend. In fact both revenue and expenditure continued to rise throughout the period of conflicts (see Figure 3.1.b). The increase in public revenue was sustained by rising commodity export volume and prices, as well as inflows of foreign capital in the form of official development aid and foreign direct investment (Figure 3.2). Nonetheless, the conflicts have had damaging impact on the management of the public sector and this will have long-term effects on the economy and the institutions beyond the end of the conflicts.

Figure 3.2: Official development aid and FDI inflows to the DRC, 1990-2011



Source: World Bank, African Development Indicators (online).

Note: ODA = official development assistance; FDI = foreign direct investment.

Effects of conflicts on domestic saving, investment, and the current account balance

The conflicts have had negative effects on the economy by discouraging saving and investment. Following the onset of the anti-Mobutu war, domestic investment contracted massively, declining from 27.8 percent of GDP in 1997 to 2.1% in 1998 (Figure 3.1.c). Domestic saving also declined dramatically, from 27.5% in 1996 to -0.9% in 1998. Investment and saving declined in both the public and private sectors, mainly as a result of political and macroeconomic uncertainty. As can be seen in Figure 3.1.c, investment and saving recovered starting in 2000. However, as investment growth outpaced saving, this resulted in a widening of the current account deficit, implying an increasing dependence on external capital. The evidence raises concerns regarding the sustainability of the investment recovery and, consequently, economic growth recovery in the medium to long term.

Effects of conflicts on the national currency and the exchange rate

Another effect of the conflicts in the DRC has been a deterioration of the nominal and real value of the Congolese franc since 1999, leading to a loss of confidence in the national currency (Figure 3.1.d). This deterioration of the currency was not due primarily to trade effects. In fact, exports continued to rise in general despite some decline in 1998 and 1999. The country continued to record a trade surplus throughout the conflict years, once again thanks to the sustained increase in both demand for and the prices of the country's main exports, namely copper, cobalt, gold, diamond, and the three T's (tin, tungsten and tantalum).

The protracted exchange rate depreciation in the DRC is attributable to various factors that are directly and indirectly related to conflicts. In particular, however, it reflects the loss of confidence in the economy as a consequence of conflicts as much as weak government management of the economy. The loss of confidence in the national currency has accelerated the process of dollarization in the economy. Today the dollar has assumed a prominent role in both the payments system and the banking sector. Dollar-denominated deposits represent 87 percent of total banking deposits and dollar assets represent about 79 percent of gross international reserves (Fischer et al., 2013). Dollarization has been a cause of concern especially as it implies that the monetary authority has only partial control on liquidity, which compromises monetary policy effectiveness. A number of initiatives are under way to de-dollarize the economy. But success of the de-dollarization process requires a number of important conditions that are likely to take time to materialize.²⁷ This important problem is discussed further below.

Growth has surged, but structural challenges remain

Recent reports on the DRC have documented substantial growth acceleration and improved macroeconomic stability, specifically the reduction of inflation in the post-2002 period (AfDB et al., 2014; IMF, 2014b; World Bank, 2013). The DRC is ranked among the top fastest growing countries in Africa in recent times. It recorded 8.5% growth of real GDP in 2013, making it the fourth fastest growing economy on the continent (after South Sudan at 24.4%, Sierra Leone at 16.3%, and Ethiopia at 9.7%). Between 2009 and 2013, the DRC econ-

27 Conditions for successful de-dollarization include (IMF, 2014a, p. 11): (i) maintaining macroeconomic stability and increasing international reserve coverage to enhance the credibility of the currency; (ii) clarifying the BCC's mandate to pursue price stability as its primary objective; (iii) recapitalizing the BCC and restoring its operational independence and accountability, (iv) adopting the banking law, clearly defining the legal and regulatory framework; and (v) enhancing the current financial infrastructure (including supervisory framework, payments systems, and safety net tools).

omy grew at an average of 6.5% per annum, the 11th highest on the continent, thus joining the club of strong performers like Ethiopia, Rwanda, Tanzania and Zambia. In the meantime, inflation declined from the hyperinflation levels of the 1990s to single digits starting in 2012 (IMF, 2014b). Thus the country is turning its back on the era of high and volatile inflation of the past decades.

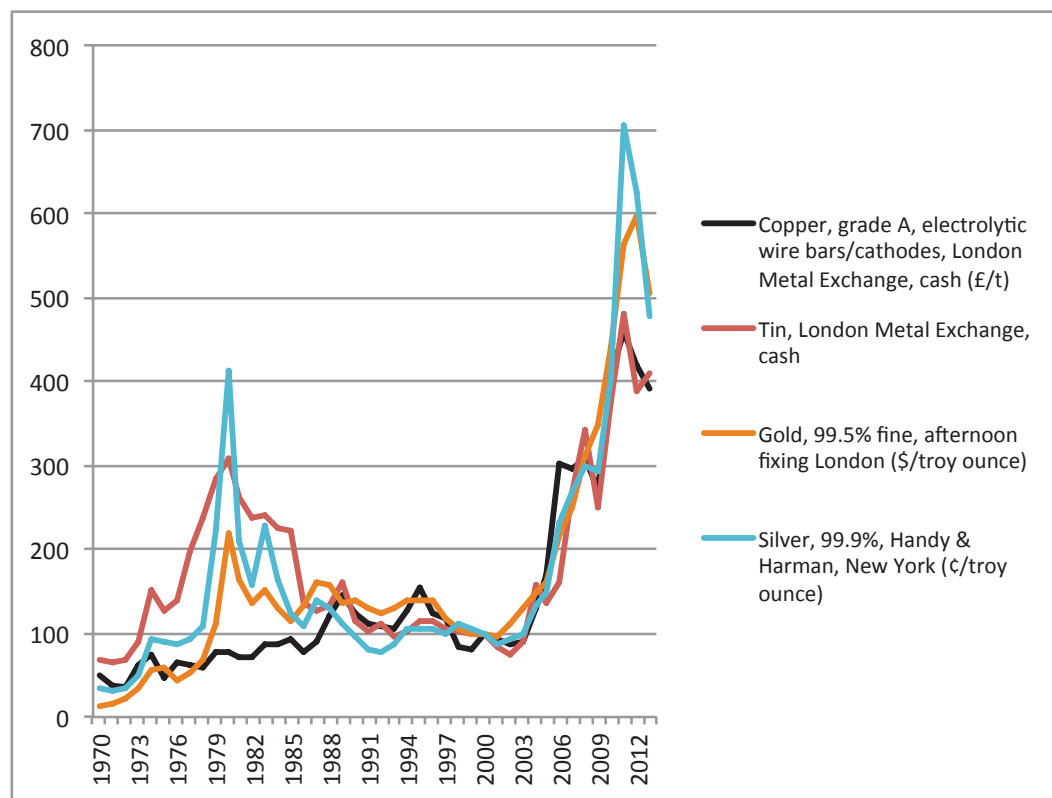
It is important, however, to exercise caution in interpreting the evidence on macroeconomic performance in terms of growth acceleration and decline in inflation in a country that has faced protracted conflicts for two decades. The country still faces fundamental economic and social problems, including high levels of poverty, unemployment, and deprivation in relation to access to basic social services, as discussed in the subsequent sections of this chapter. Moreover, while intense open wars may be over, the conflicts are far from being resolved, and instability remains a constraint to economic recovery.

A key concern is the sustainability of the recent growth surge, especially given its narrow base. Indeed growth has been driven by the natural resource boom on the back of rising commodity prices and sustained international demand for the country's exports (Figure 3.3). However, the resource-led growth raises concerns in several ways. First, given the ineffective management of the natural resource sector, a substantial share of the benefits from resource exploitation and exports accrue to the multinational corporations that are engaged in the sector. Revenue collection from the natural resource sector is undermined by multinational corporations that engage in illicit and even illegal practices such as tax evasion and taking advantage of secrecy jurisdictions to minimize their tax liabilities (Ndikumana, 2013). Moreover, natural resource exploitation continues to fuel capital flight as it has done in the past, placing the country among the top countries in the region with the highest amount of illicit financial flows over the past decades (Ndikumana and Boyce, 1998, 2011; Ndikumana et al., 2015).

The resource-led growth has also done little to address the country's severe and worsening employment problems, especially given that production in the natural resource sector is heavily capital intensive and has limited effects on other sectors due to weak backward and forward linkages. Moreover, the country lacks effective government policies to channel resource booms into the financing of vital public goods especially hard and soft infrastructure. As is the case in other developing resource-rich countries, the natural resource sector in the DRC also remains delinked with the financial sector because the international corporations operating in the sector do little business with the local banking sector: they deposit a small fraction of their revenue and borrow little, if any, from domestic banks. Thus the natural resource sector has not contributed to the deepening of the domestic financial sector. Furthermore, ineffective governance of natural resource exploitation poses severe environmental problems with far-reaching consequences on the wellbeing of the population at the national and regional levels.

The foregoing discussion calls for caution in interpreting the evidence of macroeconomic performance in the post-conflict setting. In particular, the success in curbing inflation and the efforts to keep inflation at low levels may have been achieved at high economic and social costs, raising concerns about the sustainability of macroeconomic stability. First, the evidence of stabilization of inflation is based on consumer price index (CPI) data with limited geographical coverage. It is only since 2012 that coverage was extended to cover the five

Figure 3.3: Commodity prices, index 2000=100

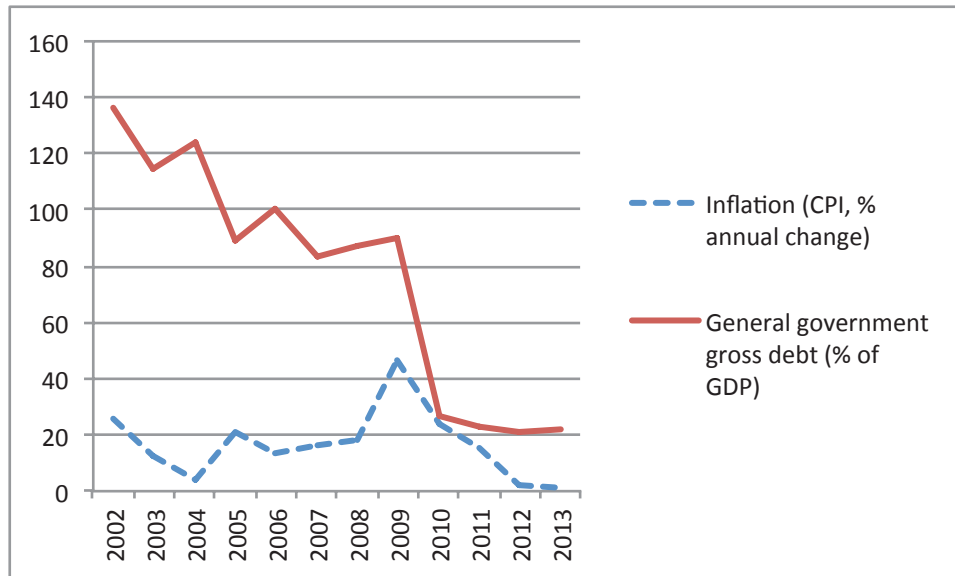


Source: UNCTAD, UNCTADstat database (online)

large cities. Thus, the CPI is not an appropriate measure of the cost of living at the national level.

Second, the reduction of inflation cannot entirely be credited to “prudent monetary policy”. In fact inflation reduction was achieved despite the ineffectiveness of monetary policy (for an evaluation of monetary policy effectiveness, see Fischer et al., 2013). Disinflation has been achieved primarily through fiscal contraction, dubbed “fiscal discipline.” Contractionary fiscal policy has typically involved cutting government expenditures, reducing government borrowing, and most importantly, clamping down on monetary financing of the budget deficit through advances from the central bank; i.e., keeping a clear target of monetary deficit financing. As a result, government debt has declined substantially during the period of disinflation (Figure 3.4).

This approach to macroeconomic stabilization poses a number of conceptual and policy issues. On the one hand, it is not clear how far the government can continue cutting expenditures to contain inflation in a country that sorely needs a strong push from the public sector to support economic recovery. As is typically the case, the targets for budget cuts include expenditure on infrastructure maintenance, which only worsens the infrastructure problems confronting the country. On the other hand, a focus on disinflation through fiscal contraction as the overriding goal of macroeconomic policy has the perverse effect of reducing the urgency of mobilizing tax and non-tax revenue. In particular, it reduces pressure on the government to implement reforms aimed at increasing revenue from the natural resource sector, for plugging the systemic leakages of tax revenue, and for curbing endemic capital flight.

Figure 3.4: Trends in inflation and government debt since 2002

Source: IMF, World Economic Outlook database (online)

The sustainability of the current macroeconomic stabilization stance is also compromised by structural features of the economy that impair the effectiveness of monetary transmission mechanisms. The monetary policy tool currently being used by the Banque Centrale du Congo (BCC) (central bank) is the “policy rate”. Evidence suggests that there is very weak, if any, transmission from the policy rate to market interest rates, especially the lending rate (Fischer et al., 2013). This is due to the low monetization in the economy, an illiquid inter-bank market, and high dollarization in the banking sector. In contrast, the evidence reveals a high pass through from the exchange rate to inflation, implying very little actual effect of the tools in the hands of the central bank on inflation. In other words, inflation is driven by factors of which the central bank has little control. At the same time monetary policy is hampered by structural weaknesses of the central bank as an institution. From a technical perspective, the central bank lacks the necessary statistical framework for forecasting and monitoring inflation. Thus inflation targeting is in fact technically not feasible under current conditions. As Fischer et al. (2013, p. 16) point out, “An important reason for monetary policy being frequently behind the curve is that the BCC lacks technical capacity to assess inflation developments.” Evidence suggests that the structural conditions in most sub-Saharan African countries and in developing countries in general are not conducive to inflation targeting.²⁸ Furthermore, from an institutional perspective, monetary policy is hampered by political interference that constrains implementation of desirable reforms. For example, the BCC was unable to pursue valuable reforms aimed at refocusing its attention on its core mandate and disengaging from management of its mint and hospital (Fischer et al., 2013, p. 17). Thus, lack of operational independence is a severe constraint to effectiveness and sustainability of macroeconomic stabilization.

More fundamentally, the recent growth acceleration continues to coexist with very low and even deteriorating living standards, even in regions that have not been directly affected by the conflicts, including low-income parts of Kinshasa (see various editions of the UNDP’s *Human Development Report*). The economy still faces structural challenges that have been

²⁸ See Heintz and Ndikumana (2011) for a discussion of inflation targeting in the case of sub-Saharan African countries.

worsened by the conflicts, notably lack of economic diversification, low infrastructure availability and quality, unemployment (especially youth unemployment), inadequate social infrastructure and service delivery, increasing income and wealth inequality especially in urban areas, and increasing marginalization of the rural population. These problems are discussed in the subsequent subsections in this chapter. They must be addressed by tailored policies that go beyond macroeconomic stabilization.

A concern that must also be raised is the urban bias in the evaluation of economic performance and social conditions in the context of a post-conflict country. The apparent vibrancy of economic activity especially in services and the real estate in Kinshasa may be an illustration of growing income and wealth inequality rather than robust post-conflict economic takeoff. For example, parallel to the increase in the stock of real estate in urban centers, there is a rapid increase in rental costs which aggravates the living conditions of the ordinary civil servants and the working class in general whose incomes are typically not indexed to inflation.²⁹ The observed dynamics may lead to a more unequal and elitist society in the post-conflict era, which would jeopardize economic development and political stability. The assessment of progress in stability must also be done from a national perspective. The apparent peace in the Western part of the country masks the instability in other parts of the country. As the following sections clearly show, the country is still facing severe structural and social problems that have been either caused or exacerbated by the conflicts. This should be the focus of attention for policy makers and donors in the short to medium term.

To summarize, the recent conflicts have had substantial impact on the macroeconomic performance notably through slowdown of economic growth, acceleration of inflation, and reduction in domestic investment and saving. The overall macroeconomic environment has improved substantially since the end of the war, with a surge in growth and substantial reduction in inflation. However, to get a comprehensive sense of the impact of the conflicts and the extent of the recovery following the reduction of the intensity of the conflicts, it is important to examine the conditions at the sectoral and micro levels. This is undertaken in the next sections.

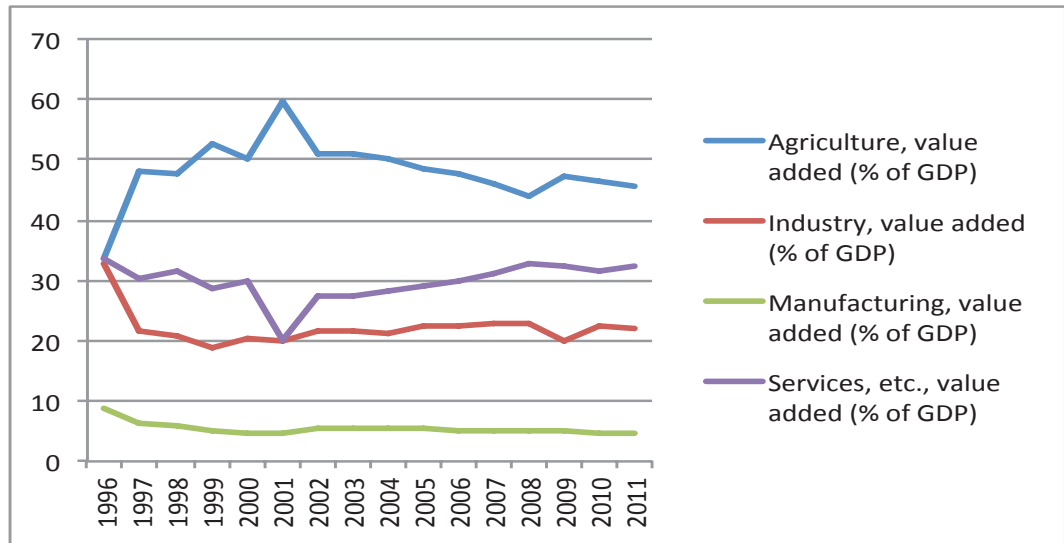
3.3 Effects of the conflicts at the sector level

Effects on the industry, manufacturing and agriculture sectors

While the effects of the conflicts at the macroeconomic level may be relatively easier to document, the impact of the conflicts may probably be deeper and more long-lasting at the sectoral level. Indeed, as indicated earlier, the acceleration of the collapse of national output observed at the onset of the recent conflicts was primarily due to the contraction of economic activity in the modern sector, especially manufacturing, industry and agriculture. The manufacturing sector was hit the most, experiencing a decline in value added by as much as 21.3% in 1997 and 14.4% in 1998 (Figure 3.5). On average, the sector contracted by 8.2% annually during the 1996-2012 period. Note that the recent conflicts only accentuated the secular decline of manufacturing originating from the Mobutu regime, marked by the anti-private sector management of the economy inaugurated in 1973 with Zairianization. Industry was the second most affected by the conflicts, with its value added shrinking by

²⁹ Confirmed by information obtained through discussions and interviews during field work in Kinshasa in May 2014.

Figure 3.5: Contribution of key sectors to GDP (%)



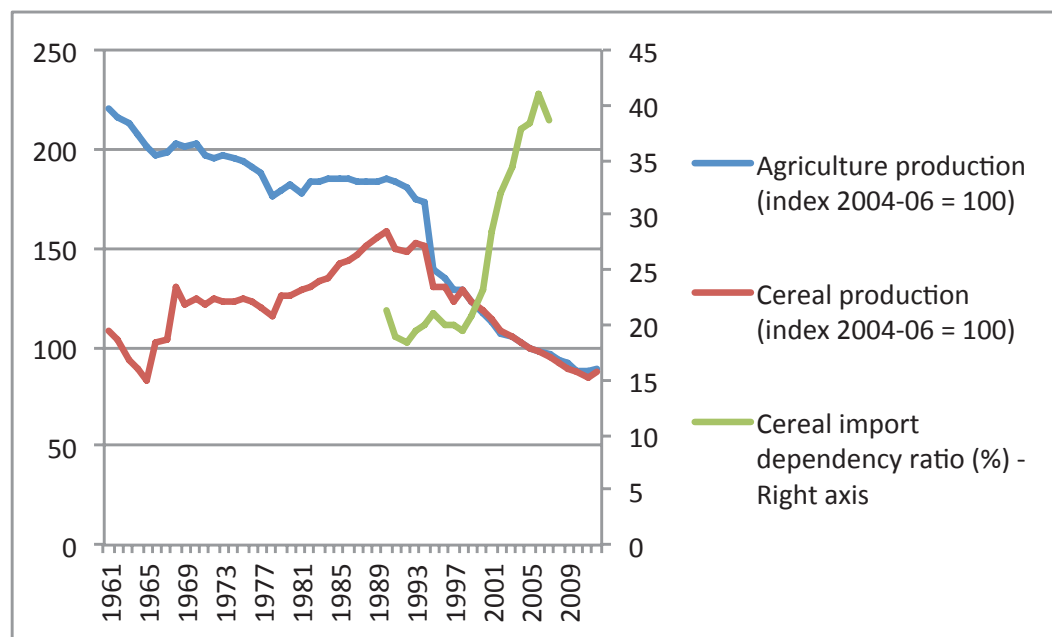
Source: World Development, World Development Indicators (online)

19.8% in 1997. Throughout the period 1996-2001, industry value added declined by 1.7% on average per year.

