

Raymond Gilpin, Ph.D.

Testimony before the Senate Foreign Relations Committee
at a public hearing on
“Prospects for Peace in the DRC and Great Lakes Region”
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I wish to start by thanking Chairman Robert Menendez, Ranking Member Bob Corker and members of the Senate Committee on Foreign Relations for inviting me to speak at this important hearing. I am Raymond Gilpin, currently the Academic Dean at the Africa Center for Strategic Studies, which is part of the Defense Department’s regional center enterprise. Kindly note, however, that my testimony does not in any way reflect or represent the position of the Department of Defense, the Africa Center or the National Defense University (with which the Africa Center is affiliated). My testimony represents my personal views, based on almost three decades of experience working on African issues, as well as: my experience working on economic development in the Democratic Republic of the Congo; field research on business and peace in Kinshasa, Lubumbashi and Bukavu; coordinating the DRC Diaspora dialogues at the United States Institute of Peace (2008-2012); and managing the web-based International Network on Economics and Conflict (2009-2013). My testimony will focus on economic development strategies to enhance peacebuilding in the DRC.

The 12th December 2013 communique on prospects for peace in the Democratic Republic of the Congo was significant for four important reasons: first, it purportedly heralded the end of the M23 crisis; second, it highlighted the sub-regional nature of the conflict by focusing on issues beyond the Congolese border; third, it reflected the growing level of international concern, having been initiated at the behest of the United Nations and the International Conference of the Great Lakes Region (ICGLR); and, fourth, it emphasized the multifaceted nature of the DRC conflict and included language that covered demobilization, resettlement, economic development and social justice¹. Many had hoped that the reversals suffered by the M23 rebel group, reductions in the scale of war minerals being traded and pervasive war fatigue would contribute to an easing of tensions that would help lay the foundation for sustained peace in this troubled region. Shortly after this communique was signed, it was clear that it was destined to go the way of its predecessors. There

¹ December 2013 communique <http://www.scribd.com/doc/191157617/Joint-ICGLR-SADC-Final-Communique-on-Kampala-Dialogue> (accessed 22nd February 2014)

were reports of regrouping and recruitment by rebel groups, instability persisted and the lives/living standards of millions of Congolese remain both stark and dire. A couple of weeks ago, Congolese President Joseph Kabila announced an amnesty for M23 members covering the period up to 20th December 2013.² Recapitulating on what had been a non-negotiable two months ago is one of many indicators that the situation in the DRC requires significantly more attention and support.

Progress in the DRC has been plagued by what can be described as a persistently complex emergency. One characterized by collectively-reinforcing factors like: a perverse political economy; extremely weak governance at all levels; trans-national political, financial and inter-group dynamics; and a persistent war economy. It is crucial to understand that addressing these factors in isolation is unlikely to have the desired impact, because they are collectively-reinforcing. For example, attempting to address the nefarious impacts of the trade in conflict minerals without concomitant efforts to improve governance is unlikely to succeed. Likewise, signing a peace deal with a rebel group without bolstering the capacity to deliver transitional justice could be futile. Over the past decade, the DRC has received over \$5 billion in humanitarian assistance and almost \$20 billion in official development assistance.³ Over the same period, almost \$10 billion has been spent to support the mission of some 20,000 personnel and troops who constitute the UN peace keeping mission in the DRC, known by its French acronym - MONUSCO.⁴ USAID's economic development projects in the DRC amounted to \$983 million between 2004 and 2014, while the World Bank spent \$3.7 billion in the DRC over the same period.⁵

While some would point to the uncertainties created by tardy disbursements and the requirement-pledge gap (the DRC received consistently less in pledges that was required), and others might quibble with the adequacy of the assistance received (relative to the population and size of the country), there is no denying that much more could have been accomplished with the support received to date.⁶ This is not just a matter of corruption, weak capacity or waste. It is also a

² See <http://www.independent.co.ug/news/regional-news/8729-drc-president-declares-amnesty-for-former-m23-rebels> (accessed 21st February 2014)

³ Humanitarian Assistance: <http://www.globalhumanitarianassistance.org/countryprofile/democratic-republic-of-congo> (accessed 21st February 2014)

⁴ MONUC <http://www.un.org/en/peacekeeping/missions/past/monuc/facts.shtml> (accessed 21st February 2014)

⁵ USAID work in the DRC <http://www.usaid.gov/crisis/democratic-republic-of-the-congo> (accessed 21st February 2014)

⁶ Date showing need vs pledges for humanitarian assistance to the DRC <http://www.unocha.org/drc/about-us/ocha-funding> (accessed 21st February 2014)

function of poorly coordinated efforts by national officials (at all levels) and the DRC's bilateral, multilateral and non-governmental partners.

