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Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector

Case study

Democratic Republic of Congo*

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Bringing entrepreneurs into the peace process in the Democratic Republic of Congo

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After five years of conflict in the Democratic Republic of Congo (DRC) involving six foreign armies,[1] a power-sharing agreement was signed in December 2002. A government of national unity, representing the former warring parties, the political opposition and civil society, was installed in June 2003. During the transitional period, a new constitution was drafted to pave the way for elections.[2] The military groupings agreed to integrate part of their forces into a national army, while demobilising the remainder and reintegrating them into civilian life. Reforming the security sector and establishing the rule of law have also been part of the government's agenda. A UN peacekeeping mission (MONUC) was established to support the transition after monitoring the ceasefire. A *Comité d'Accompagnement de la Transition* (CIAT), including the main embassies and MONUC, was created to facilitate the transition. International financial institutions (IFIs) resumed their activities, while international donors have provided important financial support to the DRC.

This was an usual framework for modelling a post-conflict situation. It aims at establishing improved governance in DRC to overcome the consequences of the two conflicts that followed the collapse of the Mobutu Sese Seko regime. Though Mobutu was removed in 1997 by a regional coalition that brought Laurent-Désiré Kabila to power,[3] a similar style of governance prevailed. A 'winner-takes-all' approach remained the cornerstone of any strategy. Lengthy, stalled negotiations, antagonistic agendas, recurrent power struggles and entrenched distrust threaten political settlement and the implementation of a peace agreement.

Persistent international mediation was required until 2003 to prevent a return to military operations, or to overcome recurrent crises. Most mediation dealt with DRC's political and military leaders, but in 2004 a MONUC team attempted to involve Congolese entrepreneurs in Kivu as part of a 'Kivu strategy' aimed at stabilising the eastern region and bringing economic matters to the fore. This approach to peacekeeping did not stem from strategic considerations alone, but from the realisation by MONUC that Kivu businesspeople could be encouraged to use their political and economic leverage to help defuse the conflict. Their activities, moreover, had the potential to support the sustainable reintegration of former combatants. By the end of 2003, Kivu entrepreneurs were brought publicly into the peace process in an attempt to draw attention to economic governance and recovery, and to mitigate the excessive focus that existed on institutional and power struggles between rival political leaders. Such an intense focus had sidelined economic issues, although they were closely intertwined with political matters.

Encountering Kivu entrepreneurs through crisis management

The provinces of North and South Kivu face intertwined issues of local power rivalries, economic competition and community cleavages that are complicated by shifting alliances, as well as religious, commercial and personal connections that cut across the main lines of opposition. These intertwined issues led to numerous crises in 2002-04 involving the opposing armies of Rwanda and Uganda, the opposing rebel movements - the *Rassemblement Congolais pour la Démocratie* (RCD), the *Mouvement pour la Libération du Congo* (MLC) and the *Rassemblement Congolais pour la Démocratie-Mouvement de Libération* (RCD-ML) - Congolese and foreign armed groups,[4] and 'strategies of tension' by the presidency to undermine the RCD.

It was in the wake of these recurrent crises that MONUC staff encountered the business communities of Kivu. Initially limited to northern Kivu, MONUC's interactions with local businesspeople gradually extended to the provinces' other main business communities.

In 2002-03, three offensives against the RCD-ML drew international attention to its stronghold in Beni-Butembo, North Kivu where there was only a limited MONUC presence,[5] and regular missions were dispatched from Kinshasa to the area. While not apparent from Kinshasa, the economic and political influence of businesspeople was obvious on the ground. These were not small-scale traders. Three generations ago, they had begun to accumulate wealth by smuggling across the Belgian and British colonial borders, gradually extending their networks from Kisangani, in central DRC, to Kampala, the Ugandan capital. Profits were reinvested in plantations, local manufacturing and the import of textiles. They steadily became internationalised, working with suppliers in Dubai, Hong Kong, Jakarta and Shanghai.

The entrepreneurial culture in Kivu blends community dimensions and resilience to a changing environment. Companies belong to members of a single family, or to families linked by marriage, and the capital to start new companies is usually provided by a prominent member of the same extended family. While this does not prevent entrepreneurs from competing with one another, it has contributed to the maintenance of strong links with their community and area of origin, or *terroir*. In spite of their wealth, the bigger entrepreneurs continue to live in their native areas where they sponsor important social activities, such as health clinics, schools and even Butembo University.

In spite of the war context, they continue to reinvest part of their profits locally. One group of four businessmen raised $4 million from 15-20 other local businesses to invest in a dam to provide the area with energy. The project was motivated by both commercial and industrial considerations. With 600,000 inhabitants, Butembo town is a vibrant market for electricity in the absence of any alternative power plant, but a sustainable source of energy was also considered a key path to increased profits. Instead of importing textiles, businesspeople want to create an industrial zone to enlarge their manufacturing and increase the added value on the products they sell in DRC and neighbouring countries.