With the shrinking of manufacturing and industry, agriculture assumed an increasing share of total output (Figure 3.5). The share of agriculture value added rose from 33 percent of GDP in 1996 to a peak of 59% in 2001. Caution is needed, however, in interpreting this evidence. The increase in the share of agriculture value added in GDP was only due to the slower decline in agricultural production relative to the other sectors. This is partly due to the fact that a large share of agricultural production is of subsistence nature and therefore not measured in national accounts. In fact, evidence clearly shows that agricultural production continued to decline, a trend that predates the conflicts of the 1990s. Only cereal production was rising till the early 1990s, while total production systematically declined throughout the post-independence era (Figure 3.6). The decline in agricultural production resulted in rising dependence on food imports. In addition to the consequences of conflicts on the agriculture sector, food import dependence is also a natural result of the rapid urbanization over the past decades.

Note, also, that the continued downward trend in agricultural production cannot be attributed to conflicts only. It is a result of fundamental and structural problems in the DRC's economy. Naturally, agriculture was affected by disruptions caused by the conflicts, in particular the displacement of the rural population, loss in labor supply due to the death toll, as well as enlistment of the youth and adult males in rebel groups and in the artisanal mining industry. While disaggregated data is difficult to obtain, the negative impact on agriculture is likely to be pronounced especially given the fact that the agriculture-rich regions, notably the Kivus, have also been the most affected by intense and protracted fighting since the end of the 1990s.

Fundamentally, the secular decline in agricultural production is an outcome of a policy framework that has gradually marginalized agriculture. Despite the fact that agriculture still accounts for the largest share of total national production, that it employs the largest frac-

Figure 3.6: Agricultural production and cereal import dependence

Source: FAO, FAOstat (online)

tion of the population, and that it is a huge potential engine of economic transformation³⁰, its place in the national development policy framework and in the allocation of financial as well as human resources by the government has eroded over time. The DRC, like many other countries on the continent, is far from fulfilling the commitment made by African heads of state and government to allocate at least 10 percent of the budget to agriculture under the Maputo Declaration.³¹ Furthermore, the development of agriculture-oriented human skills in the education and professional training systems has also been marginalized. Therefore, it is fair to conclude that the decline of agricultural production and productivity is by and large a result of an ill-advised policy orientation that has failed to harness the full potential of agriculture in a country that otherwise has the capacity to not only feed its own population but also to provide reliable supply of food and non-food agricultural products for the entire Great Lakes region and beyond. The fact that the DRC is a food importer is indeed a testimony of systemic policy failure.

The neglect of agriculture along with the disruption of production by conflicts has resulted in the worsening of food security for the majority of the population. This has resulted in the deterioration of health outcomes especially for children and child bearing women. Between 1995 and 2001, the percentage of children under 5 years affected by wasting nearly doubled from 11% to 21% (FAO, 2014). The ratio has declined following the end of the wars, but it still stood at 14% in 2007. In that year, about 46 percent of under-5 children were recorded as stunted, 28% were underweight, and 71% had anemia. These are indications of malnutrition. Obviously, the conflicts have only exacerbated food insecurity; but it is important to keep this perspective on these fundamental issues that are at the basis of the chronic underperformance of the agricultural sector.

30 See for a detailed discussion of the potential role of agriculture in a policy framework aimed at achieving sustainable development, see, among others, Juma (2011), UNECA (2009), and UN-OHRLLS (2013).

31 See 2003 African Union "Declaration on Agriculture and Food Security in Africa", Assembly/AU/7 (II); available online at <http://www.nepad.org/system/files/Maputo%20Declaration.pdf>.

Impact of the conflicts on the natural resource sector

The conflicts in the DRC have been characterized as “mineral conflicts” in the sense that mineral resources may have provided incentives and means to fuel and sustain conflicts (Kennes, 2000, 2005; Nzongola-Ntalaja, 2002; Prunier, 2009). The previous chapter extensively discussed this connection between natural resources and conflicts and concluded that the relationship is not direct; that is, that natural resources do not cause conflicts. The link between natural resources is through weak governance, which provides opportunity for embezzlement and unregulated exploitation of both natural resources and people, thereby creating a situation where both conflicts and ineffectively regulated exploitation of natural resources coexist. The link between conflicts and natural resources is complex because the influences may run in both directions. This section focuses on the effects running from conflicts to natural resources.

The conflicts in the DRC have affected the natural resource sector in two important ways. First, conflicts have prevented the country from reaching its full potential in harnessing its natural resource endowments. The anti-Mobutu war and the anti-Kabila wars occurred in a context of the decline in international commodity prices. However, the start of the 2000s witnessed the beginning of a global commodity boom that was temporarily halted by the global economic and financial crisis of 2008-09. Since then, international commodity prices have resumed their rise. Thus, the prices of the country’s main exports commodity have been increasing since 2001 (Figure 3.3).

The DRC, however, has not been able to take full advantage of the commodity booms for several reasons, some of which are linked to conflicts. The production and export of minerals has been hampered by insecurity, which has particularly undermined industrial mining. For some products, most of the production is in artisanal form, which creates opportunities for smuggling, so that exports do not appear in national official statistics. As can be seen in Figure 3.7, only copper and cobalt exports have increased steadily since the end of the conflict. Diamond exports are in a steady decline; this is one of the products where most of the exploitation is artisanal (RDC, 2013).³² The exports of other products such as gold, coltan, cassiterite, and wolframite have remained volatile and at low levels.

Second, conflicts have worsened governance problems in the natural resource sector. In turn, governance problems have undermined production, especially by shifting the balance against industrial production in favor of artisanal mining (World Bank, 2008a). In addition, conflicts have hampered the ability of the government to collect the full potential of revenue from natural resource exploitation and exports. The amount effectively collected in tax revenue remains substantially lower than the amount due based on the actual volume of production and exports (*Horizon Mines*, various issues). The amount collected is also highly volatile, dipping below 50% in some years (Figure 3.8). The volatility of tax collection is indicative of pervasive problems from the government side, as well as that of the private corporations. On the government side, tax collection is hampered by capacity constraints, an ineffective resource taxation system, and leakages due to corruption. Despite the recent efforts by the DRC government to improve management of the mineral sector, notably through the revision of the mining code, there are important structural constraints that continue to hinder revenue collection in the sector. The complexity of the tax system which includes a multiplicity of taxes and levies undermines efficiency in revenue collection on

32 For more detail, see various issues of *Horizon Mines*, a monthly magazine of the DRC Ministry of Mines.

the government side while opening opportunities for tax evasion on the private sector side. The multiplicity of government agencies in charge of collection of taxes and mining royalties and various levies is also a challenge as it raises the cost of coordination and the risks of leakages of revenue.

On the private sector side, low tax mobilization is a result of illicit practices by multinational corporations aimed at evading taxation,³³ notably transfer pricing. One of the difficulties faced by the government in revenue collection from the mining sector is the large number of operators in the sector and the complexity of the ownership structure of the major corporations, which opens avenues for tax evasion. Table A.2 in the Appendix provides a sample of the major corporations operating in the copper-cobalt sector along with their equity holding structure. The complex ownership structure, with multiple domiciliation, makes it more difficult for regulatory authorities to track the volume of operations and profits in the sector. In particular, the complex ownership and domiciliation structure of mining corporations facilitates tax evasion through transfer pricing. A symptom of the illicit practices in the natural resource sector is the large amount of capital flight from the country, especially through trade mis-invoicing, as indicated earlier (see Ndikumana et al. (2015)). This indicates that the country is losing much more than the forgone revenue occurring through tax evasion.

These problems of management and revenue mobilization in the mining sector are exacerbated by conflicts as they weaken government oversight and regulatory capacity while increasing incentives for corruption (the payoff increases while the probability of punishment declines during conflicts). Thus, addressing the impact of conflicts in the natural resource sector requires principally fixing the governance problems in the sector.

The artisanal mining sub-sector has been especially vulnerable to conflicts while at the same time it has been used to fuel conflicts. While artisanal mining constitutes an opportunity for job creation and a source of livelihood for the rural population, it has also been a source of security threats by being a source of financing for militias and various armed groups, thereby fueling and perpetuating insecurity, especially in the East. Addressing the conflicts in the DRC therefore requires a systematic strategy for improving security in artisanal mining areas, as well as measures to protect the workers especially children, in addition to establishing regulatory mechanisms to increase tax revenue collection from the sub-sector. The Africa Mining Vision (AMV) offers a framework that can guide a strategy aimed at harnessing the potential of the sub-sector to “stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural social and economic development” (African Union, 2009).³⁴

In addition to mineral resources, other natural resource sub-sectors have also been severely affected by the conflicts. This is the case for the forestry industry which is hampered by poor governance, inadequate funding, and unregulated exploitation by multinational corporations.³⁵ All these problems are direct and indirect consequences of conflicts. Over time,

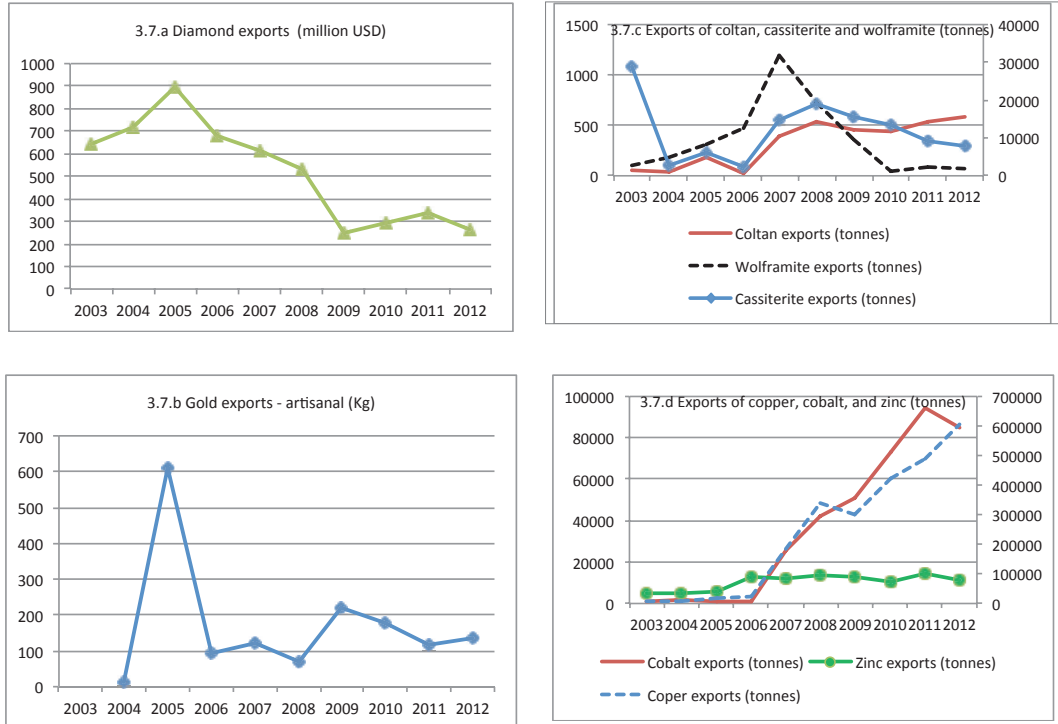
33 See (Action Aid, 2010) and (Shaxson, 2011) for discussions and illustrations of the extent and mechanisms of tax evasion and illicit financial flows associated with multinational corporations.

34 The elaboration of the 2009 Africa Mining Vision (AMV) drew on key initiatives and conventions elaborated at regional, continental and global level aimed at guiding policy and regulatory frameworks to harness the development outcomes of mineral resource exploitations (see Annex 1 of the AMV).

35 The problem of unregulated exploitation of the forestry sector was highlighted in discussions with various stakeholders during field work in Kinshasa in May 2014.

the government has not invested sufficiently in building technical expertise in the management of the forestry sector despite its immense potential as a source of government revenue, employment generation, and economic diversification. In particular, domestic technical capacity to manage the industry has not been developed due to the inadequate development of sector-specific skills within the education system.³⁶

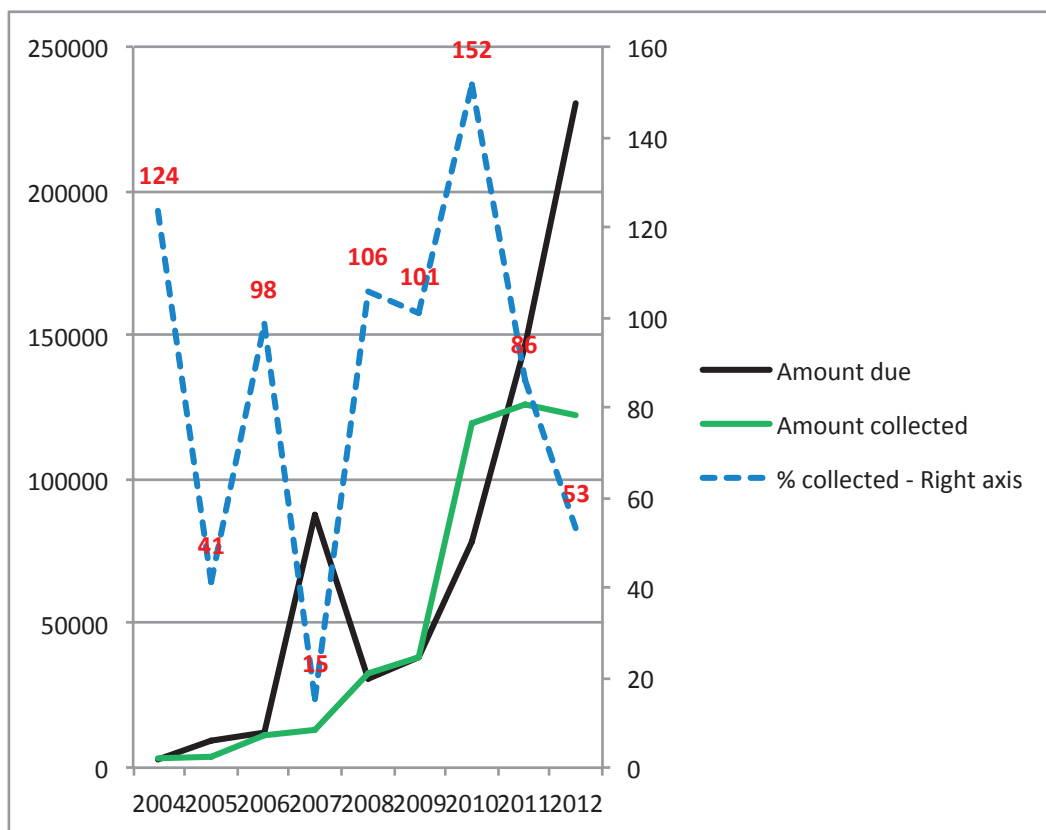
Figure 3.7: DRC’s mineral exports, 2003-2012



Source: RDC (2013)

³⁶ Various stakeholders lament the fact that the training of forestry engineers has systematically declined since the 1990s. Thus, the government has little capacity to manage the sector, negotiate contracts, and monitor the activities of multinational corporations operating in the sector.

Figure 3.8: Mineral tax revenue (million CDF)



Source: RDC (2013)

Impact of conflicts on infrastructure

The DRC is one of the most heavily endowed countries on the continent in infrastructure development potential. For example, thanks to its immense hydropower endowment, the country could produce more than twice the power currently generated in the entire sub-Saharan region (100,000 MW compared to 48,000 MW of installed capacity in SSA) (Foster and Benitez, 2011, p. 6). Yet at the same time, the DRC faces “what is probably the most daunting infrastructure challenge on the African continent” (Foster and Benitez, 2011, p. 1). The country’s infrastructure problems are at three levels: 1) inadequate coverage of infrastructure in almost all dimensions including power, transportation, water and sanitation;³⁷ 2) deteriorated conditions of existing infrastructure especially in the transport sector; 3) high costs of infrastructure services especially in the transport sector. The estimated costs for bridging these gaps are astronomical. Using 2006 as a base year, the World Bank estimated that the country would need to invest \$5.3 billion annually over the next decade to bridge its infrastructure gaps, compared to \$700 million in actual spending (Foster and Benitez, 2011, p. 1). Obviously that amount of additional investments would be difficult to mobilize, even with efforts to increase efficiency and reduce wastage in the utilization of infrastructure resources, especially energy.

The state of infrastructure has been severely affected by conflicts in various ways. The conflicts have affected hard and soft infrastructure, as well as the utilization of installed infrastructure, therefore affecting the stock and quality of infrastructure as well as the costs of

³⁷ Recently substantial progress has been made in the information technology sector with expanding coverage of GSM services.

Table 3.2: Channels of impact of conflicts on infrastructure

| Dimensions | Elements | Impact of conflicts | Results / outcomes |
|----------------------|----------------------------|--|--|
| Hard infrastructure | Expansion / new structures | No new plans | Widening infrastructure gap. Example: installed power capacity = 2,540 MW out of 100,000 MW potential. Functioning capacity = only 1,100 MW. Power outage in 213 days/year (compared to 10 for African fragile states as a group) |
| | | Mature plans shelved | |
| | Maintenance | Underfunded Deteriorating human and managerial capacity | Dilapidated infrastructure. Example: old wagons; impracticable roads (only 42% in good or fair conditions) |
| Soft infrastructure | Regulation | Deterioration of regulator capacity; rent seeking | Monopoly pricing. Example: Freight tariffs at \$0.15-\$0.20 = 3 times higher than in Southern Africa |
| | | Strengthening trucking cartels | |
| | | Poor regulation of public utilities | Weak revenue collection. Example: revenue collection = 42% of billings (compared to 93% in LICs) |
| Demand / utilization | Private sector users | Weakening demand | Low utilization rate; low returns to investments. Example: Rail traffic density = 172,000 tons-km/km (compared to 1,092,000 for Cameroon and 5,319,000 for South Africa) |
| | Public sector users | Weakening payment capacity | |

Source: Author's design; data are from Foster and Benitez (2011).

Note: LICs = Low income countries

infrastructure services. The various causal mechanisms are summarized in Table 3.2. Here again, the conflicts have worsened the dire situation in the infrastructure sector resulting from decades of neglect and poor management under the Mobutu regime. During the conflict period, little investment was undertaken in hard infrastructure to expand existing stock. While new plans were not designed, even mature plans were not implemented due to lack of funding³⁸.

A perennial problem in the DRC as in other developing countries is inadequate maintenance of the existing stock of infrastructure (Arvis et al., 2011; Riset and Gwet, 1998; Teravaninthorn and Raballand, 2009). This problem has been exacerbated by conflicts. The infrastructure maintenance budget is an easy target of cuts necessitated by the need to finance the war and the decline in government revenue. In addition, maintenance expenditure is also typically a victim of erosion in governance. Indeed, the fungible nature of resources implies that the budget allocated to maintenance is easily shifted to other uses as dictated by political expediencies. Moreover, maintenance is less preferred to new construction projects which offer more opportunities for corruption in terms of kickbacks and outright embezzlement. In the context of conflicts, governance breakdown therefore exacerbates this bias against maintenance expenditure in public finance management. These are the reasons that partly explain the dilapidated nature of the infrastructure in the country following years

³⁸ Information gathered during discussions and interviews with various stakeholders during field work in Kinshasa, DRC, in May 2014.

of conflicts. For example, only 42 percent of the unpaved road network is in good or fair conditions, the rest being in “serious disrepair” due to inadequate maintenance (Foster and Benitez, 2011). Also, while a fair fraction of the rail road tracks are in good conditions, wagons are old as the stock has been neither renewed nor well maintained.

Conflicts have also undermined regulation in the infrastructure sector, with negative implications on efficiency, costs, and even security. As is the case in many other African countries, the transport sector is heavily oligopolistic, resulting in high freight costs. For example, freight costs in the DRC vary between \$0.15 and \$0.20 per tonne-kilometer compared to an average of \$0.05 in Southern Africa (Foster and Benitez, 2011, p. 11). Moreover, inadequate regulation of road and rail transport leads to substantial risks including human losses due to excessive overload of transport equipment.

The oligopolistic structure of the transport sector in the DRC is a challenge due to important political economy issues associated with the industrial organization of the sector. The transport sector involves a complex interplay between the public sector and the private sector. While the physical infrastructure is typically public, transit services that utilize the infrastructure are owned and operated by private entities. To justify investment into the transport infrastructure, it needs to be socially and financially viable, which requires mobilizing adequate utilization by private operators. Three implications follow from this unique feature of the transport sector. First, the national economy must generate adequate private and public utilization of the infrastructure to ensure its long-term financial viability. This requires that the country achieve and maintain an adequate growth rate of economic activity. Conflicts make this goal hard to achieve on a sustainable basis. Second, it is essential to design a regulation and taxation system that enforces competition while generating adequate public revenue without discouraging private utilization of the infrastructure. Here again, conflicts make this goal more difficult to achieve because of weak governance capacity that is associated with wars and instability. Third, and as a result of the first two implications, addressing infrastructure problems will require more than just expansion of physical infrastructure. The strategy must involve mechanisms and institutional reforms to improve the regulation, management, and facilitation of transit services.