Like all fragile states affected by conflict, the DRC crisis would only be resolved if a consistent and coordinated strategy is designed and successfully implemented to ensure a shift from a threat-centric to a population-centric approach to stability and sustainability. The vast majority of existing initiatives emphasize specific security or societal threats, such as: defeating certain rebel groups, diminishing trade in specific minerals, reducing particular types of violence and addressing the myriad factors that keep millions of Congolese in grinding, inter-generational poverty. However, as explained earlier, this approach fails to account for the collectively-reinforcing nature of instability in the DRC. While there might be individual successes in some areas, they are neither lasting, nor do they further human security for the vast majority of Congolese. What is required is a carefully nuanced strategy with coordinated interventions that reinforce humanitarian efforts, promote equitable economic recovery and establish the conditions for rules-based governance across the country.

Economic development is a viable entry point for such a strategy. This is because it is focused on the welfare of the individual citizen, it helps dismantle the political economy, and it stabilizes communities by creating opportunities and institutions that establish a more resilient constituency for peace. It is about time that the 76 million inhabitants of the DRC feel that the peace process is about them, and not just about threat reduction or a string of development projects. Adopting a more population-centric approach requires engaging communities more meaningfully and ensuring that processes are accountable to the people. Here, the role of community leaders, non-governmental organizations (NGOs) and elected leaders must be emphasized. A population-centric approach also entails making the DRC's vast wealth (mineral resources, agriculture and forestry) less regime focused and more attuned to the needs of each citizen. This might seem counter-intuitive to many who are only accustomed to thinking about the DRC as a problem that needs to be fixed. With the right approach, the DRC could be an opportunity for substantial gains not only in that country, but across the sub-region.

In 2008/09 I led a research team to Bukavu in the North East and Lubumbashi in South.⁷ We interviewed over 500 small- and medium-sized businesses in both locations and found a very resilient and adaptable cohort of business professionals who had learned how to survive throughout the worst of the conflict. They were not looking for hand-outs. Their main challenges related to weak government institutions, stifling government policy/regulations, poor or non-existent infrastructure and corruption. Businesses in the north-east were much less concerned about the violent conflict that was being waged all around them, especially since most had already internalized those costs in their business models. Respondents were broadly optimistic about the future and their economic prospects, and believed that they play should a greater role in helping to shape their communities. Received wisdom usually suggests that peacebuilding and stability are essentially military, political and diplomatic endeavors, with economic development initiatives generally viewed as a second phase.⁸ There is ample evidence that the business community could play a more active role in promoting peace and could be solid anchors for stability, not least because they will have a direct stake in the process.

Equitable and broad-based economic progress in the DRC could also help dismantle the DRC's perverse political economy. In recent decades, non-formal economic actors, relationships and institutions have emerged that are more focused on group agendas, rather than community or national development. You will notice that I used the term 'non-formal' rather than the more commonly used 'informal.' This is because the DRC economy operates in a very broad grey space where formal and non-formal are often practically indistinguishable. Strategies based on providing contracts and opportunities to those at the helm of the DRC's perverse political economy crowd out, and further alienate, what could be a budding middle-class.⁹ Anthropological evidence examines how some ethnic groups in the DRC have thrived in the midst of instability and violent conflict by negotiating a practical solution; based largely on the economic muscle of a mining-based

⁷ Report on "Conflict-Business Dynamics in the Democratic Republic of the Congo"

http://www.voltairenet.org/IMG/pdf/Conflict-Business_Dynamics_in_RDC.pdf (accessed 21st February 2014)