The problems of infrastructure in the DRC need to be placed in a regional context as the issues have both domestic and international origins. Given its large size, parts of the country are functionally landlocked and therefore depend on their neighbors for access to international markets. Specifically, the eastern, northern and southern regions depend on their neighbors more than on the Kinshasa airport and Matadi port for their imports and exports. As a result, these regions are faced with many dimensions of dependence (Faye et al., 2004): dependence on domestic infrastructure; dependence on infrastructure in the neighboring country; dependence on the political relations with neighbors; dependence on political stability in neighboring and transit countries; and dependence on the quality and effectiveness of administration in the neighboring and transit countries. Unfortunately, the concerned regions have limited influence on these dimensions of dependence, which are in the domain of responsibility and power of the central government. The implication is that resolving the DRC’s infrastructure problems requires a regional perspective including bilateral arrangements to facilitate border crossing as well as joint infrastructure development programs and multi-country arrangements to develop large infrastructure projects such as hydropower generation (e.g., Inga III project).

Impact of conflicts on cross-border trade

An important advantage of the DRC's geographical position is the huge potential for trade within the region, having access to nine neighboring markets, including some of the most dynamic economies on the continent such as Uganda, Rwanda, and Tanzania, and some of the most resource endowed economies such as Angola and the Republic of Congo. Indeed, trade between the DRC and its neighbors has continued to rise, despite conflicts (Figure 3.9). However, while total trade has increased, the DRC's trade deficits vis-à-vis its neighbors have also deepened. The largest trade deficit is with Uganda; but it is also substantial vis-à-vis Rwanda and Tanzania (Table 3.3).

In addition to chronic trade deficits, the data on trade between the DRC and its immediate neighbors is symptomatic of structural deficiencies of the Congolese economy. The DRC's list of imports from its neighbors includes manufactured products and agricultural products. In the case of trade with Uganda, for example, the main exports to the DRC in 2013 were base metals and products (\$52 million) followed by cement, rice, sugar, and edible fats and oils. Uganda's imports from the DRC did not contain any single dominant product; the largest category was "miscellaneous manufactured articles" accounting for \$18 million or 69 percent of total imports. The data illustrates the failure of the DRC to take advantage of its vast natural resources and to diversify its economy. Even with its large fertile land, the DRC still incurs a substantial food import bill.

The other message from the data presented in Figure 3.9 is that the official statistics severely underestimate the true volume of trade between the DRC and its neighbors. This is illustrated by the large and growing volume of informal trade. For example, recorded informal exports from Uganda to the DRC represent about 6.7 percent of Uganda's total exports to the rest of the world (average over 2010-13). The DRC represents a substantial share of total Uganda's formal and informal trade (Figure 3.9.c and 3.9.d).

How does this discussion on cross-border trade relate to conflicts? First, conflicts are responsible for holding back the DRC in terms of diversification and its capacity to harness its vast natural resources. Conflicts, chronic instability and poor management of the economy are therefore a cause of the structural trade deficits as well as the below-potential trade performance of the country. The data on trade with neighbors is an illustration of a general problem of the DRC's structurally unbalanced trade with the rest of the world. Secondly, the increase in informal trade may be an outcome of insecurity in several ways. On the one hand, insecurity hampers the establishment and growth of formal enterprises and economic exchange between the DRC and its neighbors. On the other hand, war and insecurity prevent proper registration of trade transactions between the DRC and its neighbors.

The conflicts also undermine trade due to antagonisms between the DRC and its neighbors that hamper harmonization and integration of trade policy. A recent illustration is the decision by the Congolese government to impose visa restrictions on Rwandans crossing into the DRC in June 2014.³⁹ This is inconsistent with the CEPGL protocols on cross-border movement of goods and people. It is also an illustration of the political constraints to regional integration in the Great Lakes region. An important impact of the conflicts on the Congolese economy and its neighbors that is often overlooked is the loss of economic exchanges that they have prevented from happening, in addition to the actual reduction in the volume of

³⁹ "DRC now slaps new visa fees on Rwandans", *The East African*, 28 June 2014.

Table 3.3: DRC's trade with its neighbors (\$ million)

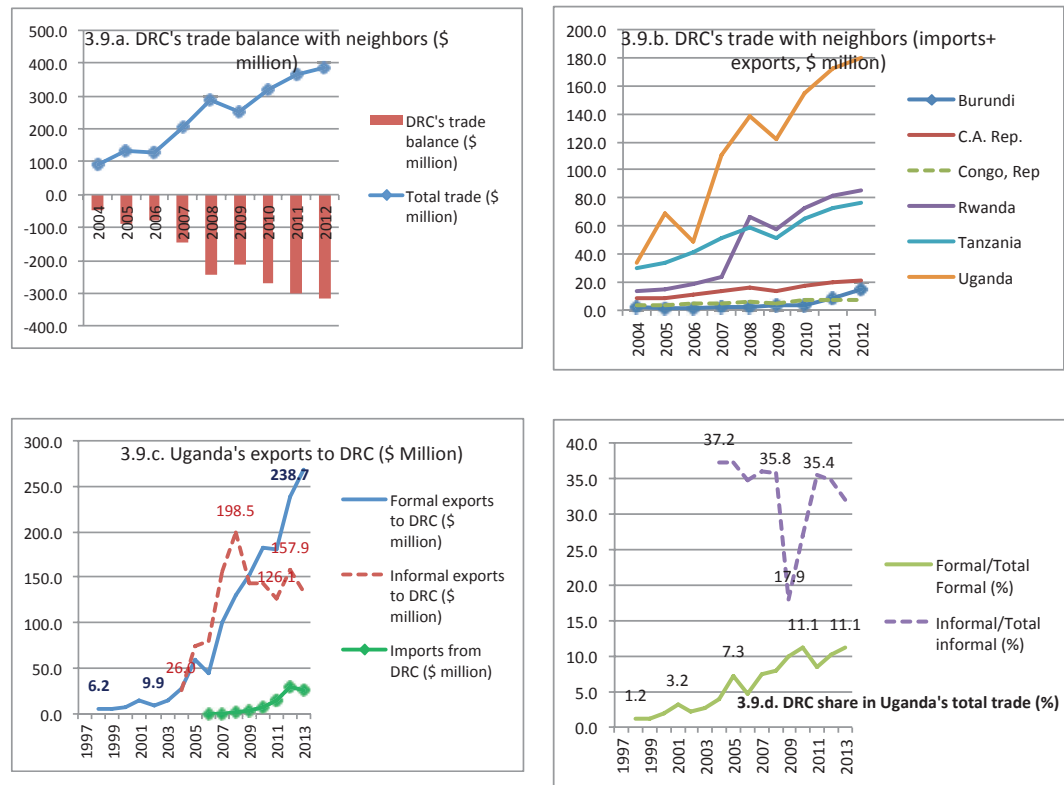
| Total trade (imports + exports) | | | | |
|--|--------------|---------------|---------------|---------------|
| Partner | 2004 | 2008 | 2010 | 2012 |
| Burundi | 2.3 | 2.1 | 3.6 | 15.5 |
| C.A. Rep. | 8.1 | 16.1 | 17.9 | 20.9 |
| Congo, Rep | 3.1 | 6.2 | 6.9 | 8.0 |
| Rwanda | 13.5 | 66.1 | 73.4 | 85.7 |
| Tanzania | 29.5 | 59.1 | 65.6 | 76.6 |
| Uganda | 33.9 | 138.9 | 154.3 | 180.2 |
| Total trade | 90.4 | 288.4 | 321.7 | 387.0 |
| Trade balance (DRC's exports – DRC's imports) | | | | |
| Partner | | | | |
| Burundi | 1.7 | -1.6 | -2.1 | -6.3 |
| C.A. Rep. | -2.4 | -4.9 | -5.4 | -6.3 |
| Congo, Rep | 1.3 | 2.6 | 2.9 | 3.4 |
| Rwanda | 9.0 | -45.6 | -50.6 | -59.1 |
| Tanzania | -28.4 | -56.8 | -63.1 | -73.7 |
| Uganda | -29.7 | -136.1 | -151.2 | -176.6 |
| Total trade balance | -48.5 | -242.3 | -269.6 | -318.6 |

Source: IMF, Direction of Trade Statistics.

trade. In other words, the conflicts have affected the economies in the region mostly by preventing the region as a whole from exploiting its full potential and becoming an integrated economic community. Thus, negative externalities of the conflicts on the DRC's neighbors may be severely underestimated by the standard statistical indicators available.

To summarize, the conflicts have had substantial negative effects at the sectoral level. They have caused destruction of infrastructure and undermined production and investment in agriculture, industry and the natural resource sector. These effects have severe implications in the short run as well as the long. In the short run, they are manifested through loss of government revenue, increased unemployment and deterioration of household wellbeing. In addition, by undermining the growth drivers (agriculture, infrastructure, industry, and natural resources), conflicts undermine the country's long-run growth prospects as well as the process of economic diversification. As a result, conflicts have compromised growth resilience while reducing the gains from growth in terms of human development by disrupting economic activity in the most employment-generating sectors such as agriculture and industry, and by undermining expansion and maintenance of productive infrastructure. The analysis of these sectoral effects is key to assessing the overall impact on the economy and society.

Figure 3.9: DRC's trade with neighbors



Source: IMF, Direction of Trade Statistics; Trade data for Uganda in panels c and d are from the Bank of Uganda (online data).

3.4 Impact of conflicts on welfare and poverty

The wars in the DRC and their aftermath have created an unprecedented humanitarian crisis, with an estimated 5.4 million victims as of April 2007 and 6.9 million as of February 2010 (Coghlan et al., 2007; Kristof, 2010), making it the deadliest conflict since World War II and claiming more lives than the Holocaust. In addition to the direct death toll, the conflicts have caused substantial indirect and direct effects on individuals and society as a whole. The wars have caused a deterioration of living conditions and increased deprivation. By eroding economic and social capabilities, conflicts have long-lasting effects on welfare for the individual, the community and the country as a whole. This section provides evidence on these effects of the conflicts in the DRC.

Precarious pre-war conditions and worsening of conditions during conflicts

Even before the onset of the 1996-97 war, the DRC was already facing precarious social conditions that deteriorated throughout the 1980s. By 1990, the country was already at the bottom in terms of most international standard measures of social and human development, with an overall human development index of 0.297 (UNDP, 2014a). Only 17 percent of the population had access to improved sanitation and only 43% had access to improved water sources (Table 3.4).

Table 3.4: Selected welfare indicators

| Year | Access to improved sanitation facilities (%) | Access to improved water sources (%) | Life expectancy (years) | GNI per capita I(PPP, current USD) | Human Development Index (HDI) | % change in HDI index 2000-13 |
|--|--|--------------------------------------|-------------------------|------------------------------------|-------------------------------|-------------------------------|
| 1990 | 17.0 | 43.2 | 46.9 | 480 | 0.297 | |
| 1995 | 18.7 | 43.4 | 45.9 | 290 | 0.263 | |
| 2000 | 22.6 | 44.0 | 45.7 | 250 | 0.234 | |
| 2005 | 26.4 | 44.9 | 47.0 | 300 | 0.258 | |
| 2010 | 30.0 | 46.0 | 48.1 | 380 | 0.295 | |
| 2013 | 31.4* | 46.5* | 50.0 | 444 | 0.338 | 1.64 |
| For comparison: CEPGL countries, 2013 | | | | | | |
| Burundi | 47.5 | 75.3 | 54 | 749 | 0.389 | 2.29 |
| Rwanda | 63.8 | 70.7 | 64 | 1403 | 0.506 | 3.35 |
| Uganda | 33.9 | 74.8 | 59 | 1335 | 0.484 | 1.63 |

Source: World Bank, Health, Nutrition and Population Statistics;* World Bank, World Development Indicators (online); UNDP (2014b).

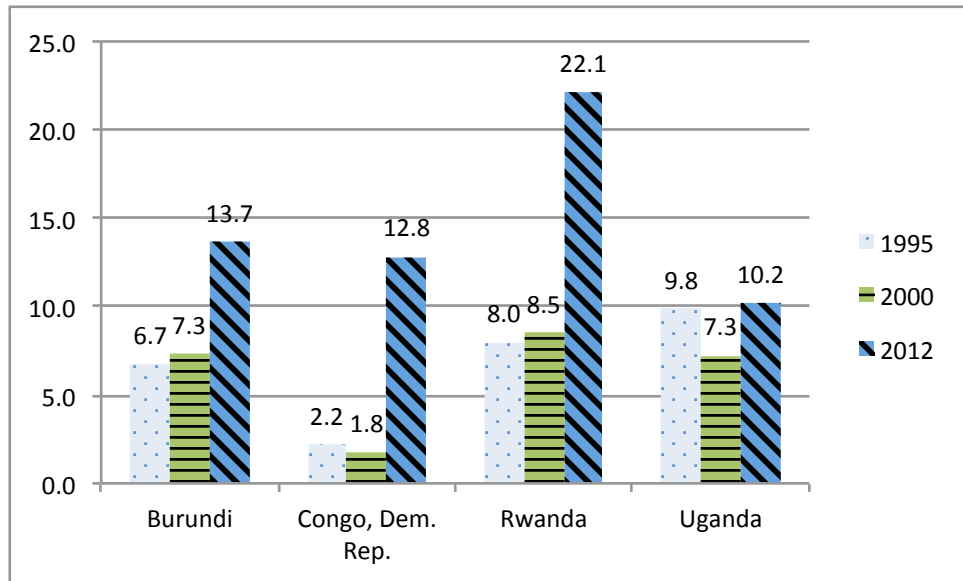
* <http://data.worldbank.org/data-catalog/health-nutrition-and-population-statistics>

The dire social and human development conditions before the wars were primarily a result of chronic inadequate funding of social sectors by the government, exacerbated by the gradual disengagement of the donor community. As can be seen in Figure 3.10, the government was spending a very low share of the budget on health. In 1995, the government allocated only 2.2 percent of the budget to health, which was one third of the level in Burundi and nearly a fifth of that in Uganda. The funding of the health sector even deteriorated from this low level during the conflicts and hit rock bottom at 1.8% in 2000. This was the case also for other social services such as education, sanitation and water. Budgetary allocations to social services have increased since then, but they remain below target and trail the levels achieved in African countries with comparable levels of development, even among fragile states.

The inadequate funding of the social service sector resulted in high levels of deprivation in terms of access to social infrastructure and the quality of services. Data on access to health services provide a clear illustration of the extent of deprivation. In 1998, the entire country counted only 2000 doctors, amounting to less than 4 doctors per 100,000 inhabitants (RDC, 2009; World Bank, 2005). This was much below the national target of 10 doctors per 100,000 persons. Rural areas suffered from deeper deprivation compared to the urban areas (Map 3.1). The poor connectivity across the country due to inadequate transport and telecommunications infrastructure and the lack of accompanying services in most rural areas discouraged medical personnel from serving in remote areas.

The conflicts have weakened the existing health infrastructure and health care service delivery by destroying hospitals and health centers. Many local communities have been deprived of access to these basic health structures. In 2006, it was estimated that only 55 percent of local communities had access to health centers that were operational, and 41% had access

Figure 3.10: Public health expenditure (% of total government expenditure)



Source: World Bank, World Development Indicators (online)

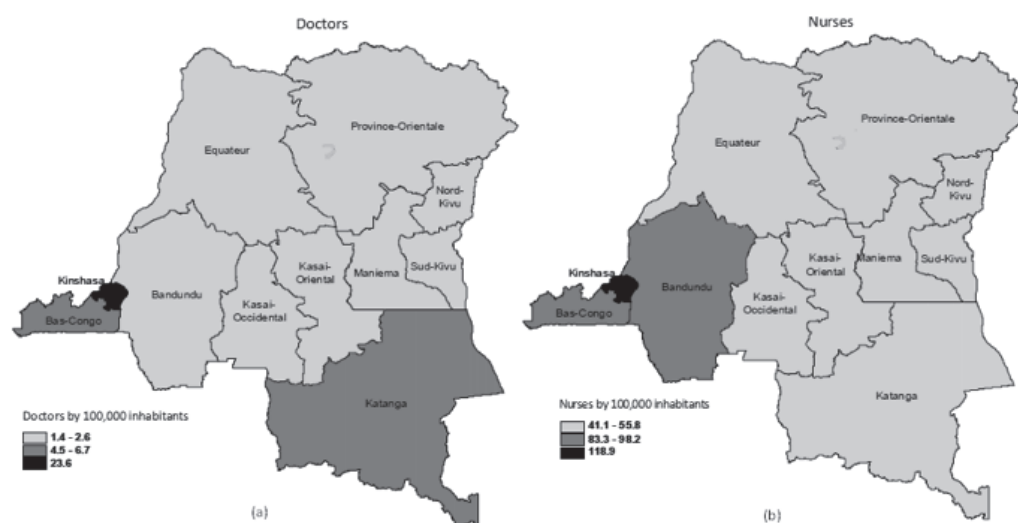
to an operational maternity facility (RDC, 2006).⁴⁰ On the other hand, accessibility of health structures within a reasonable distance of 5 kilometers is very limited: 33 percent of local communities don't have access to a health center, 43% don't have access to a maternity facility, and 49% don't have access to medical drugs within 5 kilometers. Conflict-affected provinces have the highest proportions of communities without access to basic health care infrastructure. In these provinces, 58% to 69% of local communities do not have access to an operational health center within a reasonable distance; 61% to 83% do not have access to a maternity facility; and 34% to 83% do not have access to health care facilities within 5 kilometers.

Although it was already in a dilapidated state by the end of the 1980s, health infrastructure has been further destroyed during the armed hostilities. The combatants deliberately targeted hospitals and medical centers in order to intimidate civilian populations. In September 2001, the Ministry of Health reported massive destruction of health infrastructure by combatants: 200 hospitals, 3420 health care centers, 150 pharmacies and 250 medical laboratories. An important quantity of vaccines was also reported to have been destroyed (3,000,000 doses in 1999, and 1,000,000 doses in 2000). In addition, vaccination campaigns were seriously disturbed in 1998, 1999 and 2000. Not only were the infrastructures destroyed, war-induced insecurity also forced some of the medical personnel to abandon their positions, leading to closure of many medical establishments (RDC, 2010).

Non-state actors have played an increasingly important role in health service provision. It is estimated that these actors contribute close to half of all hospital and outpatient care (World Bank, 2005). But the private sector cannot fill the gaps without scaled up public funding of the health sector.

⁴⁰ The evidence cited in this paragraph is from RDC (2006).

Map 3.1: Number of doctors and nurses by 100,000 inhabitants (1998)



Source: World Bank (2005)

The evidence presented here on the health sector is illustrative of similarly dire conditions in other areas such as education, sanitation and drinking water. These conditions were worsened by conflicts, in particular by shifting government budget allocations towards security and war-related expenditures. Thus, in addition to low budget allocations to social services, the sector suffered from crowding out by security and defense expenditures during the conflicts. This is reflected in the low budget execution rates for social sectors and rates above 100% for police and the military (Table 3.5).

Table 3.5: Rate of budget executions (%)

| Function | 2003 | 2004 | 2005 | 2006 |
|--------------------|------|------|------|------|
| Order and security | 107 | 111 | 108 | 127 |
| Defense | 115 | 112 | 103 | 112 |
| Education | 36 | 24 | 84 | 86 |
| Health | 59 | 39 | 58 | 45 |
| Social protection | 29 | 23 | 23 | 24 |

Source: World Bank (2008b)

Direct impact of conflicts at individual level

While civilians are not the main actors in conflicts, they suffer the most from direct and indirect effects of wars and insecurity. It is difficult to measure the full extent of the impact of conflicts on individuals and communities. But we can learn a great deal from the views expressed by individuals and their accounts of conditions experienced during conflicts from opinion surveys. One such survey was conducted by the International Committee of the Red Cross (ICRC) in 2009 in three cities (Kinshasa, Lubumbashi and Goma) on a sample that was representative of about 4.6 million people (ICRC, 2009). The survey revealed that 61 percent of the population interviewed were directly affected by the conflict and that 76% have been affected in some way, either personally or as a result of a wider range of conflict-related consequences.

A large number of people have been directly affected by conflicts by being internally displaced, taken as hostage, torture or imprisonment. According to the 2009 opinion survey, about 58 percent of the respondents were internally displaced; others lost contact with a close relative (47%) or lost an immediate family member during conflicts (25%) (Table 3.6). About 28 percent of the respondents knew a victim of sexual violence and 23% had been humiliated. Other direct effects of conflicts on the populations include the looting of homes and property (30%) and food (26%), serious damage to property (34%), kidnapping (11%), torture (11%) and imprisonment (8%).

Table 3.6: Direct impact of conflicts on the population, 2009

| Nature of personal experience | Affected population (%) |
|---|--------------------------------|
| Internally displaced | 58 |
| Lost contact with a close relative | 47 |
| Property seriously damaged | 34 |
| Home and property looted | 30 |
| Know a victim of sexual violence | 28 |
| Food looted | 26 |
| Lost immediate family member during conflicts | 25 |
| Have been humiliated | 23 |
| Wounded in the fighting | 17 |
| Kidnapped or taken as hostage | 11 |
| Tortured | 11 |
| Imprisoned | 8 |

Source: Opinion survey by the International Committee of the Red Cross (ICRC, 2009)

Table 3.7: Percentage of people expressing conflict-related fears, 2009

| Type of fear | Affected populations (%) |
|--|--------------------------|
| Losing a loved one | 54 |
| Economic instability (inability to earn a living) | 40 |
| Sexual violence | 36 |
| Living with uncertainty | 26 |
| Loosing personal belongings | 23 |
| Limited access to basic necessities (water, food, electricity) | 22 |
| Being separated from loved ones | 20 |
| Becoming displaced or a refugee | 14 |
| Limited access to health care (drugs, hospital, etc.) | 10 |
| Surviving the conflict | 9 |
| Outcome of the conflict | 9 |
| Not being able to get education (going to school) | 7 |
| Imprisonment | 6 |
| Suffering injury | 5 |
| Being humiliated | 3 |
| Being rejected by the community | 1 |
| Having to take up arms (participate in the fighting) | 1 |
| Others | 9 |

Source: Opinion survey by the International Committee of the Red Cross (ICRC, 2009)

One of the long-lasting effects of conflicts is the dislocation of families and communities. The hostilities have forced entire communities out of their natural habitat. Armed conflicts have also created conditions for some family members to never return to their homes, thus breaking family links and social bonds. There are cases of people who were humiliated in the presence of their family members and those who have been forced by the belligerents to hurt their own family members or communities. Psychological damage and trauma resulting from these experiences will last a life time for many victims. Table 3.7 shows the proportions of people living with fear due to different conditions caused by conflicts in 2009.

Conflicts have led people to live with fear regarding their own lives, the lives of their loved ones and the fear of losing control of their economic destiny. The ICRC survey shows that 54 percent of the respondents were concerned about losing a loved person and 20% feared being separated from their family members or their close relatives (ICRC, 2009). Many others were constantly concerned about becoming displaced or refugees (14%) or having limited access to water, food and electricity (22%), or health care (10%). A substantial proportion of the surveyed population was living in uncertainty (26%) and facing economic instability (40%). Overall, the population in conflict affected areas spoke of a sense of disempowerment in situations of conflicts and felt that they were not respected and protected as civilians, and struggled to survive economically on a daily basis (ICRC, 2009).

Impact of conflicts on poverty

The lack of data makes it difficult to make an adequate comparison of poverty status before and after the armed conflicts. Although a poverty rate of 80 % was estimated based on partial surveys conducted between 1985 and 2004, it is only in 2005 that a nationwide survey of household consumption and expenditures furnished adequate poverty lines in terms of monetary poverty and food poverty. The survey estimated a poverty incidence of 71.3% (INS, 2005). Poverty is higher in rural areas (75.2%) compared to urban areas (61.5%). In 2010, 65.7 percent of the Congolese population was below the national poverty line. There are substantial disparities in the levels of poverty, with the lowest poverty incidence observed in Kinshasa (43.6%) and the highest in the Equateur province (93.6%). It is noteworthy that two of the three provinces where the poverty rates are the highest are territories that were occupied during the second DRC war, namely South Kivu (84.7%) and the Equateur province (93.6%).

Armed conflicts have caused a deterioration of living conditions in most of the provinces, and it has increased economic vulnerability of households. Table 3.8 presents daily expenditures in US dollars computed using data from the 2005 survey on consumption and employment (INS, 2005). Daily expenditure per capita was less than a dollar (\$0.55), and it was lower for rural households (\$0.43) compared to urban households (\$0.82). However, the results for urban areas are greatly influenced by the capital city Kinshasa. In fact, the daily expenditure for urban areas drops from \$0.82 to \$0.66 when Kinshasa is removed from the sample. It is also important to note large disparities across provinces. Households in five of the 10 provinces spend less than half a dollar a day per person. Households in conflict-affected provinces (Equateur, Orientale, North Kivu, South Kivu, Maniema and Katanga) spend less per person (\$0.47) than those in relatively more stable provinces (\$0.69), which is an indication that conflicts have worsened the economic conditions of households.

Poverty levels and the deterioration of health and education status appear to be correlated with the levels and frequency of conflicts (RDC, 2006; UNICEF, 2008). Conflicts have aggravated poverty levels, especially in those provinces that were occupied by rebel groups (Equateur, North Kivu, South Kivu, Maniema, and Orientale). For example, the conflict-affected Eastern Congo was the poorest region in 2001 with an income per capita of \$630 compared to \$1172 for the West (Kinshasa, Bas-Congo, Bandundu, and Equateur).

Table 3.8: Household daily expenditure by province, 2001

| Province | Daily expenditure (USD) | Average household size | Per capita expenditure (\$) |
|------------------------------------|-------------------------|------------------------|-----------------------------|
| Non-conflict provinces | | | |
| Bas-Congo | 2.75 | 1.8 | 0.57 |
| Bandundu | 1.84 | 4.8 | 0.38 |
| Kasaï Occidental | 3.48 | 5.5 | 0.63 |
| Kinshasa | 7.06 | 6.0 | 1.18 |
| Conflict-affected provinces | | | |
| Equateur | 1.77 | 5.5 | 0.32 |
| Kasaï Oriental | 3.11 | 5.4 | 0.56 |
| Katanga | 2.57 | 5.3 | 0.49 |
| Maniema | 3.24 | 5.6 | 0.58 |
| North Kivu | 3.05 | 5.1 | 0.56 |
| Orientale | 2.31 | 5.1 | 0.45 |
| South Kivu | 2.50 | 6.2 | 0.40 |
| Averages: | | | |
| Urban areas | 4.68 | 5.7 | 0.82 |
| Rural areas | 2.30 | 5.3 | 0.43 |
| National average | 2.95 | 5.4 | 0.55 |
| Non-conflict provinces | 3.61 | 5.24 | 0.69 |
| Conflict-affected provinces | 2.58 | 5.47 | 0.47 |

Source: Calculations based on the survey on consumption and employment (INS, 2005).

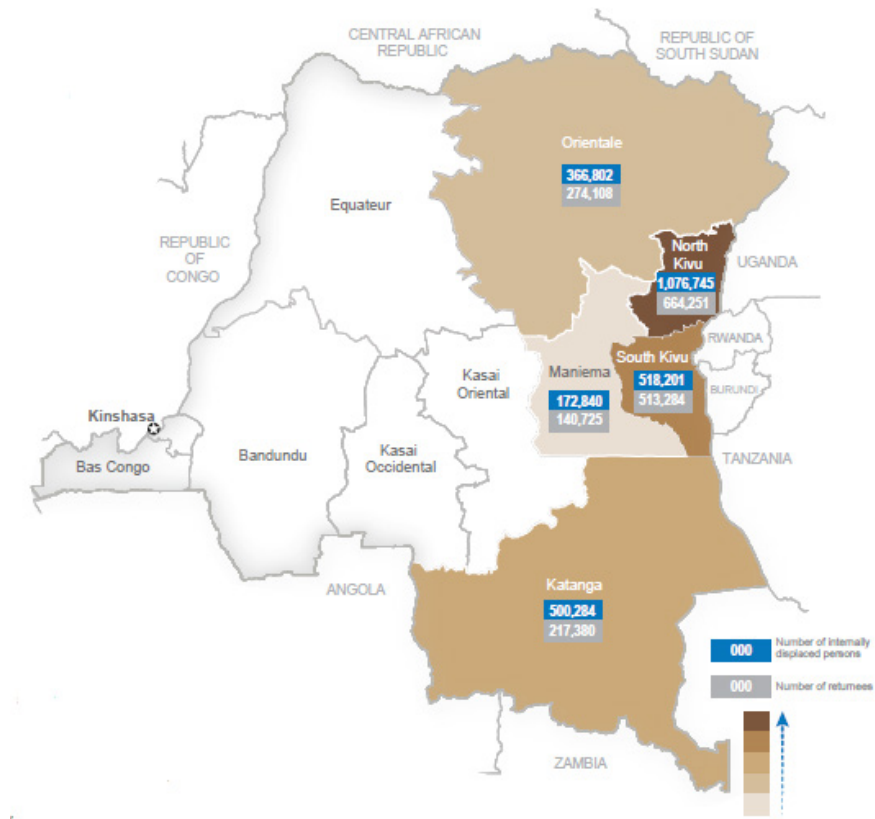
Displacement of populations due to conflicts

Armed conflicts have caused displacements of the population, with the most affected provinces being North Kivu, South Kivu, Maniema, Katanga and Orientale (Map 3.2). Armed groups such as the M23, FDLR, and Mai-Mai have continued to threaten civilian populations as recently as December 2013. There was, as of March 2014, an estimated 2.6 million internally displaced persons (IDPs) and more than 460,000 refugees in neighboring countries, especially in Burundi, Rwanda and Tanzania (OCHA, 2014; UNHCR, 2014). Up to 700,000 people were displaced as a result of the outbreak of clashes between the M23 and armed forces of the DRC (FARDC) in December 2012.

Of all the IDPs, 81.4 % were displaced because of armed conflict, 16.3 % because of conflict-related insecurity while 2.2% were displaced for other reasons. Thus, 97.7 percent of forced displacement of populations is linked to armed conflicts. In terms of accommodations for the IDPs, 58 percent of them live in host families while 42% live in sites that are managed by humanitarian organizations. With more than one out of two IDPs living in host families, this implies heavy stress on the socio-economic conditions of host households in conflict-affected provinces.

Compared to the situation in December 2013, the number of IDPs had decreased by 11 % by March 2014 as some of the displaced persons returned to their homes (OCHA, 2014). However there are disparities across affected provinces. While the number of displaced persons decreased in North Kivu, South Kivu, Maniema and Oriental provinces, more IDPs have been

Map 3.2: Internally displaced people and returnees (March 2014)



Source: OCHA (2014)

identified in the Katanga province. This may be explained by the new influx of internally displaced persons during the first quarter of 2014 with 51.6 % of the 190,151 new displaced persons being identified in Katanga compared to 29.1% in North Kivu, 9.8% in Maniema and 9.5% in South Kivu. The situation of internal movements of populations evolved breathtakingly fast between 2011 and 2014. There were 500,000 internally displaced persons in Katanga as of March 2014 against 50,000 in 2011, representing a 900% increase over three years.

The evidence presented in this section illustrated that the conflicts have caused substantial deterioration of the living conditions of the population, exacerbating the impact of protracted economic crisis that originated in the 1980s and 1990s. Access to key social services such as health care, education, water and sanitation has deteriorated to very low levels. Conflict-affected regions have suffered relatively more than those that have not been the scene of open confrontations between armies. Due to population displacement, destruction of infrastructure and disruption of family and community livelihoods, the conflicts have caused effects that go much beyond the direct death toll. Some of these effects are likely to last for a life time. Indeed, the psychological trauma caused by the atrocities of the war and family dislocation will continue to affect the victims and their communities long after the cessation of hostilities. These effects must be considered seriously in the design of strategies for post-conflict reconstruction and economic development.

3.5 Impact of conflicts on vulnerable groups

Impact of conflict on girls and women

Women and girls have been the most vulnerable groups in the protracted armed conflicts in the DRC (Amnesty International, 2008; Human Rights Watch, 2002, 2009). Women are a prime target of both rebels and government troops for sexual violence and rape, which are used as a weapon of revenge against the enemy. In addition to death and physical injuries, women who are victims of war-related atrocities also suffer psychological trauma caused by humiliation and rejection by their own families and communities due to the stereotypes attached to rape. Moreover, given the importance of women for household welfare and domestic production, the negative effects of conflicts on women have far-reaching effects on the economy and society as a whole. This section provides some illustrations of the various dimensions in which conflicts have affected girls and women.

Impact of conflicts on maternal mortality

One manifestation of the impact of conflicts on women in the DRC is increased maternal mortality. In addition to deaths directly related to conflicts, the increase in maternal mortality is attributable to the deterioration of living conditions due to population displacement within the country (IDPs) and across borders (refugees). Moreover, conflicts have increased maternal mortality through the destruction and looting of health infrastructure, which has severely degraded the availability and quality of health services. Women and children have been the primary victims of such deterioration of health services (UNFPA-RDC, 2008).

Maternal mortality was estimated at 870 per 100,000 live births in 1995. Within the 5 years that followed the beginning of the 1996 war, it rose to 1,289 deaths per 100,000 live births, which was largely higher than the average of 870 in African countries (RDC, 2002). While maternal mortality has declined with the abatement of conflicts, it remains high; it was estimated at 549 deaths per 100,000 live births in 2007 (RDC, 2008). This is an illustration of the long-lasting negative effects of conflicts on women's health conditions.

Sexual violence during conflicts

Sexual violence has been a generalized phenomenon throughout the country since the onset of the wars. However, it is more acute in the Eastern provinces which have suffered the most from armed conflicts (UN OHCHR, 2010). It was estimated that between 40,000 and 60,000 women were raped in Eastern DRC between 1996 and 2002 (Sow, 2006). All the 25,000 cases of rape reported in 2005 occurred in the eastern regions. The resurgence of conflict in North Kivu in September 2007 was accompanied by a surge in the number of reported cases of sexual violence in the province. Sexual violence and rape are commonly used as a weapon of war in Eastern DRC by all armed groups and government forces (Goodwin, 2003; Nolen, 2005). Repeated gang-rapes have been used as a revenge strategy when a city or a community is taken over by one armed group from another.

The Armed Forces of the DRC have also been accused of engaging in sexual violence, as is often the case in war-torn African countries. For example, it has been reported that soldiers infected by HIV have intentionally used rape as a weapon in warfare in the Great Lakes region, in Liberia, Mozambique, and Sierra Leone (Elbe, 2002). A report by the United Nations Office of the high Commissioner for Human Rights in 2010 (UN OHCHR, 2010) stated that "violence in the DRC was, in fact, accompanied by the apparent systematic use of rape and

Table 3.9: Sexual violence incidence by province in 2007

| Province | Cases | % of total cases | % of victims under 18 years |
|------------------|-------|------------------|-----------------------------|
| Bandundu | 488 | 5 | 86.9 |
| Bas Congo | 379 | 3.9 | 75.5 |
| Equateur | 211 | 2.2 | 65.9 |
| Kasaï Oriental | 772 | 7.9 | 90.9 |
| Kasaï Occidental | 756 | 7.7 | 70.7 |
| Katanga | 281 | 2.9 | 65.1 |
| Kinshasa | 554 | 5.7 | 68.1 |
| Maniema | 551 | 5.6 | 69 |
| Orientale | 1957 | 20.1 | 64.7 |
| North Kivu | 3063 | 31.4 | 35.1 |
| South Kivu | 745 | 7.6 | 23.3 |

Source: UNFPA-RDC (2008)

sexual assault by all combatant forces." Thus, sexual violence became an instrument of terror and sexual slavery.

Table 3.9 presents cases of sexual violence in 2007 by province. While the phenomenon was widespread all over the country, the situation was worse in conflict-affected provinces. The provinces of Orientale and North Kivu were the most affected, representing more than half of the cases of sexual violence reported in that year. One dramatic aspect of violence against women is that sexual violence was mostly perpetuated against young girls below the age of 18. With the exception of two provinces (North Kivu and South Kivu), teenagers represented more than 65 percent of the victims of sexual violence.

Clearly, women and girls have suffered disproportionately more than men during the conflicts as combatants from all sides used rape as a weapon of war. The effects of rape and other forms of sexual violence against women go beyond physical suffering and disabilities; they also compromise the psychological health and social life of the victims for the rest of their lives. Yet these effects typically remain below the radar screen of interventions during war as well as in the post-conflict reconstruction programs. One of the objectives of this report is to raise awareness on these effects and urge their integration in the design of intervention strategies by both the DRC government and development partners.

Impact of conflicts on children

Conflicts and mortality of under-five children

The available data allow the comparison of child mortality before, during and after the conflicts, by examining the trends in neonatal mortality, post-natal mortality, infant mortality, juvenile mortality and infant-juvenile mortality. Table 3.10 reports child mortality rates from the 2007 demographic and health survey (DHS) (RDC and UNICEF, 2008). Between 1992 and 1996, a period that we can consider as pre-conflict, 92 out of 1000 children died on average before their first anniversary, with 38 dying before reaching the age of one month and 58

between one and 12 months. Child mortality increased during the time of intense hostilities (1997–2002) up to 98 for 1000 live births. During this time, more children died between the age of one and 12 months compared to the period 1992–1997. There was a decline in child mortality post-2002, partly as a result of the improved security following the ceasefire.

There was also a decrease in the number of children dying before reaching their fifth anniversary (as measured by the infant-juvenile mortality rate) from its level over the period 1992-2007 but there are substantial disparities across places of residence and provinces. The mortality rate is higher in rural areas (177) than in urban areas (122). With the exception of North Kivu, child mortality rates are higher in provinces that have been under the occupation of rebel groups and foreign troops. In the province of Maniema, for example, 219 children per 1000 live births died on average between 1997 and 2007 before reaching their fifth anniversary. On average, 165 children per 1000 births died between 1997 and 2007 in conflict-affected provinces compared to 150 in non-affected provinces.

Table 3.10: Child mortality by province and place of residence (urban vs. rural), 1992-2007)

| Period | Administrative area | Neonatal mortality | Post-neonatal mortality | Infant mortality | Juvenile mortality | Infant-juvenile mortality |
|------------------|--|--------------------|-------------------------|------------------|--------------------|---------------------------|
| 1992-1997 | DRC | 38 | 58 | 96 | 84 | 172 |
| 1997-2002 | DRC | 37 | 61 | 98 | 74 | 165 |
| 2002-2007 | DRC | 42 | 50 | 92 | 62 | 148 |
| 1997-2007 | Non-Conflict-affected provinces | | | | | |
| | Bandundu | 46 | 58 | 103 | 57 | 154 |
| | BasCongo | 46 | 81 | 127 | 66 | 185 |
| | Kasai Occidental | 35 | 60 | 95 | 69 | 158 |
| | Kinshasa | 31 | 42 | 73 | 31 | 102 |
| | Conflict-affected provinces | | | | | |
| | Equateur | 46 | 56 | 102 | 74 | 168 |
| | Kasai Oriental | 33 | 50 | 82 | 68 | 145 |
| | Katanga | 49 | 45 | 94 | 66 | 154 |
| | Maniema | 54 | 75 | 129 | 103 | 219 |
| | North Kivu | 17 | 40 | 57 | 47 | 102 |
| | Orientale | 37 | 51 | 89 | 100 | 179 |
| | South Kivu | 46 | 80 | 126 | 68 | 186 |
| | Non-Conflict provinces | 40 | 60 | 100 | 56 | 150 |
| | Conflict provinces | 40 | 57 | 97 | 75 | 165 |
| | Urban | 30 | 44 | 74 | 51 | 122 |
| | Rural | 46 | 62 | 108 | 78 | 177 |
| | DRC | 40 | 55 | 95 | 67 | 155 |

Source: RDC and UNICEF (2008). Note: mortality rates are per 1000 live births.

Table 311: Child mortality by province and place of residence in 2001 and 2010

| Province | Infant mortality | | Infant-juvenile mortality | |
|------------------------|------------------|------|---------------------------|------|
| | 2001 | 2010 | 2001 | 2010 |
| Non-Conflict provinces | | | | |
| Bandundu | 100 | 100 | 164 | 163 |
| Bas-Congo | 131 | 93 | 221 | 151 |
| Kasai Occidental | 136 | 99 | 230 | 163 |
| Kinshasa | 83 | 60 | 133 | 91 |
| Conflict provinces | | | | |
| Equateur | 146 | 104 | 247 | 171 |
| Kasai Oriental | 125 | 96 | 210 | 156 |
| Katanga | 135 | 111 | 227 | 184 |
| Maniema | 122 | 126 | 205 | 210 |
| North Kivu | 140 | 82 | 237 | 131 |
| Orientale | 143 | 93 | 241 | 152 |
| South Kivu | 147 | 101 | 249 | 166 |
| Non-conflict provinces | 113 | 88 | 187 | 142 |
| Conflict provinces | 137 | 102 | 231 | 167 |
| Urban | 91 | 71 | 148 | 111 |
| Rural | 144 | 105 | 243 | 174 |
| DRC | 126 | 97 | 213 | 158 |

Source: RDC (2002); RDC (2011). Note: mortality rates are per 1000 live births.

Table 3.11 compares infant mortality rates and infant-juvenile mortality rates between 2001 and 2010 (data from RDC (2002) and RDC (2011)). The data show a downward trend in both indicators compared to their levels in 1995. The probability of children dying before their first anniversary has decreased from 144 deaths per 1000 live births in 1995 to 126 in 2001 and 97 in 2010. The same trend is observed for the probability of children dying before their fifth anniversary (RDC and UNICEF, 2008). With the exception of Maniema, mortality rates have been decreasing over time in all the provinces. Note, however, that broadly-speaking, mortality rates remain higher than in other countries with comparable levels of development. Thus, the situation of children remains a major cause of concern especially given the devastating effects of conflicts on the health sector.

Impact of conflicts on child nutrition

Child malnourishment is a cause of great concern in the DRC. The multiple indicator cluster surveys conducted in 1995 (RDC, 1996), 2001 (RDC, 2002) and 2010 (RDC, 2011) as well as the demographic and health survey completed in 2007 (RDC, 2008) provide some insights on the trends from before to after conflicts. Table 3.12 presents data on chronic malnutrition (height-for-age), acute malnutrition (weight-for-height) and weight inadequacy (weight-for-age) among under-five children from 1995 to 2010.