⁸ I make the case for the role of economic development as a catalyst for peace in "How Business can Foster Peace" <http://www.usip.org/publications/how-business-can-foster-peace> and "Using Entrepreneurship to Promote Fragility in Fragile Regions" <http://www.usip.org/publications/using-entrepreneurship-promote-stability-in-fragile-regions> (both accessed 23rd February 2014)

⁹ Nancy Birdsall discusses the socio-economic importance of Africa's middle class in fragile regions in <http://www.cgdev.org/publication/do-no-harm-aid-weak-institutions-and-missing-middle-africa-working-paper-113> (accessed 21st February 2014)

middle class.¹⁰ Institutional relationships and incentive structures within the existing political economy are difficult to address if there are no alternatives. Existing programs and projects in the DRC could be reoriented to ensure that small and medium-scaled enterprises receive the support, structure and security they deserve. It must, however, be noted that this is a longer-term proposition.¹¹ Hence, the emphasis should shift from quick gains to sustained progress.

Projects and programs that adhere to a population-centric philosophy are necessary, but by no means sufficient. The DRC also needs its vast wealth to benefit its people. At the heart of this conundrum is the efficacy and honesty with which the country's natural resources are managed. The DRC fared very poorly in the recent Resource Governance Index, particularly as it relates to government regulations, non-transparent institutional frameworks, unaccountable officials and corruption.¹² Improved management of the DRC's natural resources is attainable. Success in this area will help diminish the scope and impact of a persistent war economy, and also create opportunities for existing private sector operators and emerging entrepreneurs. It will also create a multiplier effect as activity increases along the value-chains of natural resource production. For example, it would generate private sector jobs and opportunities that lie outside the natural resource industries (like mining and agriculture). Support services, infrastructure, transportation and marketing activity related to production and export could become instrumental at various stages of the value chain. Although field research in 2009 noted this phenomenon in the DRC's mining industry, the same is true in other sectors of the economy. Innovation (both process and product) is showing signs of life in the DRC. Young entrepreneurs are finding creative solutions to old challenges and are looking to be connected to markets and capital in their country. Entrepreneurship is an often neglected, but crucial, component of economic reform.

In order for economic actors to play a more active role in the stability of the DRC, significant investment must be directed to improving political and economic governance, addressing impunity,

¹⁰ See "In and Out of the State: Working the Boundaries of Power in the Democratic Republic of the Congo" by Patience Kabamba <http://openanthcoop.net/press/http://openanthcoop.net/press/wp-content/uploads/2012/10/Kabamba-OACP-Working-Paper-151.pdf> (accessed 21st February 2014)

¹¹ Background papers for the 2011 World Development Report on the theme: "Conflict, Security and Development" provide empirical evidence that economic reconstruction initiatives in conflict affected economies (like DRC) need at least a decade to take effect.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:23252415~pagePK:478093~piPK:477627~theSitePK:477624,00.html> (accessed 22nd February 2014)

¹² Resource Governance Index <http://www.revenuewatch.org/countries/africa/drc/overview> (accessed 21st February 2014)

reducing the infrastructure deficit and augmenting human capacity --- particularly in vulnerable areas. The vastness of the DRC and its large population compounds the task at hand. In many cases, the required investment will have to start from scratch. Existing programs to improve social outcomes in health and education should be realigned. More realism should be introduced in the area of infrastructure investment, with consortia and partnerships being emphasized. International investors should be more active partners via public-private partnerships.¹³ National and international legislative frameworks should be strengthened.

The United States took the lead in garnering international support for responsible mining in the DRC via specific legislation (i.e. sections 1502 and 1504 of the “Wall Street Reform and Consumer Protection Act” of December 2010, introduced in the House of Representatives by Financial Services Committee Chairman Barney Frank, and in the Senate Banking Committee by former Chairman Chris Dodd (also known as the Dodd-Frank Act). Since then, the Security and Exchange commission has issued rules for the implementation and in January 2014, Intel, the global computer chip manufacturer, became the first major company to declare its supply-chain “conflict free.”¹⁴ While these are laudable developments, much more work needs to be done. The introduction of verification mechanisms has had a mixed socio-economic impact. It is much more difficult to trade in conflict minerals, but in some cases it has led to the development of smuggling routes, with an attendant rise in corruption. Some researchers have pointed to the negative impact on artisanal miners who either have to accept lower prices or abandon their mines altogether. Others question the assumption that denying the armed groups access to funds from the mineral trade would be an effective deterrent. They point out that the M23 raised the funds it needed for its infamous 2012 offensive by allegedly robbing banks and extortion (taxation) at numerous check points.¹⁵ Thus, while the Dodd-Frank Act has clearly made a difference in the purchase and sale of minerals from the DRC’s conflict zones, much more needs to be done to understand/address the root causes and channels of conflict in the DRC. More also needs to be done to mitigate potentially negative impacts across the value chain.