Table 3.12: Nutritional status of under-five children from 1995 to 2010 (%)

| | | 1995 | 2001 | 2007 | 2010 |
|---------|---|------|------|------|------|
| Overall | Stunted growth (height-for-age): general | 20.6 | 38.2 | 45.5 | 43.4 |
| | Stunted growth: severe | 24.6 | 20.3 | 24.2 | 22.2 |
| | Emaciation (weight-for-height): general | 6.1 | 13.4 | 10.0 | 8.5 |
| | Emaciation: severe | 3.5 | 3.1 | 4.3 | 2.8 |
| | Weight inadequacy (weight-for-age): general | 24.2 | 31.1 | 25.1 | 24.2 |
| | Weight inadequacy: severe | 10.2 | 9.4 | 8.4 | 8.4 |
| Urban | Stunted growth (height-for-age): general | 16.1 | 28.9 | 36.7 | 33.7 |
| | Stunted growth: severe | 12.0 | 13.4 | 17.5 | 15.0 |
| | Emaciation (weight-for-height): general | 3.8 | 12.1 | 10.3 | 7.2 |
| | Emaciation: severe | 2.7 | 2.5 | 4.9 | 2.2 |
| | Weight inadequacy (weight-for-age): general | 17.2 | 22.0 | 18.9 | 16.8 |
| | Weight inadequacy: severe | 5.8 | 5.1 | 6.5 | 5.4 |
| Rural | Stunted growth (height-for-age): general | 22.4 | 42.6 | 51.5 | 46.9 |
| | Stunted growth: severe | 29.5 | 23.7 | 28.7 | 24.8 |
| | Emaciation (weight-for-height): general | 7.0 | 14.1 | 9.9 | 9.0 |
| | Emaciation: severe | 3.8 | 3.4 | 3.9 | 3.0 |
| | Weight inadequacy (weight-for-age): general | 26.7 | 35.5 | 29.3 | 26.8 |
| | Weight inadequacy: severe | 11.9 | 11.5 | 9.7 | 9.5 |

Source: Calculations using data from official reports (RDC, 1996, 2002, 2008, 2011).

Nearly one out of four children under the age of five suffered from weight inadequacy in 2010. The proportion of children suffering from weight inadequacy increased after 1995 and during the conflicts from 24.2% in 1995 to 31.1% in 2001 and dropped to 25.1% in 2007. The decrease in this indicator from 2001 and 2010 was consecutive to the end of the second DRC war, but its level was still high.

Moreover, the proportion of children suffering from global stunted growth (i.e., moderate and severe forms) increased during conflicts until 2007. The severe forms of malnutrition have followed the same trends. For example, after a pronounced deterioration between 1995 and 2001 from 6% to 13.4%, the proportion of children suffering from severe emaciation dropped to 10% in 2007 and 8.5% in 2010. The evidence clearly indicates that there has been significant improvement in child nutrition since the end of the wars.

The magnitude of the effects of the conflicts on child malnutrition varies substantially across regions. The data in Tables 3.13 and 3.14 show that provinces that were under occupation during the 1998-2002 war have higher child malnourishment incidence. In 2001, at least four out of ten children were affected by stunted growth in Equateur (40.7%), North Kivu (45.4%), Maniema (45.5%) and South Kivu (47.6%) compared to provinces that were relatively stable under the authority of the central government, such as Kinshasa (19.9%) and Bandundu (36.7%).

Table 3.13: Nutritional status of under-5 children by province: moderate and severe cases (%)

| Province | Stunted growth | | | Emaciation | | Weight inadequacy | |
|-----------------------------|----------------|------|------|------------|------|-------------------|------|
| | 2001 | 2007 | 2010 | 2001 | 2007 | 2010 | 2001 |
| Non-conflict provinces | | | | | | | |
| Bandundu | 36.7 | 46.8 | 36.6 | 36.7 | 46.8 | 36.6 | 36.7 |
| Bas-Congo | 43.1 | 45.7 | 47.9 | 43.1 | 45.7 | 47.9 | 43.1 |
| Kasai Occidental | 38.7 | 48.2 | 53.3 | 38.7 | 48.2 | 53.3 | 38.7 |
| Kinshasa | 19.9 | 23.4 | 23.9 | 19.9 | 23.4 | 23.9 | 19.9 |
| Conflict-affected provinces | | | | | | | |
| Equateur | 40.7 | 50.9 | 40.8 | 40.7 | 50.9 | 40.8 | 40.7 |
| Kasai Oriental | 36.6 | 49.2 | 44.0 | 36.6 | 49.2 | 44.0 | 36.6 |
| Katanga | 38.3 | 45.0 | 42.6 | 38.3 | 45.0 | 42.6 | 38.3 |
| Maniema | 45.5 | 43.9 | 40.3 | 45.5 | 43.9 | 40.3 | 45.5 |
| North Kivu | 45.4 | 53.6 | 58.3 | 45.4 | 53.6 | 58.3 | 45.4 |
| Orientale | 39.8 | 46.2 | 44.8 | 39.8 | 46.2 | 44.8 | 39.8 |
| South Kivu | 47.6 | 55.5 | 50.5 | 47.6 | 55.5 | 50.5 | 47.6 |
| Non-conflict provinces | 34.4 | 40.9 | 38.7 | 34.4 | 40.9 | 38.7 | 34.4 |
| Conflict-affected provinces | 40.8 | 48.8 | 45.8 | 40.8 | 48.8 | 45.8 | 40.8 |

Source: Calculations using data from official reports (RDC, 2002, 2008, 2011)

Although the situation worsened in all the provinces for the children born between 2002 and 2007, higher proportions of stunted growth were observed in conflict-affected provinces until 2010, especially in North Kivu and South Kivu. Moreover, the nutritional status of under-five children worsened with age. These are indications of the fact that armed conflicts degrade the living conditions of households, making it difficult and often impossible for families to provide adequate diet to all their children.

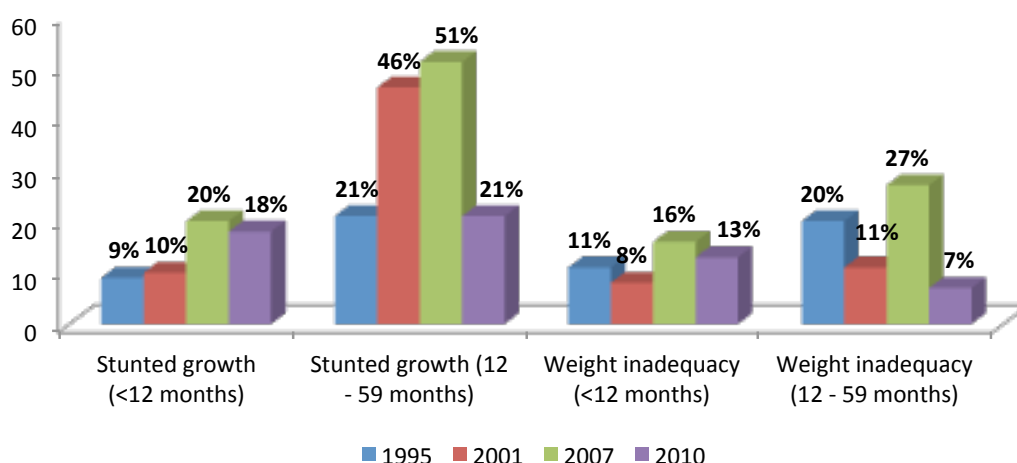
The deterioration of child nutrition due to conflicts can be seen by considering the situation after 1995. About 46 percent of children born since the onset of conflicts and who were between 12 and 59 months of age by October 2001 had stunted growth compared to 10 percent of children aged less than 12 months (Figure 3.11). The situation worsened for children born between 2002 and 2007 who had not reached their fifth anniversary by March 2007 in the province of Kinshasa or by August 2007 in the other provinces. In fact 51 percent of them suffered stunted growth compared to 20% for children under the age of 12 months. The doubling of the proportion of children with stunted growth aged less than 12 months in those five years signals the worsening of living conditions in households as a result of armed conflicts. This is also indicated by improvement of nutritional status after 2007 as a result of improved stability.

Table 3.14: Nutritional status of under-five children by province: severe cases (%)

| Province | Stunted growth | | | Emaciation | | | Weight inadequacy | | |
|-------------------------------|----------------|------|------|------------|------|------|-------------------|------|------|
| | 2001 | 2007 | 2010 | 2001 | 2007 | 2010 | 2001 | 2007 | 2010 |
| Non-conflict provinces | | | | | | | | | |
| Bandundu | 19.6 | 25.5 | 16.9 | 4.5 | 2.7 | 4.8 | 10.7 | 9.00 | 6.90 |
| Bas-Congo | 23.6 | 24.5 | 13.3 | 1.4 | 3.8 | 1.9 | 10.8 | 7.50 | 10.9 |
| Kasai Occ. | 21.7 | 25.6 | 27.9 | 3.9 | 5.5 | 2.2 | 10.1 | 9.60 | 13.6 |
| Kinshasa | 8.40 | 8.80 | 8.80 | 2.7 | 1.9 | 1.7 | 4.20 | 2.60 | 3.90 |
| Conflict provinces | | | | | | | | | |
| Equateur | 20.4 | 29.5 | 20.4 | 4.4 | 5.7 | 3.9 | 8.80 | 14.5 | 8.60 |
| Kasai Oriental | 20.4 | 24.0 | 24.0 | 3.5 | 7.5 | 3.2 | 9.50 | 12.9 | 10.8 |
| Katanga | 19.5 | 25.1 | 21.5 | 3.1 | 6.4 | 2.8 | 11.5 | 6.50 | 6.70 |
| Maniema | 24.6 | 21.0 | 21.3 | 3.0 | 4.5 | 2.3 | 9.10 | 2.90 | 5.10 |
| North Kivu | 24.2 | 28.2 | 35.0 | 3.1 | 3.8 | 1.8 | 7.90 | 6.10 | 10.2 |
| Orientale | 20.9 | 25.3 | 22.4 | 1.4 | 2.5 | 3.1 | 7.10 | 6.40 | 8.60 |
| South Kivu | 27.5 | 31.4 | 26.9 | 4.1 | 2.5 | 1.5 | 13.3 | 7.00 | 9.40 |
| Non-conflict provinces | 18.2 | 21.2 | 17.4 | 3.4 | 3.3 | 3.0 | 5.9 | 12.5 | 8.0 |
| Conflict-affected provinces | 21.8 | 26.4 | 24.2 | 3.0 | 5.1 | 2.8 | 9.7 | 9.2 | 8.0 |

Source: (RDC, 2002, 2008, 2011)

Figure 3.11: Nutritional status of under-five children by age group (%)



Source: Calculations using data from official reports (RDC, 1996, 2002, 2008, 2011).

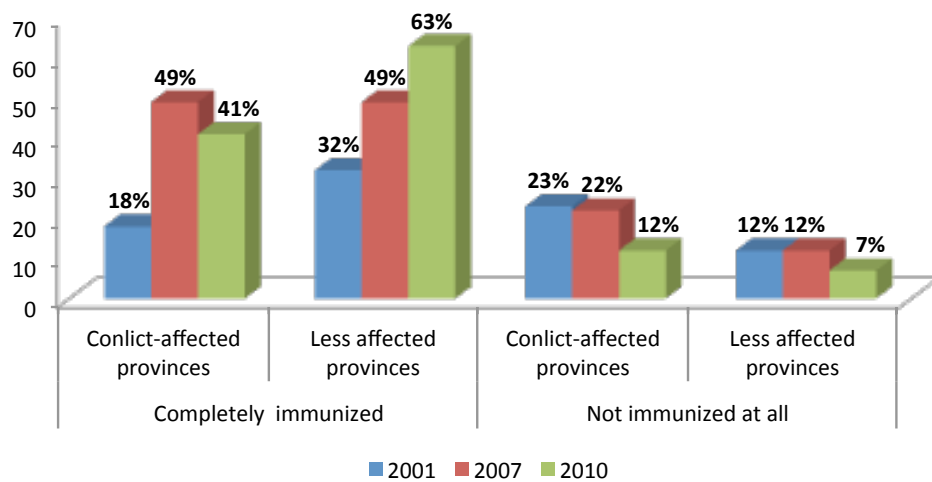
Impact of conflicts on child immunization

Another channel through which conflicts affected health conditions is through the disruption of immunization programs. The reduction of government funding for the health sector and the resulting degradation of infrastructure led to reduced access to vaccination services, particularly in the rural areas. Coverage of the four administered vaccines (BCG, DTC3,

VPO3 and VAR) was less than 40% in 1991, except for the BCG (67%). Coverage rates were below their 1991 levels in 1995 for three of the vaccines: 47% against 67% for BCG, 27% against 35% for DTC3, 28% against 34% for VPO3 (RDC, 1996). Despite some improvements, coverage in immunization remains low, with a substantial proportion of children not receiving any shots: 19% in 2001, 18% in 2007 and 10% in 2010.

Data from the 2001 Multiple Indicators Cluster Survey (MICS) collected from April to October 2001 (RDC, 2002) and from the 2010 MICS collected from February to April 2010 (RDC, 2011) can help to assess the impact of conflicts on immunization campaigns. The sample for each survey comprises children born about two years prior to the survey period. The analysis is revealing when comparing conflict-affected and non-affected provinces (Figure 3.12). The proportion of children who received all the required immunizations increased consistently in relatively stable provinces. In conflict-affected regions, it rose in 2001-07 but declined in 2007-10. The proportion of children who have never received any immunization at all was greater in conflict-affected provinces. The evidence illustrates the negative impact of the conflicts on the national immunization program. Even in the provinces that were less affected by conflicts, the proportion of children aged from 0 to 23 months who had received all the vaccines is far below the targeted 80% in the national expanded vaccination program. More than half (58%) of children born in 2008 and who were aged between 0 and 23 months at the time of the 2010 survey had not received complete immunization against tuberculosis, poliomyelitis, diphtheria, whooping cough, and measles.

Figure 3.12: Completely immunized and not immunized children by conflict zone



Source: Data from various official reports (RDC, 1996, 2002, 2008, 2011)

Impact of conflicts on child poverty and deprivation

The DRC has a very young population, with 53 percent of the total population aged less than 18 years in 2010. About 37 percent of these children live in conflict-affected zones (Equateur, Katanga and Orientale) (RDC and UNICEF, 2008). This implies high exposure of children to conflicts. Children are disproportionately more affected by wars than the general population due to their higher degree of exposure to multi-dimensional vulnerabilities. Therefore, aggregate measures of the poverty impact of wars are likely to underestimate the effects on children. UNICEF considers child poverty as “an environment that is damaging to their mental, physical, emotional and spiritual development.” It proposed the following working definition of child poverty (UNICEF, 2005, p. 18): “Children living in poverty experience deprivation of the material, spiritual and emotional resources needed to survive, develop and thrive, leaving them unable to enjoy their rights, achieve their full potential or participate as full and equal members of society.” Thus, UNICEF concludes, “the poverty children experience with their hands, minds and hearts is interrelated” (UNICEF, 2005, P. 18). The data on the DRC clearly illustrates this multidimensional nature of child poverty and how child poverty has been exacerbated by conflicts.

Child poverty level (76.6%) is higher than the national poverty level (71.3%), based on the international poverty line of one dollar per day per person (DRC and UNICEF, 2008). Moreover, children suffer from various forms of deprivation including lack of access to decent housing, water, food, education and health services (Table 3.15).⁴¹ The most important severe forms of deprivation for the children at the national level involve lack of access to safe water (73%), information (68.7%), and housing (37.5). Children in rural areas are more deprived than children in urban areas: 87.8% in rural areas compared to 38.3% in urban areas. This is yet another indication of the direct impact of wars, which have been largely fought in the rural areas.

Table 3.15: Proportion of children with severe deprivation (%)

| Nature of deprivation | Non-conflict zones | Conflict-affected zones | National level | | |
|-----------------------|--------------------|-------------------------|----------------|-------|-------|
| | | | Overall | Urban | Rural |
| Housing | 34.5 | 37.1 | 37.5 | 39.4 | 36.7 |
| Toilets | 11.1 | 11.4 | 12.0 | 3.70 | 15.6 |
| Safe water | 64.4 | 77.5 | 73.0 | 38.3 | 87.8 |
| Information | 79.8 | 82.3 | 68.7 | 49.8 | 87.6 |
| Education | 23.9 | 36.8 | 32.7 | 16.1 | 39.4 |
| Nutrition | 22.1 | 26.9 | 28.9 | 16.8 | 28.9 |
| Health | 57.0 | 61.1 | - | 53.6 | 65.8 |

Source: RDC and UNICEF (2008)

⁴¹ According to RDC and UNICEF (2008), a child suffers from moderate privation if he or she lives in a house with 4 people per bedroom, with no healthy facilities and no access to safe water within a 30-minute walking distance; if he or she suffers from one of the three forms of moderate malnourishment, has not completed primary school or is not studying, and does not have access to information through radio or television, or to appropriate treatment against acute respiratory infections. Severe privation happens if the child lives in a dwelling with 5 persons per bedroom, in a household which has no access to water within 30-minute walk or that uses water from streams or non-improved and unprotected water sources; if he or she suffers from one of the three forms of severe malnourishment, has not completed or never attended school, and does not have access to information through radio, neither to appropriate treatment against acute respiratory infections.

Impact of conflicts of the welfare of the youth

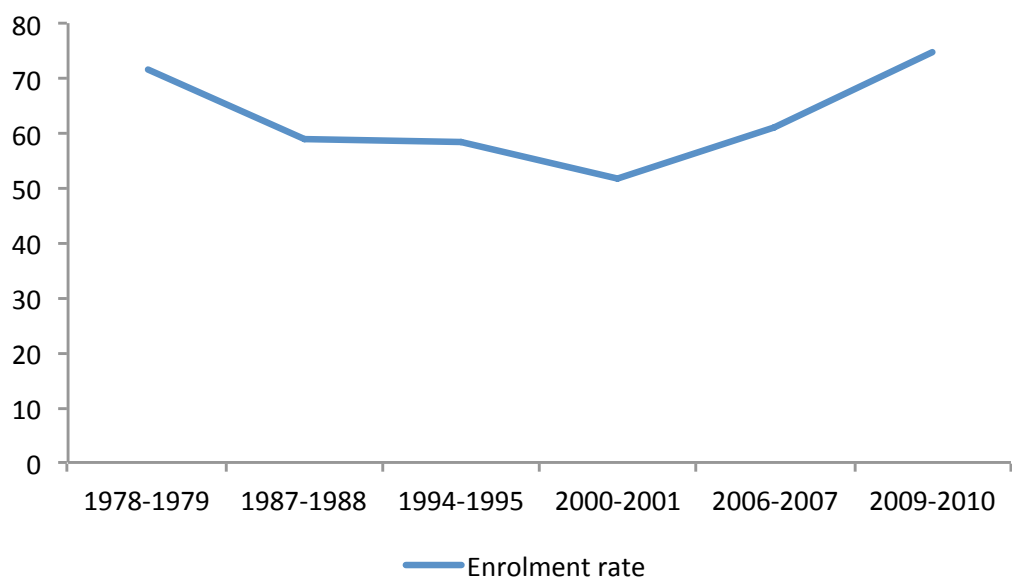
Impact on educational outcomes

As in other areas of social development, the conflicts in the DRC have accentuated the deterioration of educational outcomes that started in the 1980s. From 72% in 1978-79, school enrollment dropped to 59% by 1995 (RDC, 1996). Five years after the onset of the armed conflicts, only 52 percent of children aged between 6 and 11 were attending school. Although this ratio has increased since the end of conflicts, it has only recently reached the level achieved at the end of the 1970s (at 74.8% in 2010) (Figure 3.13). School attainment is markedly lower in conflict-affected provinces. In 2001, the school attainment rate was 61.5% in non-affected provinces compared to 46.2% in conflict-affected provinces (RDC, 2002). These proportions increased to 80.2% and 72%, respectively in 2010 (RDC, 2011). For both years, school attainment in conflict-affected provinces was lower than national averages (52 % in 2001 and 75% in 2010) while it was above the national averages in the non-affected provinces. Moreover, school attainment remains lower for girls than boys. For boys, in 2001 the school attainment rate was 49% in conflict-affected areas and 64% in non-affected zones. The corresponding rates for girls were 46% and 59% in the same year. The gap had nearly closed by 2010 in the conflict-free zones (81.5% compared to 80%), but it was still substantial in conflict-affected zones (75% against 68%).

School attainment is very low at the secondary level. In 2010, for example, only 32% of children in the age range for secondary education effectively attended school. While some of the factors explaining the lower school attainment at the secondary level may be common to all the provinces, there are significant differences between provinces that have been affected by conflicts and those that have not. The net secondary school attainment rate was 26.1% in conflict-affected provinces compared to 42.5% in non-affected provinces.

Conflicts have also negatively impacted the survival rate in the education system. The proportion of children entering first grade and completing fifth grade was about 25% between

Figure 3.13: School enrollment rates for 6-11 year old children



Source: Compiled using data from various official reports (RDC (1996); (RDC, 2002, 2008, 2011))

1995 and 2001, meaning that three quarters of children dropped out of the system during this period. A gradual improvement was observed afterward, with the survival rate reaching 40% in 2007 and 75% in 2010. The effects of conflicts were the most felt in North Kivu, where only 5.3 percent of students who entered first grade reached fifth grade.

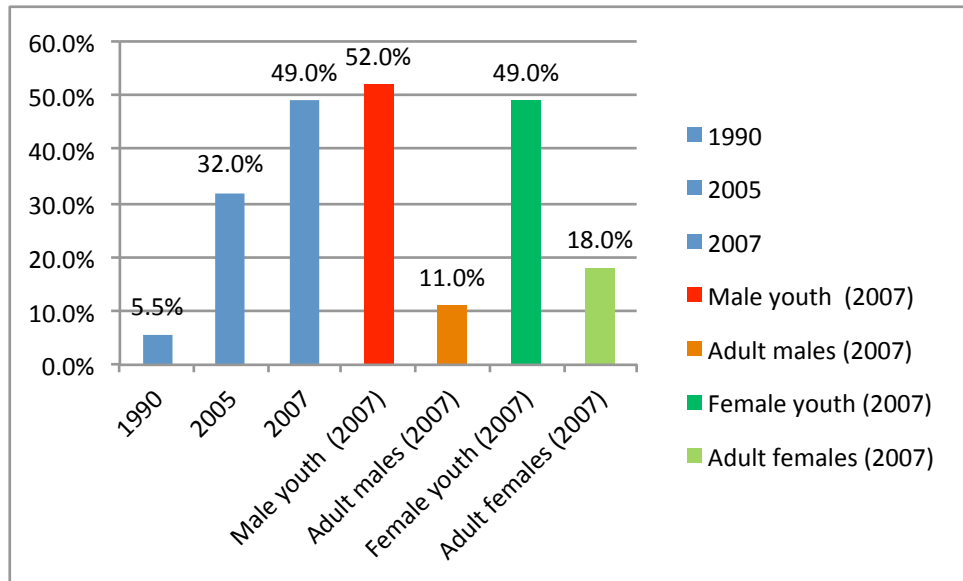
The negative effects of conflicts on school enrollment can be clearly illustrated by considering age groups in the range of 6–14 years of age. Here the 6–9 and 10–14 age ranges are considered with reference to the year 2001. The proportion of children born between 1992 and 1995 and who were supposed to be in school but were not actually attending school between 1998 and 2001 (conflict period) is larger (57%) than that of children born between 1987 and 1991 and who had to enter the school system between 1993 and 1997 (35%). Therefore, the conflicts that started in 1996 denied access to school to more than half of the children. The proportion of girls in both age groups is higher than that of boys: 58% versus 55% in the 6–9 years range and 40% versus 30% in the 10–14 age groups. The youth's access to education has been impeded through two channels by conflict-related insecurity: displacement and the weakening of parents' capacity to pay school fees (Seymour, 2001). In rural areas, the presence of soldiers considerably reduced the safety of travel to school for students as well as the ability of families to perform their income-generating activities to pay for school.

Lost opportunities and youth unemployment

By jeopardizing access to formal education for young men and women, conflicts have limited their opportunities to contribute to the development of their country. The youth in the DRC consider formal education to be a protective mechanism; as something which allows them to be independent, and to 'find their way' in life; and which provides them with the capacity to speak out, to 'find their voice', and to participate in public life (Seymour, 2001).

The opportunity for the youth to find their way and their voice is gained through decent jobs. However, youth unemployment remains widespread in the country. Figure 3.14 shows that youth unemployment at the national level has increased alarmingly over time since 1990. From 5.5% in 1990, youth unemployment increased to 32.2% in 2005 and 49% in 2007 (RDC, 2005, 2008). In 2007, youth unemployment represented 70 percent of the total number of unemployed persons in the country. Unemployment was higher among young males (52%) and females (49%) compared to that of the adults (25–49 age group): 11% for males and 18% for females. The data illustrates the far-reaching effects of conflicts through the destruction of life chances for generations of children who are denied an opportunity to secure income-generating employment.

Figure 3.14: Youth unemployment: trend and level by gender, 1990-2007



Source: RDC (2005, 2008)

Conflicts, child labor and child soldiering

The wars in the DRC have increased child labor and other forms of exploitation in addition to direct children involvement as combatants (Amnesty International, 2003). By creating insecurity and massive displacements of populations, the wars left many children with no protection, as they were separated from their families. These children became targets for recruitment by rebel groups and militias. Forced recruitments took place in schools, on the street, in camps for refugees or the internally displaced, or from the children’s own homes at gunpoint. Children also joined armed groups as the only way to survive after losing family members, or in response to generalized poverty and deprivation. The DRC was estimated to have the largest concentration of child soldiers in the world at the height of the war, with about 30,000 children associated with armed forces or militia groups, 30% to 40% of which were females (Amnesty International, 2003). Children were used not only as soldiers but also as porters, spies and sex slaves.

However, regardless of the way, the motives or the process by which they ended up being child soldiers, these children have borne the brunt of conflicts, diseases and death, not only as victims, but also as witnesses, and sometimes as forced participants in crimes that inflict lifelong psychological trauma (Amnesty International, 2003). Many children have lost their lives from malnutrition and exhaustion from harsh conditions; others were victims of extrajudicial executions. It is impossible to estimate with accuracy the number of child soldier casualties, as many were buried in mass graves or thrown in rivers, latrines, and bushes.

The deprivation induced by protracted conflicts and the resulting pressure on the population, especially for poor households, has caused high levels of child labor. It is estimated that 42 percent of children in the DRC are engaged in child labor, the highest proportion in the GLR, compared to Burundi (19%), Rwanda (35%), Tanzania (21%) and Uganda (25%) (UNDP, 2013, 2014b). It is clear that the wars have created a lost generation of children and that their effects will impact the lives of these children long after they have overcome the associated physical and emotional scars.

Impact of conflicts on infectious diseases

Traditionally the reporting on the impact of wars tends to focus on violence-related casualties, and overlooks the substantial casualties related to the health conditions created by the conflicts. In the case of the DRC, the conflicts have been associated with an increase in death from infectious diseases through two particular channels: 1) the fact that large populations forced out of their homes fled into the jungle where they suffered the effects of lack of adequate clothing, food, and drinking water; and 2) sexually transmitted diseases due to sexual violence against women and girls (Eriksson Baaz and Stern, 2010). Evidence from surveys shows a strong association between violent death in war zones and death from infectious diseases. During 1999-2001, for every violent death in Eastern and Southern DRC, there were between 5 and 6 excess deaths due to infectious diseases (Roberts and Muganda, 2008, p. 285). Conversely, improvement in security has been accompanied by a decrease in death due to infectious diseases. For example, the withdrawal of foreign troops from Kalemie and Kalima in 2002 was accompanied by improved security and a decline in the overall death rate. As Roberts and Muganda (2008, p. 285) point out “the war in DRC showed that documenting the effects of wars by counting only violent casualties underestimates the consequences of war in settings of high disease transmission.” As the evidence presented in the following paragraphs shows, the increased death toll not directly related to violence has been driven by increased incidence of HIV/AIDS, tuberculosis and malaria.

Conflicts and HIV/AIDS

It is believed that the reported HIV prevalence rate of 4.9% among adults is an underestimation of the actual HIV infection in the DRC (RDC, 2006). According to the DRC government reports (RDC, 2006), as many as 10 percent of the population are seropositive, with 37% among prostitutes in Kinshasa and 25% among pregnant women in Eastern DRC. The high prevalence in the East is due to the widespread use of rape and sexual violence as a weapon of war, and the presence of combatant troops from countries with high HIV prevalence rates (Kanyama, 2010, and references therein). Prevalence rates are very high among high-risk groups, especially victims of sexual violence (20%), sex workers (16.9%), women in the military (7.8%), displaced women (7.6%) and women in penitentiary centers (7.1%) (RDC, 2009).

As an illustration of the effects of conflicts, the evidence shows that HIV/AIDS prevalence increased from 4.5% in 1990–1994 to about 8% between 2000 and 2001, with a higher prevalence rate in the eastern provinces. For example, a prevalence of 16.3% was observed among blood donors in North Kivu (RDC, 2006). The highest prevalence rates were recorded in conflict-affected provinces: 5% in Katanga, more than 6% in Kasai Oriental and Orientale, and over 5% in North Kivu and Equateur. It was also noted that prevalence rates among pregnant women were higher in sentinel sites located in conflict-affected provinces. For example, the site of Lubumbashi in the Katanga province had a prevalence rate of 3.9% among pregnant women in 1990. This rate increased to 4.7% in 1997 and 8.6% in 1999 before dropping to 7% in 2003. This province being one of the conflict-affected provinces, the upward trend in HIV prevalence between 1997 and 1999 is an indication of the effect of conflicts on the spread of the infection. The HIV prevalence rate among pregnant women in Kasumbalesa (rural Katanga) was 4.8% in 1990, but it reached 16.3% in 2008 (RDC, 2011).

Malaria, tuberculosis and other infectious diseases

As violence forced families and entire communities out of their homes, they were exposed to diseases due to lack of adequate sanitation (Roberts and Muganda, 2008). There is a strong correlation between violence-related deaths and deaths related to infectious diseases. For

Table 3.16: Cause-specific mortality rates in DRC (2003 – 2007), percentage

| Cause | East | | | | West | | | |
|-----------------|----------|--------|------------------|--------|----------|--------|------------------|--------|
| | All ages | | Children under 5 | | All ages | | Children under 5 | |
| | 2003-4 | 2006-7 | 2003-4 | 2006-7 | 2003-4 | 2006-7 | 2003-4 | 2006-7 |
| Diarrhea | 11.8 | 9.1 | 11.2 | 9.7 | 11.7 | 8.9 | 14.6 | 12.8 |
| Malnutrition | 9.0 | 4.0 | 8.4 | 6.3 | 6.6 | 4.3 | 8.1 | 4.5 |
| Respiratory | 6.1 | 7.5 | 6.9 | 8.1 | 8.9 | 5.5 | 9.4 | 6.6 |
| Neonatal | 4.1 | 7.1 | NA | 15.5 | 2.8 | 6.5 | NA | 12.9 |
| Tuberculosis | 4.1 | 6.6 | 0.4 | 0.7 | 6.6 | 6.8 | 1.1 | 1.6 |
| Anemia | 3.1 | 3.2 | 5.5 | 4.8 | 2.6 | 4.3 | 3.3 | 7.2 |
| Accident/injury | 2.9 | 2.4 | 1.1 | 0.6 | 2.9 | 3.4 | 0.9 | 1.3 |
| Meningitis | 2.8 | 2.8 | 3.4 | 2.3 | 1.6 | 3.2 | 1.5 | 4.7 |
| Measles | 2.1 | 5.5 | 4.4 | 9.9 | 4.5 | 2.9 | 7.2 | 4.8 |
| Violence | 1.7 | 0.6 | NA | 0 | 0.1 | 0.3 | NA | 0.2 |
| Maternal | 1.4 | 2.3 | NA | NA | 1.9 | 2.8 | NA | 0 |
| HIV/AIDS | 0.7 | 1.2 | NA | 0 | 0.7 | 0.8 | NA | NA |
| Fever/malaria | 27.4 | 26.3 | 39.0 | 34.2 | 31.5 | 27.7 | 39.7 | 35.0 |
| Other unknown | 22.6 | 21.4 | 10.4 | 7.9 | 17.7 | 22.8 | 8.7 | 8.5 |

Source: IRC (2004, 2007)

Notes: East corresponds to territories formerly held by rebel groups along the 2001 frontline; and West refers to territories formerly held by government (IRC, 2007). This corresponds to our classification of provinces into conflict-affected and non-conflict-affected provinces.

every violence-related death, there were approximately 4 to 6 excess deaths primarily due to infectious diseases. A series of mortality surveys conducted over the period 1999-2002 by the IRC revealed that violence-related death accounted only for 8 percent of total deaths, with the remaining proportion being due to infectious diseases (62%), non-infectious diseases (24%) and unknown conditions (6%) (Coghlan et al., 2004). Table 3.16 reports the results of mortality surveys conducted by the IRC between 2003 and 2007 (Coghlan et al., 2007). The data shows that more deaths were due to infectious diseases for all ages both in the conflict-affected East and the non-affected West and that mortality is generally higher for children for most causes.

3.6 Conclusion

The analysis in this chapter has documented the negative effects of the conflicts in the DRC on the economy and society. The conflicts have had effects at the macroeconomic and sectoral level; they have affected communities and individuals; and their effects have spilled beyond the borders and affected the other countries in the Great Lakes region. At the macroeconomic and sectoral level, the conflicts have accentuated the collapse of the economy that started in the 1980s through mid-1990s. They have increased macroeconomic instability and investment uncertainty, and they have weakened public finance in terms of both government fiscal balances and capacity in public finance management. The protracted conflicts have undermined the key sources of growth, especially agriculture, industry and

manufacturing. They have reinforced the structural dependence of the economy on natural resources by undermining economic diversification. They have also increased the dependence on external financing by undermining domestic revenue mobilization, especially taxation in the natural resource sector.

The conflicts have been even more devastating from a social and human development perspective. Beyond the high death toll and population displacement, the wars have had other devastating effects that are harder to measure statistically, but which are nonetheless important. They caused tremendous social and psychological trauma for women, young girls and boys who were subjected to inhuman atrocities including rape, torture, humiliation, and other forms of physical and psychological abuses by the belligerents. The conflicts have also created lost generations of youths whose education and psychological development have been compromised. It is therefore clear that the wars will have long-lasting scars on individuals, communities, and the country as a whole.

The effects of the conflicts have reverberated beyond national borders, and continue to spillover. The wars have prevented the DRC and its neighbors from taking advantage of massive cross-border trade opportunities. They have compromised regional infrastructure development, which would have helped to solve one of the critical constraints to development in the DRC and in the regions: the lack of reliable infrastructure especially in the power and transport sectors.

The wars have also corroded the environment for cooperation in the Great Lakes region with negative effects on the economy and society. One of the legacies of the conflicts is that political interests have often assumed priority status over economic cooperation. A recent example is the imposition of visas by the DRC government on Rwandan travelers entering the DRC, which has severely undermined formal and informal trade between the two countries. The biggest losers are the households in the two countries who depend on regional markets for selling their products and for sourcing inputs for their production. Moreover, the ratification of the various economic cooperation agreements has frequently been delayed due to antagonisms between governments, thus undermining regional economic integration. The negative effects of conflicts on cross-border trade documented in this chapter are only an illustration of the massive potential of economic dynamism in the region that would have materialized in an environment of peace and stability.

Moral and economic imperatives dictate an urgent solution to the conflicts in the DRC and the associated antagonisms between governments in the region. It is critically important to provide adequate room for the ongoing regional and global efforts to bear fruit in the interest of the people in the DRC, the Great Lakes region and the continent as a whole. In light of the analysis in this chapter and the previous one, the next and concluding chapter elaborates on key strategies for ending conflicts, consolidating peace and building a strong base for sustainable development in the DRC and the Great Lakes region.

CHAPTER 4: Conclusion and Policy Recommendations

The analysis in this report has documented the main root causes of the cycle of conflicts and wars in the DRC that will need to be addressed for the country and the Great Lakes region as a whole to get back on a path of peace, political stability and sustainable development. The report has also documented severe developmental effects of the wars that go beyond the direct impacts that are commonly the focus of attention in the form of human losses and physical injuries from the wars, economic losses due to the disruption of production and trade, and destruction of social and economic infrastructure. The analysis has shown that the wars have had important adverse direct and indirect effects on the wellbeing of individuals, communities, the nation and the region as a whole. These include the short-term and long-term effects of social and psychological trauma caused by the atrocities of the wars, especially against women, children and the youth. The effects also include the lost educational opportunities of generations of children born during the conflicts who will not be able to reach their full potential in human capital development. The wars undermined the relationships between the state and the population, and weakened the quality and effectiveness of public administration.

Finding solutions to the conflicts in the DRC requires addressing the root causes of conflicts not only to bring an end to existing instability, but also to prevent new cycles of conflicts. It is imperative to design strategies to rebuild the economy, communities and individual livelihoods. This chapter discusses strategies to address fundamental causes of conflict and critical impacts of the conflicts that require concerted and urgent attention. It discusses strategies for building strong institutions and a developmental state, designing a peace building agenda, rebuilding the economy, dealing with social and psychological effects of the conflicts, reforming the security sector, strengthening regional integration, and improving donor engagement. Recommendations are provided to guide action in each area at the national, regional and international levels.

4.1 Institutions and state building

The analysis in this report has demonstrated that a major factor of the conflicts that have marked the DRC's history since independence has been the failure to establish institutions that can foster the development of a capable State that commands legitimacy and credibility vis-à-vis the population, and that can design and implement a sustainable development agenda. The modernization of the state through the liberal peace paradigm has yielded limited results. In particular, the opening of the political space to multiparty politics and the holding of elections based on universal suffrage have not delivered the expected consolidation of the legitimacy of the state vis-à-vis the people even when they have earned the government some legitimacy vis-à-vis the development partners.

The key stumbling block in the state building agenda remains the configuration of the relationships between the central state and the local communities. In particular, achieving stability in the DRC requires a sustainable solution to the historic antagonisms between forces which favor federalism, and those which favor the autonomy of the regions. Accord-

ing to the DRC Constitution, the country is in principle already under a decentralized government system. However, decision making and management of national resources is still in the hands of the central government. The fundamental question therefore is how to make a decentralized system actually work in such a way that it both enables optimal utilization of national resources for the purpose of shared economic development, and ensures political stability especially through transparent and equitable representation, as well as enhanced capacity and accountability of the state.

In response to this, two problems need to be addressed: an economic and a political. The economic problem is about managing fiscal decentralization, which is an indispensable prerequisite for long-term stability in the DRC. However, fiscal decentralization implies a dilemma. On the one hand, fiscal decentralization may help ameliorate the relationships between the state and local communities by building state legitimacy and therefore alleviating secessionist tendencies. On the other hand, fiscal decentralization weakens the central state's capacity to deliver public goods, which may undermine its legitimacy. Moreover, fiscal decentralization may worsen inter-regional inequalities given the disparities in economic endowment across regions.

Thus far, the central government has not shown much enthusiasm with regard to fiscal decentralization, and the international community has also expressed some reservations on the basis of efficiency considerations. In particular, donors worry that fiscal decentralization carries "significant macroeconomic risks, i.e., reckless spending by provincial governments" (Tull, 2010, p. 654). The problems associated with fiscal decentralization must certainly be duly acknowledged and taken into consideration in the operationalization of the process. But stalling the process is politically and economically counterproductive and it is inconsistent with the Constitution and the commitments made by the central government to the Congolese people (as contained, for example, in the *Governance Compact* of 2007 (DRC, 2007)).

Going forward, the fiscal decentralization agenda must be designed and implemented in such a way that it: (1) ensures gradual devolution of fiscal power to the local communities along with decentralization of responsibilities in the provision public goods; (2) minimizes imbalances across regions through redistribution of resources by the central state; and (3) prioritizes investment in technical capacity building at the local level in public finance management to increase efficiency in resource mobilization and public expenditure management.

The political problem of decentralization concerns the legitimacy of the federal system vis-à-vis the various constituencies in Congolese society. As documented in this report, a key factor of the past conflicts in the DRC and the ongoing instability has been and remains the accumulation of grievances by regions and local communities that feel alienated or are unequally represented in the centralized political system. As discussed in the second chapter of this report, the democratization process has not helped to alleviate these concerns. In other words, political democratization has not produced effective representation, and representation has not translated into an effective voice for the Congolese people. Effective decentralization in the context of a representative, pluralistic and competitive electoral system is a viable solution to these structural problems.

The implementation of full-fledged decentralization under a federalist system is likely to confront constraints that are specific to the history of the country. One constraint is to overcome the legacy of kleptocracy and institutionalized corruption at the center inherited from the colonial era and perpetuated under the post-independence regime, which alienated the population and corrupted private sector practices. For the federalist system to succeed, it will be necessary to establish mechanisms that can give confidence to the public and the private sector that the *modus operandi* in the public sector has effectively changed. It will be necessary to not only fight public sector corruption but also increase effectiveness in the delivery of the fundamental functions of the state, namely public service delivery, revenue mobilization, security, and law and order.

The second challenge to federalism is the history of marginalization of minority groups, a legacy of colonialism that has been perpetuated in the post-independence institutions. In particular, the manipulation of institutions for political purposes has undermined the emergence of a common Congolese identity by entrenching ethnic instincts which are exploited by political entrepreneurs to mobilize support from their kinships by cultivating fear and mutual suspicion among ethnic groups. Overcoming the cycles of wars and conflicts and consolidating peace requires an institutional solution to the problem of ethnic discrimination, especially through institutional mechanisms that ensure adequate representation of demographic minorities in all branches of government and in the security system. By alleviating inequalities on the basis of ethnicity and identity, such a system can help consolidate a sense of common Congolese identity for all the citizens, and build a robust basis for state legitimacy.

The consolidation of a fair and transparent democratic process is the bedrock of developmental and peace-preserving institutions in the country. In this respect, the organization and the outcomes of the elections in 2016 will be critical. These elections will be a great opportunity to win the Congolese people's confidence in the political system and the credibility of the country's institutions in the international arena. The DRC also has a unique opportunity to be a positive example in the region by consecrating the sanctity of the Constitution regarding the rules governing the electoral process. While the onus for the success of the elections lies fundamentally on the Congolese government and institutions, the regional community and the country's international development partners also have an important responsibility in supporting the government to prepare the stage for successful elections. This involves, notably, providing technical and financial support for a national dialogue on inclusive democratization, and supporting peaceful negotiations among potentially antagonistic groups and around contentious issues through preventive diplomacy. In this regard, the international community's efforts can be channeled through existing regional and multilateral frameworks notably the African Union, the ICGLR and the United Nations system.