¹³ USAID launched an alliance with mining companies and manufacturers in October 2011 to combat conflict mining. See <http://blog.usaid.gov/2011/11/joining-together-to-combat-conflict-minerals/> (accessed 22nd February 2014)

¹⁴ Intel’s White paper on conflict mining <http://www.intel.com/content/dam/doc/policy/policy-conflict-minerals.pdf> (accessed 21st February 2014)

¹⁵ Reports include <http://christophvogel.net/2012/12/15/kampala-sets-up-kabila-wakes-up-m23-makes-up-masisi-flares-up/> and <http://mg.co.za/article/2012-11-30-00-m23-puts-pressure-on-kabila> (both accessed 21st February 2014)

Looking ahead, three important ‘Ds’ should be borne in mind. The first is *duration*. Engagement strategies in the DRC must be conceptualized from a long-term perspective. Rather than focusing on putting out the existing fires, strategic responses should have a long-term end-state in sight. This calls for sustained engagements, and not sporadic encounters. Linkages among the various interventions (economic, social, security and diplomatic) must be clear, with in-built flexibility to ensure the inevitable course correction. The second is *diversification*. Our approach to the DRC’s complex emergency should not be predicated on a single issue, be it conflict minerals, sexual violence, ethnic cleavages, governance challenges or humanitarian interventions. The international community must go beyond peacekeeping and humanitarianism in the DRC. More robust economic engagements and investments in the rule of law are more likely to yield the desired longer-term outcomes, sustainable. The third is *dialogue*. Engagement must not start and stop around peace deals. Measures should be taken to more effectively institutionalize consultation and communication at all levels. Institutions charged with these responsibilities should be strengthened. This is an effective way to promote accountability, foster responsible governance and establish a productive (and symbiotic) relationship between national/local governments and the people.

Chairman Menendez, Ranking Member Corker and members of this Committee, there are a number of things the United States can do to enhance the prospects of sustainable peace, shared prosperity and effective democratic governance that is inclusive, accountable and just in the DRC. The first is a logical extension of Sections 1502 and 1504 of the Dodd-Frank Act. With your help, the United States has led the way in diminishing the odious trade in minerals from the DRC’s conflict zones around the world. The next step should be working with development institutions (like USAID, the World Bank and the African Development Bank) to put structures in place that would facilitate the use of the DRC’s mineral wealth for the benefit of all its people, and not just a select few. It may be recalled that the significant increase in social investments across the African continent (which has recently begun to bear fruit) was initiated as part of an external debt relief initiative that was supported by the United States. Second, the United States could help sustain interest and engagement in the great opportunities the DRC presents for economic progress and sub-regional stability. Episodic interventions tend to be wasteful and could be counterproductive. To this end, some consideration could be given to the clear articulation of inter-connected long-range plans for stability and progress, as well as the institutionalization of regular updates. Given its size, location and potential, the DRC is of immense strategic value in this sub-region and beyond. It must not

only be viewed as a problem that needs to be fixed. The third thing the United States can do relates to funding. It is true that the DRC is home to vast natural resources. However, for those natural resources to become true national resources, the country requires substantial up-front investments, particularly in the social sector and infrastructure. The creative use of partnerships (bilateral, multilateral and commercial) could enable the United States to leverage its support in the DRC, while working with partners to put the country on the path towards self-sustained democratic progress. It is also important to advocate a more balanced approach to financial assistance, with the economic and governance portfolios receiving as much as security. Furthermore, aligning United States' support more closely with a longer term plan that is country-owned (as opposed to 'pet projects') could also ensure that we realize a bigger bang for our buck.

Thank you very much for your kind attention.

Raymond Gilpin

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