4.2 Peace building, reconciliation and national dialogue

Historically, the end of a war is not necessarily synonymous with peace. Building and consolidating peace constitutes a critical condition for the success and sustainability of the post-war economic reconstruction agenda. Thus, economic development and peace are interdependent. It is not possible or even useful to attempt to establish a chronology between peace building and economic reconstruction. The DRC needs to design and implement a coherent national peace building strategy to ensure that the root causes of conflicts

are identified and addressed, and to minimize the risk of conflict reoccurrence. Peace building will help establish a people-to-people compact and a people-to-state compact as key foundations of a developmental state.

A key tool for peace building is open dialogue at the local and national levels on fundamental issues that are either at the root of conflicts or are the effects of the war. Key issues that need to be at the heart of the national dialogue include ethnicity, human rights, land rights, political representation, and the rights of minorities. Some of these issues have remained taboo and therefore no systematic efforts have been undertaken to understand their contours and resolve them. This is especially the case for the issue of ethnicity and land rights. But unless those issues are subject to an open, honest and constructive dialogue, they will not be resolved.

At the moment, there are many independent and ad hoc organizations at the local level that drive initiatives to build peace by addressing specific issues ranging from ethnic violence, women and youth in conflicts, the reintegration of ex-combatants, capacity building and peace education, reconciliation, etc. While these efforts are commendable, their effectiveness is limited. A national peace building and development framework is needed to leverage these local initiatives to support the post-conflict reconstruction agenda. In this regard, the DRC can learn from successful experiences in other countries on the continent, such as South Africa, with the Truth and Reconciliation Commission organized after the end of Apartheid; and Burundi, with the national debate on ethnic divisions organized in the late 1980s-early 1990s that cemented the foundation for the transition to multiparty democracy. A successful peace building and development agenda will require strong commitment from the top national leadership, as well as substantial technical, diplomatic, and financial support from the regional community, especially the African Union, and the country's international development partners. But it must be clear that the Congolese people need to be in the driver's seat in leading the national dialogue on peace building; external help will be ineffective without national ownership of the process. Moreover, it is critically important for both the DRC government and the Congolese people to understand that peace building in general, like institution building, takes time; and therefore patience is paramount for the success of the peace building agenda.

4.3 Rebuilding the economy and awakening the 'dormant giant'

The analysis in this report has demonstrated that while poor economic performance has played a role in creating an environment that is conducive to conflicts, the conflicts have also undermined economic development, which has in turn compromise the country's chances to overcome the cycle of conflicts. The cycles of wars and conflicts have prevented the country from taking full advantage of its massive growth potential; in a sense, they have forced the continent's potential economic giant to remain dormant. Therefore, a central pillar of the country's efforts to overcome instability is an economic development strategy that would aim not only to alleviate the impacts of the wars and conflicts, but also set the foundation for fully exploiting the country's potential and launching it on a path of strong, sustained and shared growth. Such a strategy should be focused on strengthening the country's productive capacity, with emphasis on the areas that have been most affected by wars and conflicts as well as areas that have the highest potential to speed up post-conflict recovery, economic growth and human development. Four key areas of the economic strategy are: infrastructure ex-

pansion and restoration; human capital development; harnessing the natural resource endowment; and leveraging the potential of the agriculture sector.

An infrastructure expansion and restoration plan

One of the key elements of the reconstruction strategy involves scaling up the stock of economic and social infrastructure and restoration of infrastructure that has been destroyed or overused, or which lacked adequate maintenance during the wars. There is also need to increase efficiency in the use of existing infrastructure and reduce unit costs. Attention should be focused on energy, transport and telecommunications.

- i) In the *energy sector*, it is important to pursue a mixed strategy that involves investment in both large power generation sources as well as small and micro power generation centers in the rural areas. Traditionally, attention has been focused primarily on the large power generation sources such as hydro-power sources (e.g., Inga and Ruzizi projects) which cater for industrial and urban uses. Much less attention has been paid to smaller scale power generation centers that cater to the needs of the rural area and small towns. This perpetuates a sense of alienation of the periphery vis-à-vis the center, while at the same time constraining the productive capacity of the agricultural sector. While some donors such as the African Development Bank (AfDB) are supporting small scale power generation infrastructure, more coordination among donors and between donors and the DRC government is needed to raise the amount of funding allocated to this sector. Given the large size of the country, no single donor can make a substantive impact on the massive power generation gap when acting in isolation. Pooling resources and technical expertise is essential for aid effectiveness.
- ii) In the *transport sector*, in addition to scaling up investments in the restoration of existing infrastructure, it is important to improve the linkages between various nodes of the transport network, namely waterways, rail roads, and roads. In particular, investments in improving the navigability of waterways will generate high economic returns in terms of facilitation of trade across regions and linking the other elements of the transport network.
- iii) *Telecommunications infrastructure* is critically important given the massive size of the country. In this area, public-private partnerships (PPPs) can capitalize on the technological and managerial expertise of the private sector, while leveraging the catalytic power of public financing from the government and donors. Investment in telecommunications is also an important part of the strategy to improve security in rural areas through increased flow of information throughout the country. An example of a successful PPP venture in this area is the partnership between the USAID, MONUSCO and Vodacom which was implemented as a means of enhancing the early warning system to protect civilians against rebel groups. The project was able to leverage Vodacom's interest in expanding its network along with its technological expertise in network technology in low population density areas on the one hand, and MONUSCO's logistical capabilities on the other. Such initiatives should be replicated and scaled up in other types of infrastructure and throughout the country.

- iv) Going regional and pooling resources: The design of the infrastructure development strategy must be conceived from a national and regional perspective. A regional approach to infrastructure development would enable leveraging the DRC's massive endowment in natural resources (e.g. the Inga dam). It would also help build a 'development bond' between the DRC and its regional neighbors and among the neighbors within the Great Lakes region and beyond. In this regard, the East African Community offers a good example of collective commitment to a regional infrastructure program, which may provide lessons for the DRC and the Central Africa region.

Given the massive needs in financing for new infrastructure and restoration of existing infrastructure, it is critical for the DRC government, its neighbors and the various development partners to coordinate their plans to expand the resource envelope and optimize allocation of the resources in a regional perspective. Better harmonization of public funding would also maximize its *catalytic role* by attracting private financing in the sector. Development financing institutions which have expertise in catalyzing private financing, notably the AfDB and the IFC, can play a leading role in this process. Moreover, it is important for the donor community to support the regional infrastructure development programs of the CEPGL and the ICGLR because they have the greatest potential to capitalize on economies of scale and fostering regional integration. Thus, it is important for donors to come forward and contribute to ICGLR's Trust Fund to support the implementation of the PSCF. At the moment only very small funding has been committed to the PSCF; the attitude among individual donors is hesitant and at best lukewarm. Donor funding channeled through the ICGLR programs can have massive multiplier effects on both the DRC's economy and the region. To find a lasting solution to the conflicts in the DRC and establish a strong base for sustainable development and regional integration, every effort should be undertaken to mobilize donor funding for ICGLR's programs.

- i) Key institutional reforms are needed to achieve the above objectives in infrastructure development, especially reforms of the regulatory frameworks and programming practices aimed at:
 - incentivizing private investment in the infrastructure sector to help fill the resource gap;
 - increasing competitiveness and curtailing monopolies so as to reduce the cost of infrastructure services, especially in the transport sector; and
 - mainstreaming climate friendly infrastructure, as much as possible, in all new infrastructure development programs.

Human capital development

As illustrated in the third chapter of this report, the wars in the DRC have dealt a major blow to social and human development especially by undermining human capital development through the destruction of education infrastructure and by preventing generations of children from attending school. In this regard, the post-conflict development strategy needs to pursue two related objectives:

- i) Increase educational and professional training opportunities for the youth in general and for the large number of *enfants de la rue* (street boys) in particular. Achieving this objective requires pursuing a two-pronged strategy. First, it is necessary to expand the capacity of the formal education infrastructure and that of

the technical and vocational education and training (TVET) system. Second, it is critically important to improve the quality of the curricula in both systems to adapt them to the demands of the labor market. In the words of the July 2014 ICGLR Nairobi Declaration on Youth Unemployment, it is necessary to “recast our curricula to ensure that our children, right from the time they enter school, are oriented to technical skills acquisition.” With the support of its development partners, the government needs to invest in improving the quality of education at all levels of formal education, as well as the curriculum in TVET programs. For TVET to be effective, it needs to offer training that is demand-driven, and its curriculum needs to dynamically adapt to the demands of the labor market.

- ii) Generate employment opportunities for both the educated and the uneducated youth: The challenge of growing youth unemployment, including among the educated youth, is not confined to post-conflict countries. Indeed as the ICGLR Nairobi Declaration states, “the youth unemployment crisis [is] a disaster than can undermine our economies, threaten our peace and destabilize our institutions if it is not addressed.” But the challenge is certainly more daunting and finding a solution to the problem is more urgent in a post-conflict country such as the DRC. First, addressing the problem entails a reform of the education and training system to achieve a better match between the supply of skills being provided by the system and the needs of the private sector. This will not be easy and it will take time, as it basically involves reforming an education system inherited from the colonial era whose mission was to train bureaucrats for the public sector. Second, it is necessary to establish mechanisms and policies to incentivize job creation in the private sector. This should be part of the broad strategy for institutional and regulatory reforms aimed at improving the business environment in the country.

The DRC Government will need to be bold and innovative in crafting interventions to promote skills acquisition, job creation and income generation for the youth. In addition to facilitating job creation and access to employment in the private sector, the strategy must put heavy emphasis on promoting youth entrepreneurship. One option is to establish provisions for preferential treatment of youth-led enterprises in procurements relating to government and donor-funded projects. The government may establish rules requiring that a certain percentage, say 25-30%, of government and donor-funded contracts, must be awarded to qualified youth-led enterprises. It may also establish rules requiring companies executing government and donor-funded programs to give priority to the youth in recruitment and also provide for them skills acquisition opportunities. Another strategy is to establish special vehicles for funding youth-led enterprises with funds being intermediated through microfinance institutions and development banks. These financing vehicles would be replenished using government funds, bilateral and multilateral aid, and contributions from private foundations. However, towards facilitating school-to-work transition, the government can establish, in collaboration with the private sector, internship programs for the youth graduating from colleges and vocational schools. Such internship programs would provide the practical experience that is sought after by private employers which students do not acquire through the standard education curriculum. To guide policy design and implementation, it will be necessary to undertake detailed analytical work to take stock of key constraints to, and opportunities for youth employment by sector and region, and investigate best practices in other African countries that may be emulated in the DRC.

Leveraging the potential of the natural resource sector

The analysis in this report raised important concerns with regard to the natural resource sector. An important point made here is that while natural resources have not directly caused conflicts, they have either provided a motive for them or facilitated the formation of rebel forces opposed to the government. The inadequate management of the natural resource sector has been a channel of the connection between conflicts and natural resources, as well as a constraint to the country's ability to harness its natural resource endowment to stimulate economic development. Specifically, the combination of centralization of rent extraction and corrupt management of the resources has fueled separatist movements opposed to the centralized state. Moreover, the combination of corruption in the public sector and unethical behavior by MNCs has facilitated tax evasion and irresponsible exploitation of the natural resources, with detrimental effects on economic development and the environment. The dominance of artisanal mining in key sub-sectors such as gold and the 3-Ts has perpetuated the exploitation of workers, including a large number of youths, by mining companies and rebel groups. Artisanal mining sites have also been the scene of conflicts among competing factions, including state-sponsored armies. Going forward, it is critically important to establish a regulatory framework and a management system for natural resources that converts the sector into a true engine of economic transformation and sustained growth. Specifically the following actions should be central to such a strategy:

- iii) *Moving up the value chain*, enhancing linkages with the non-resource economy, and increasing revenue and employment generation in the resource exploitation and transformation system. This is in the spirit of the Africa Mining Vision of making the mining sector "a key component of a diversified, vibrant, and globally competitive industrializing [African] economy" (African Union, 2009). The key innovation in the Africa Mining Vision is the belief in and emphasis of a resource-based industrialization and development strategy, which, among other components, involves domestic transformation of mineral resources. In this respect, the Africa Mining Vision advocates a paradigm shift that challenges the stereotypical "resource curse" view of African development that has prevailed in the economic literature.

With regard to value addition, the DRC has made substantial progress in the copper-cobalt sector through enactment of explicit regulation prohibiting the export of raw material. This has emerged as a 'best practice' that should be extended to other mining sub-sectors. One of the key challenges, however, is the shortage of power supply which constrains domestic processing of minerals. This further underscores the critical importance of the energy sector development strategy as described above. Specifically, in setting up priorities for power generation and transmission, a heavier weight must be attached to the needs of the mining sector development program. By facilitating value addition, increased access to power will facilitate the transition from artisanal to industrial mining, thus alleviating one of the key links between mineral resources and conflicts. Reliable power supply is a key requirement for increasing domestic value addition and employment creation, and for creating backward and forward linkages with other sectors, thus making the natural resource sector a springboard for industrialization and economic transformation.

- i) *Increasing revenue generation from natural resources*: the first priority is to rationalize tax mobilization and reduce leakages of tax collection in the public sector. This is part of the broader agenda of improving governance and government

management capacity. The second is to reduce tax evasion by MNCs engaged in mining exploitation and trade. To begin with, the tax system and the overall regulatory framework need to be streamlined to close loopholes that are being exploited by multinational corporations to minimize their tax liabilities. For example, foreign companies take advantage of the tax deductibility of capital investment to reduce tax liabilities through accelerated capital depreciation. In general, in addition to the high opportunity costs in terms of lost tax revenue, such excessively generous investment incentives in favor of foreign investors put domestic investors at a competitive disadvantage. To fight against tax evasion by the MNCs, the DRC government needs strong cooperation and support from its bilateral development partners who are the home countries of the multinational corporations operating in the mining sector. Specifically, foreign governments need to enforce laws against private sector corruption and tax evasion as provided in their national regulations. More broadly, concerted and coordinated efforts by foreign governments and the DRC government will be needed to infuse in the corporate sector what the Africa Mining Vision calls a “triple bottom line”, namely “financial success, contribution to social and economic development and environmental stewardship” (African Union, 2009, p. 12). Moreover, the DRC needs to invest in building technical capacity for the investigation and prosecution of the financial and tax crimes being perpetrated by corporations operating in the country in order to track down and prevent illicit financial flows originating from or associated with the natural resource sector. Programs for capacity building in the management of the natural resource sector and preventing tax evasion and illicit financial flows can be easily financed through earmarked allocations of proceeds from mineral and oil exports. To be sustainable, the mechanisms and details of such allocations should be institutionalized so that they are protected from political cycles and abuse by the executive branch of the government.

- ii) One of the key conditions for harnessing natural resources for economic development is for the country to position itself more favorably in its contractual arrangements with foreign investors in the natural resource sector. This requires adequate technical capacity on the part of government to negotiate fair resource exploration and exploitation deals. While the government must invest in developing local expertise in this area, in the short run it needs to take advantage of the technical and financial support mechanisms that exist in the region and globally to increase its leverage in negotiation of natural resource exploitation contracts. Valuable resources can be drawn from, among others, the UNECA's policy research and technical capacity building structures and the African Legal Support Facility hosted by the African Development Bank. To increase the value that accrues to the national economy, the DRC also needs to devise strategies to promote indigenization of natural resource exploitation. In this regard, the experience in Zimbabwe may yield useful lessons on the promises and challenges associated with an indigenization strategy.
- iii) Revenue utilization and distribution: In addition to increasing revenue generation from the natural resource sector, it is also important to ensure that the revenues are utilized efficiently to boost domestic investment and structural transformation. At the same time it is important to devise mechanisms that maximize the trickle down effects and developmental impact on the local communities. One

option is to adopt a special rule requiring that a substantial share of the resource revenues is allocated to productive investment rather than consumption, while another share is allocated into a long-term savings vehicle such as a sovereign wealth fund. Another option is to define and enforce a rule on the distribution of natural resource rents between the central government and the local communities. In this regard, the DRC may draw useful lessons from other African countries, notably Botswana, with regard to the investment rule; and Guinea with regard to the distribution of revenues.

- iv) *Improving transparency in the governance of the natural resource sector:* Specific measures are needed to enforce public access to information on the revenues generated through mining and forestry exploitation contracts. These contracts should be published and made easily accessible to all stakeholders. Similarly, tax payments by MNCs operating in the natural resource sector should be systematically published in official print and electronic media.

Enhancing transparency and accountability is also paramount in the case of public or publicly-guaranteed investments in the natural resource sector, with regard to traditional donors as well as emerging new donors. The DRC has secured major funding from non-traditional donors, especially China, which is a welcome expansion of the scope for scaling up investment in transport and power infrastructure as well as other vital areas including health and education infrastructure. It is important to ensure that the DRC gets a fair deal in its efforts to harness its natural resource endowment to meet its large financing needs.

The role of agriculture

The agricultural sector is at the center of the country's agenda to overcome the impacts of the conflicts and move steadily towards a path of industrialization, economic transformation and shared economic development. First, there is a demographic imperative for developing agriculture. The country needs to provide sustainable food supply for a growing population, while minimizing import dependence in the face of rapid urbanization. In this context, the DRC enjoys a comfortable situation where it can increase food production by increasing both the size of cultivated land and productivity. In this regard, it is imperative for the country to reverse the decline in agricultural productivity, as documented in Chapter 3 in this report. As the 2008 *World Development Report* emphasizes, "using agriculture as the basis for economic growth in the agriculture-based countries requires a productivity revolution in smallholder farming" (World Bank, 2008c, p. 1).

Increasing productivity in agriculture requires a coordinated strategy that includes the following interventions:

- Increasing infrastructure investment to reduce the cost of production (especially by providing reliable and affordable power), facilitate regional linkages and access to input and output markets, provide adequate and efficient storage and conservation of raw and processed agricultural products.
- Increasing technology penetration in the agricultural sector; this involves scaling up investments in research and development as well as facilitating access to existing technology for farmers and other operators in the agriculture sector. This includes technology that directly increases productivity such as access to high-yield seeds, soil fertilization and protection, as well as information and commu-

nications technology that enables farmers and other operators to access market information.

- Increasing investment in agriculture-specific skills development both within the standard curriculum and in the technical vocational education system.
- Increasing financing for agriculture. As the World Bank puts it, “constraints to agricultural development are many. Access to financial service is only one response to these constraints, but improvements in the provision of – and access to – financing for agriculture can meet a range of needs, and it can be critical to the success of agricultural development programs” (World Bank, 2011). Meeting the specific financing needs of the agriculture sector financing mechanisms that are affordable and adapted to the peculiarities of the sector.

The second imperative is to make the agriculture sector an anchor of industrialization and economic transformation. Increasing productivity in agriculture will enable the transition of surplus labor into other sectors, notably industry and services, thus increasing economic resilience and diversifying the sources of revenue for households. By moving up the value chain in agriculture through agro-processing, the sector will contribute to broadening the industrial base of the economy. To leverage this potential it is necessary to scale up investment in infrastructure especially power generation as well as storage and conservation facilities.

Third, the agriculture sector is a major source of employment creation and a key driver of sustained growth and poverty reduction. Indeed it has been demonstrated that agriculture-led growth has the highest poverty reduction effects (World Bank, 2008c). Moreover, agriculture has the potential to serve as an anchor of regional integration.

To leverage the potential of agriculture in the DRC, a number of accompanying institutional reforms are needed. In particular, reforms in land legislation and management are needed to promote investment in agriculture in addition to alleviating the risk of land-based conflicts. Such reforms should aim, in particular, to establish clear and secure property rights on land so as to optimize its market value and reduce uncertainty. At the same time, these reforms must be designed with full cognizance of the local cultural context to minimize any socially destabilizing effects and ensure local ownership of the reforms. In this regard, reforms need to be conceived and implemented in close collaboration and coordination between the central government and local authorities.

Avoiding the bi-polar approach

There are two forms of biases in policy formulation and evaluation that must be avoided by the government and donors in the design and implementation of strategies to resolve conflicts and support the post-conflict reconstruction agenda. The first is the typical bias in favor of urban areas to the detriment of the rural. Such a bias is detrimental to the efforts towards peace and stability as it perpetuates the sense of alienation on the part of the populations in the rural areas, thus fueling opposition against the federal state.

The second form of bias is the tendency to focus on the eastern part of the country which is the locus of the wars and insecurity. While the eastern regions have suffered the brunt of the wars, other regions have also suffered indirectly from the deterioration of overall economic activity, the systemic failure of state capacity to provide public infrastructure and services, and from the spillover effects of population displacements. The large size of the country

combined with limited amounts of resources and technical capacity often forces donors to target their interventions in favor of either the capital city or the east provinces, where most of the funding goes into humanitarian and emergency assistance. Success in pulling the country out of fragility requires scaling up investments in economic reconstruction and development in a coherent national perspective. It is critically important to scale up the resource envelope to meet demands for economic development over and above emergency humanitarian assistance.

4.4 Social and psychological reintegration

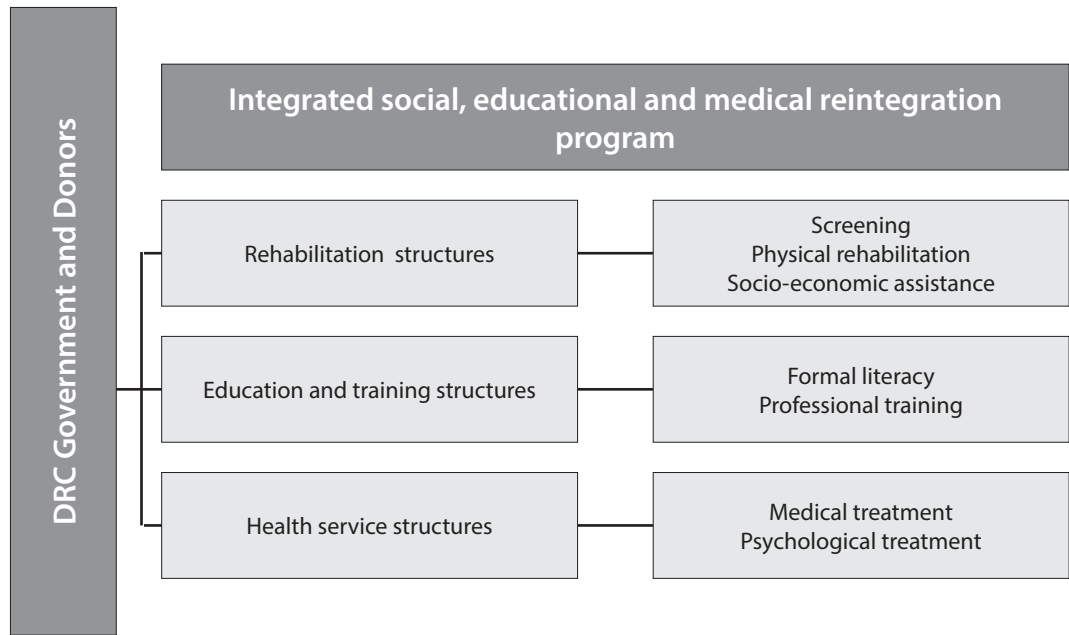
The analysis in this report has documented that systemic deterioration of social and human conditions in the DRC has not been limited to conflict-affected regions but that it has affected all regions albeit in a varying scale. Moreover, the conflicts have affected individuals and communities beyond fatalities and physical injuries. The psychological trauma and sociological dislocation caused by the wars will have long-lasting effects on individuals and the entire society. It is therefore necessary to address these complex consequences of the conflicts, facilitate social reintegration of the alienated members of the community including former combatants and victims of sexual violence, and kick-start social and human development. To do so, the government and its development partners need be innovative and do things differently. In particular, it is necessary to (1) go beyond immediate security and political concerns and address the deeper and long-lasting social, human, and psychological problems caused by wars; (2) adopt a comprehensive approach to post-conflict social and human development that integrates psycho-social dimensions; and (3) adopt a developmental approach to demobilization and reinsertion of former combatants into civilian life and the mainstream economy.

Achieving these objectives requires a framework that integrates three categories of initiatives, which currently and traditionally tend to be implemented in isolation. These are: rehabilitation programs to assist the victims of war; education and training programs; and health service delivery programs. The proposed framework is summarized in Figure 4.1.

The first pillar of the framework consists of rehabilitation structures that help in screening to determine the needs of the affected individuals and provide immediate assistance. Second, the education structures need to be overhauled to go beyond standard training and cater for the generation of youths that have lost educational opportunities so as not only to keep them off the streets but also provide them with productive skills and assist them in starting income-generating activities. Third, the health service structures need to be innovative and adopt a comprehensive approach that addresses physical and physiological needs, as well as the psychological trauma caused directly or indirectly by the wars. This is a major innovation beyond the traditional practice in the medial system in the country. This innovative approach is currently being implemented at the Panzi Hospital in South Bukavu, which incorporates psychological therapy and spiritual therapy in its services to the patients.⁴² This best practice can be emulated by other structures operating in conflict-affected areas and gradually mainstreamed into the rest of the health care system throughout the country. The social and psychological integration agenda requires the following:

⁴² Information on the Panzi Hospital is available at www.panzifoundation.org.

Figure 4.1: Integrated community reintegration framework



Source: Author's design

- Scaling up resources allocated to the expansion and restoration of the health and education infrastructure.
- Establishing specialized curricula in health training institutions on social-psychological treatment of victims of violence.
- Scaling up programs for family and community education, and sensitization on health and psychological effects of war and violence. This includes, for example, sensitization of husbands and families of victims of rapes; as well as communities that host former combatants and child-soldiers.
- Effective coordination between donors and the government. At the moment, there are isolated and *ad hoc* initiatives by donors and NGOs that integrate social and psychological dimensions in their social development programs. These need to be coordinated and scaled up to meet the vast needs of affected populations throughout the country.

The case of demobilization and reintegration of former combatants

A key part of the social and psychological reintegration in post-conflict setting is the demobilization and reintegration of former combatants. In this regard, the government and the donor community need to be innovative and especially take a developmental approach to Disarmament, Demobilization and Reintegration (DDR). Specifically, instead of providing cash allowances and start-up packages to individual ex-combatants, the program should fund projects in receiving communities that would generate employment for the former combatants as well as other members of the communities. Thus the investments will have a multiplier effect on the local economy. Most importantly, by spreading the gains to the entire community, a developmental DDR program will facilitate social integration of the ex-combatants by alleviating the grievances and resentment of the receiving community.

4.5 Security system reform

Despite the large investments of the international community in supporting peace and security in the DRC, the country is still far from overcoming the impacts of the past wars and reaching peace and stability. The DRC currently hosts the largest peacekeeping operation of the United Nations, with slightly less than 20000 military personnel on the ground, concentrated in the conflict-afflicted eastern regions, with an annual budget of over one billion US dollars.⁴³ Yet, instability in the region remains intractable. While insecurity is more severe in the conflict-affected Eastern provinces, it is also prevalent throughout the country albeit in various degrees of intensity. The civilian population continues to be exposed and subjected to violence being perpetrated by rebel groups and members of the state security forces. The October 2011 report by the United Nations on security in the DRC raised concerns about violence against civilians, including rape, and pointed out that “most cases of sexual violence were attributed to men in uniform” and noted that “an increasing number have involved acts of rape against minors”(United Nations, 2011, p. 11, para 49).

Some noteworthy improvements in security have been recorded recently thanks partly to support and mediation by the international community (United Nations, 2014). In particular, the defeat of major rebel groups such as the M23 is a testimony to the critical importance of the strong commitment of the international community to not only keep the peace but also bring about peace through a combination of diplomacy and direct military intervention. The establishment of the Rapid Reaction Force was a major breakthrough in the stabilization program in the Eastern region. Another encouraging recent development is the surrender of some elements of notorious rebel forces and militias such as the FDLR, who have joined the disarmament process. The question is whether this development represents the beginning of systematic disarmament of the FDLR. That would be critically important especially because it would demonstrate positive results from the joint and consistent pressure of the government and the international community against militias and rebel forces. It would also be critical because of the demonstration effects it would have on remaining members of the militias and rebel forces who would realize through the disarmament and reintegration process that there is a viable alternative to the violence they offer. It would then be important for the government and the international community to seize such an opportunity to leverage the combination of military pressure and political negotiations.

To make further progress and consolidate the gains achieved recently in security, the government and its development partners must join hands in the design and implementation of a consistent and comprehensive security sector reform program aimed at addressing four fundamental problems confronting the country with regard to national security. The first problem is the structural weakness of the military and police forces that are neither able to protect the civilian population against violence, nor equipped to secure the national territory against external threats. The second is the legacy of abuses by government military and police forces against the civilian population, which is a reason why these forces are often perceived by the public as a source of threat to their security rather than protectors of their wellbeing. The third is the weakness of the judiciary system which has perpetuated the culture of impunity of crimes committed by the security forces. The fourth is the inequitable regional and ethnic representation in the security system. Yet, a strong national security

43 See United Nations Security Council Resolution 2147 adopted at the 7150th meeting on March 28, 2014. The resolution is available online at: http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/2147%282014%29.

system is an indispensable prerequisite for effectiveness of international assistance and for jump starting economic development.

Key elements of the security sector reform strategy are:

- i) *Combining military and political solutions:* Military interventions are necessary to defeat militias and armed groups that are guilty of abuses against civilian populations. Military intervention needs to be complemented by systematic targeting of leaders of rebel groups for prosecution and international sanctions, including travel bans and freezing of financial assets. However, the military solution needs to be complemented by and coordinated with political action that involves engaging the various armed opposition groups that show genuine interest in reaching a negotiated settlement to the conflicts. This also involves, broadly, the establishment and consolidation of an institutional framework that addresses the root causes of grievances through democratization and decentralization.
- ii) *Build capacity and professionalism:* The security sector reform strategy involves reform of the military and the police to improve professionalism through training and increasing its resource base through a combination of increased funding and optimization of the size of the army. The history of the DRC has already shown that an army that is underequipped and underpaid is a recipe for insecurity, and a safety hazard to the population. Success in reforming the security systems will require increased financial support from the international community as well as improved efficiency of governance through a vigorous fight against corruption and embezzlement of public resources in the security system. Commitment by the DRC government to the reform of the military sector is the primary condition for success of the security sector reform (United Nations, 2014).
- iii) *Politically neutral and demographically representative security system:* The reform of the military and the police must also involve mechanisms to guarantee its political neutrality. This requires, among others, equitable representation along regional and ethnic lines at all echelons of the security system. Explicit rules of representation must be enshrined in the Constitution. This has served well countries that had experienced conflicts along ethnic and regional lines, such as Burundi and Nigeria.
- iv) Finally, the security sector reform strategy involves the *reform of the judiciary system* to equip it with the necessary technical and material capacity to systematically investigate and prosecute all violations of human rights and other forms of aggression against the public by members of the police and the military forces. The justice system must send a clear message to the security forces and reassure the public that abuses against people's rights will not be tolerated and that no one is above the law. It is also critical to ensure political independence of the judiciary system, which requires, among other things, fair and equitable access to the profession by members of all regions and ethnic groups.

4.6 Regional integration as ‘development bond’

The analysis in this report has emphasized the regional dimension of the causes and the effects of the conflicts in the DRC. Moreover, the analysis has underscored the substantial potential benefits that successful regional integration will yield to the DRC, its neighbors and the Great Lakes region as a whole. Regional integration can contribute significantly to improving and consolidating the relations between the DRC and its neighbors, and the relations among the neighbors. Thus, regional integration can serve as a ‘development bond’ that generates both economic development and political stability. In this perspective, regional integration is a key instrument for conflict resolution and post-conflict reconstruction in the DRC.

At the institutional level, there are already adequate frameworks to anchor a regional integration process aimed at consolidating peace and building a basis for sustainable economic development in the DRC and in the region. In particular, the CEPGL offers an avenue for not only stimulating economic development in the region but also for building strong bonds between the DRC and its immediate neighbors, namely Burundi and Rwanda. In this respect, substantial ground work has already been done through the elaboration of the CEPGL’s regional economic program (PER). The next step is for the member countries to invest political and financial capital to implement the program. Such an investment serves as a testimony of political commitment by the member countries to peace and stability in the region. At the moment, CEPGL continues to face serious financial difficulties and struggles to meet even basic operational needs.⁴⁴ Moreover, the fact that the Heads of State of the organization do not meet on a regular basis is a major constraint to its effectiveness, and this constitutes a source of concern with regard to the political commitment of member states. Thus, while economic integration is an important facilitator of political stability, the resolution of political conflicts is a pre-condition for successful regional integration. In the case of the relations between the DRC and Rwanda, it is particularly critical to find a lasting solution to the security crisis in Eastern DRC, especially by uprooting the FDLR militias.

The second important regional institutional framework is the ICGLR. A major challenge to the ICGLR is the shortage of funding which has constrained progress in the implementation of programs and projects. The international community has a unique opportunity to support peace and economic development by contributing funding to the ICGLR’s Trust Fund to implement its peace, security and cooperation framework. At the moment, most donors typically prefer to intervene on a bilateral basis in their preferred areas of specialization. Yet, contributing to ICGLR’s Trust Fund would go a long way in improving coordination and in leveraging international aid for the benefit of the DRC and the region in general.

To leverage the ‘development bond’ effect of regional integration, the reconstruction and development agenda should give priority to initiatives that have a substantial ‘integrating’ impact, or “projets intégrants” (‘integrating projects’). At the large scale level, the most pressing area is infrastructure, especially in energy and transportation, which is critical for unlocking production and trade opportunities. In this regard, the DRC and its development partners should consider post-conflict reconstruction to be an opportunity to bring to fruition such strategic projects as Inga III through commitment and delivery of the required funds. At the small scale level, the government of the DRC, its neighbors and the donor com-

⁴⁴ See 2013 Annual Report of the CEPGL (CEPGL, 2013).

munity need to support projects that promote value chain development and cross border trade. Such projects have significant potential economic benefits in terms of employment creation and household revenue generation. They also have substantial impact on political stability through building an 'economic bond' between communities in the DRC and its neighbors. One such project is the maize value chain development project, sponsored by the UNDP's offices in Burundi, Rwanda and the DRC, which is expected to generate benefits in terms of, among others, valorization of agriculture through value chain development, household income generation, and trade expansion.⁴⁵ The success of such projects requires political commitment and support from the governments of the DRC and its neighbors. In this regard, the recent decision by the DRC government to impose visas on Rwandese travelers is a major setback to the development of 'integrating projects'.⁴⁶ While increased assistance from the donor community is essential for promoting social and economic development based on integrating projects, the gains from such assistance will be minimal without strong political commitment and buy-in by the governments of the DRC and its neighbors.

4.7 Donor engagement

The large presence of donors in the DRC that are assisting in the recovery process is both a blessing and a challenge for the country. It is a blessing in terms of expanded opportunities for financial and technical support to the government's development program. But the large number of players also poses a challenge of coordination of interventions, especially due to the heterogeneity of demands and conditionalities across donors. Thus far, donors have intervened based on their own preferences, biases, and expertise within the constraints of their respective financial and technical capacities. The large size of the country and the vast range of needs have forced donors to pick and select confined areas of intervention in terms of sectors and regions. In this process, a regional bias has emerged in favor of the East due to security concerns and the human toll of the conflicts on the one hand, and the capital city on the other. The regional bias is inconsistent with the fact that insecurity and economic deprivation affect the entire country including regions that have not experienced open conflicts. Through better coordination and harmonization of interventions, the donor community will have a much more substantial and sustainable impact on security and economic development in the country and the region. The need for enhanced coordination is reinforced by the rising presence, and importance of, funding from non-traditional donors in the emerging countries.

Going forward, the donor community should consider a number of guiding principles to enhance the gains already achieved and maximize the benefits from existing and new interventions. The key principles are:

- i) *Leveraging and catalyzing resources*: this can be accomplished through better coordination to pool resources from various donors including through Public Private Partnerships. Thus, public financing can play an important catalytic role to incentivize private financing, which is especially critical for large-scale investments in infrastructure.

45 Information gathered from field work in Burundi, Rwanda and Uganda in March and June 2014. See "Programme to support the integration process of the Economic Community of the Great Lakes Countries, 2014-18" prepared by the UNDP Offices in Burundi, DRC and Rwanda.

46 Insights gathered from field work in the DRC, Burundi, Rwanda in May and June 2014.

- ii) *Promoting 'integrating projects'* that have the potential of establishing cross-border linkages between the DRC and its neighbors. This is important for promoting regional integration as well as political stability through the development of a 'development bond' that all stakeholders across the borders will find worth preserving.
- iii) *Maximizing technology transfer*: development assistance must be designed to alleviate the severe shortage of skills in the DRC by explicitly integrating technical capacity building. Most importantly, donors must resist the temptation of "doing everything by themselves" which typically arises from the "fear of failed projects".⁴⁷
- iv) *Support to the regional integration framework* especially through contributions to the ICGLR's Trust Fund, which offers an opportunity for pooling resources for better coordination and greater impact on social and economic development. Utilizing basket funding such as the ICGLR's Trust Fund is a unique opportunity to leverage the funding capacity of new donors and the experience of traditional development partners accumulated from long-time engagement in the region.

Overall, the challenges of resolving conflicts in the DRC and establishing a strong basis for sustainable economic and social development are daunting. But the DRC also has enormous potential for becoming an engine of growth and integration in the region by capitalizing on its massive resource endowment and its strategic position. To the extent that strong political will can be sustained and adequate financial commitments can be mobilized, the agenda for the resolution of the DRC conflicts offers an opportunity to leverage the country's potential for a substantial peace dividend not only for the Congolese people but also the entire Great Lakes region.

47 Insights from the research team's consultations with donors in Kinshasa, DRC.

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Appendix

Table A. 1: Key characteristics of wars and rebellions in the DRC

| Name and duration | Prominent leaders | Ideology and political objectives | Ethnic base | Size and area controlled | Financing sources | Foreign support | | Death toll |
|-----------------------------------|--|---|--|--|--|---|-----------------------|----------------------------------|
| | | | | | | Support to rebels | Support to government | |
| Katanga secession: 7/1960 –1/1963 | Moise Tshombe | Alleged federalist; secessionist in practice | Lunda-Yeke; Luba; Bemba | Katanga region | Mineral resources; Belgium | Belgium; South Africa | UN forces | 80000-110000 |
| Kasai secession: 8/1960 –2/1962 | Albert Kalonji | Anti-Lumumba | Luba-Kasai; Kuba | Kasai region | Diamonds; agricultural resources | None | None | 2000-5000 |
| Kwilu rebellion: 1/1964-12/1965 | Pierre Mulele (ethnic Mumbunda); Louis Kafungu (ethnic Mumbunda) | Pro-Marxist; against imperialism and foreign control of the economy | Bambunda and Bapenda | Kwilu region | Fully supported by villagers | None | None | 3000-6500 |
| Eastern Rebellion: 4/1964-7/1966 | Gaston Soumialot; Christophe Gbenye; Nicholas Olenga; Laurent Kabila (secession commander) | Against US- Belgian military invasion and economic exploitation | Diverse ethnic base; predominance of Bakusu and Batetela | South Kivu and North Katanga; Army = Simba | - Own production of grenades and land mines; - Smuggling of minerals | - Burundi (refuge for rebels; Commanding center); - Algeria, Sudan, Egypt | USA, Belgium | 200 whites; over 46000 nationals |
| Shaba I: 3/1977-5/1977 | FLNC | Anti-Mobutu; anti-imperialism | Lunda-Yeke; Luba; Bemba | Shaba region | Mineral resources | Angola | Morocco, France | 850-1200 |

Table A.2-1 (continued): Key characteristics of wars and rebellions in the DRC

| Name and duration | Prominent leaders | Ideology and political objectives | Ethnic base | Size and area controlled | Financing sources | Foreign support | | Death toll |
|---------------------------------------|---|-----------------------------------|-------------------------|-----------------------------------|-------------------------------------|------------------------|---------------------------|----------------|
| | | | | | | Support to rebels | Support to government | |
| Shaba II: 7/1978 - 6/1978 | FLNC | Anti-Mobutu; anti-imperialism | Lunda-Yeke, Luba; Bemba | Shaba region | Mineral resources | Angola | France, Belgium, USA | 1000-3500 |
| Anti-Mobutu rebellion: 10/1996-5/1997 | Laurent Kabila (with AFDL) | Opposition to Mobutu regime | Banyamulenge; Mai Mai | Large army; conquered the country | - Mineral resources; Rwanda, Uganda | Rwanda, Uganda, Angola | None | 234000-237000* |
| Anti-Kabila rebellion: 8/1998-ongoing | E.W.D. Wamba; J.P. Ondekane; J.P. Bemba | Anti-Kabila | Many groups | Kivu; Equateur; Katanga; Kasai | Mineral and agricultural resources | Rwanda, Uganda | Angola, Namibia, Zimbabwe | 450000-700000 |

Note: *This figure includes 232,000 Hutu refugees killed in the DRC (Kisangani 2000, p. 178).

Table A. 2: Sample of major mining companies in the copper-cobalt sector and their ownership structure

| Company | Major equity owners | Location of main facilities | Annual capacity |
|--|--|--|------------------------|
| Tenke Fungurume Mining SARL | Freeport McMoran Copper & Gold Inc., 56%; | Tenke Fungurume Mine | 195,000 copper in ore; |
| | Lundin Mining Corp., 24%; | | 15,000 cobalt in ore. |
| Katanga Mining Ltd. | Générale des Carrières et des Mines (Gécamines), 20% | KOV and KTO Mines | 190,000e copper; |
| | Glencore International AG, 75.2% | | 8,000e cobalt. |
| Eurasian Natural Resources Corp plc (ENRC) | Générale des Carrières et des Mines (Gécamines), 24.8% | Frontier Mine ¹ | 84,000 copper. |
| | | Lonshi Mine in Katanga Province ¹ | 50,000 copper. |
| Boss Mining SPRL | Eurasian Natural Resources Corp. plc, 70% | Mukondo Mountain Mine | 40,000e copper; |
| Mutanda Mining SPRL | Générale des Carrières et des Mines (Gécamines), 30% | Mutanda Mine | 10,000e cobalt. |
| | Glencore International AG, 60% | | 110,000e copper; |
| Ruashi Mining SPRL | Bazano Group, 40% | Ruashi Mine | 36,000 copper; |
| | Metorex Group, 75% (subsidiary of Jinchuan Group) | | 5,000 cobalt. |
| Mutanda Mining SPRL | Glencore International AG, 60% | Mutanda plant | 110,000 copper. |
| | Bazano Group, 40% | | |

Notes: ^eEstimated. ¹Not operating at the end of 2012.

Source: USGS, The Mineral Industry of Congo (Kinshasa) in 2012 (available online at <http://minerals.usgs.gov/minerals/pubs/country/africa.html#cg>)