When a MONUC team initially interacted with them, it focused on political issues. While the entrepreneurs feared looting in the wake of the 2002 and 2003 offensives, they agreed to use their influence to pressure local armed groups into supporting a political settlement. This did not, however, prevent several of them from contacting the attacking forces with a view to securing their own assets should the RCD-ML be defeated. This two-pronged strategy is a constant with local businesspeople. While this development did not reinstate economic issues on an agenda that still focused on crisis management, it gave some indication of the potential role that entrepreneurs could play in decision making. Some also proved to be valuable sources of information on the trade routes used for smuggling raw materials and military equipment.

The RCD's offensive against the RCD-ML in May-June 2003 provided a second encounter with Kivu businessmen. To manage the crisis MONUC was compelled to assess the intentions of the Banyarwandan community,[6] which had provided most of the attacking forces. Though the offensive broadly fitted with Rwanda's strategy of tension, it also stemmed from the Banyarwandan leadership and its fear of being crushed by the Congolese presidency.[7] In Goma, capital of North Kivu, influential figures were supportive of a military offensive. Civilian leaders wanted to impose their power over the entire province in order to guarantee it would remain under their control during the transition. The military raised security concerns because Kinshasa had deployed troops in Beni-Butembo. The business community was willing to weaken its economic competitors in Butembo, whom it accused of dumping.

As in Butembo a year earlier, security and political issues led MONUC to take account of local economic players and their influence, either as a lobby or as individuals connected to civilian and military decision makers.[8] In the wake of the Butembo precedent, it was less unusual for MONUC to interact with economic players to channel their influence to obtain a political settlement. However, they were contacted more as influential community players, rather than as entrepreneurs *per se*. While the crisis context dictated the need for temporary contacts with entrepreneurs to address a specific issue, the dialogue could not be sustainable until their economic concerns were also taken into consideration and accommodated within MONUC's priorities.

Nevertheless, the recurrent crises enabled MONUC staff to overcome one key obstacle to interaction with economic players: bureaucracy. Major peacekeeping operations have been underway for more than a decade and broadly similar doctrines are established.[9] Missions focus on institutional, political, humanitarian and security issues, to the exclusion of economic affairs in spite of the latter's political dimensions. The IFIs and UNDP exercise prerogatives on economic matters or related issues, such as corruption. But IFIs and peacekeeping operations juxtapose their activities, rather than seek complementary approaches or share information. Left out of mandates, economic issues and players are usually neglected by peacekeepers. As a consequence, civilian authorities, military players and civil society are their main, sometimes their only, points of reference. Nor is there any incentive for interacting with business beyond the immediate requirements of crisis management. In the DRC, internal advocacy was necessary to further the interaction with businesspeople.[10]

Finding common ground

As entrepreneurs, their agendas were ambivalent with regard to both the conflict situation and the peace process. On the one hand, the conflict provided new economic opportunities – lower taxes, the opening of new markets[11] or new economic activities.[12] On the other, increased insecurity is a major obstacle to economic activity. Moreover, the conflict rendered uncertain the profitability of lootable investments and reduced opportunities to obtain credits and enlarge activities. However, the peace process was geared towards the 're-establishment of state authority'. In spite of their rivalries, entrepreneurs in Butembo and Goma alike shared the same concern regarding the latter. As a legacy of Mobutu's rule, Kinshasa had been nicknamed *Kin la prédatrice* ('Kin the predator') and the state apparatus turned into an 'embezzlement enforcement agency'. Since Mobutu's fall, no great changes had occurred in these tendencies. However, in the wake of the peace process, international donors were planning to rebuild infrastructure, particularly roads. This would facilitate trade and investment in currently inaccessible areas. The preliminary elements of a 'common ground' slowly appeared. MONUC would facilitate access to donors and support business interests vis-à-vis the capital for a negotiated economic reunification; entrepreneurs would support the peace process by relinquishing any destabilising activities, such as contacts with armed groups, using them as contract killers, or weapons smuggling.

The business case for addressing insecurity

In spite of political uncertainty and years of conflict, businesspeople in Goma had been reinvesting their profits locally. Resuming past profitable activities – plantations, tourism - or developing manufacturing to increase profit margins are considered crucial. Both individually and in groups, entrepreneurs have turned to implementing initiatives that *de facto* amount to DDR programmes in order to expand their operations.

Goma used to be a tourist destination, and a centre for plantations and ranches before the conflict. Foreign and Congolese armed groups, as well as soldiers, looted most of the assets and the plantations were abandoned after their value fell. In 2002, a Goma businessman bought one of the region's largest tea plantations for a relatively low price since it was located in an insecure area and could not be exploited unless the security environment improved. Although an influential member of the Banyarwanda and well connected with the military, the businessman did not try to obtain a strong military presence in the area. Instead, taking into account the local balance of power, he hired several hundred local workers and combatants from local armed groups who 'eased' relations with their former comrades. A similar approach was developed around the former tourist spots.

The Butembo business community faced similar concerns over its previous activities in ranching, vegetable exports and commodity trading. Since the RCD-ML had never been disciplined, numerous armed groups imposed their 'bounties'. Insecurity and racketeering caused significant additional costs. Under the umbrella of the *Fédération des Entrepreneurs du Congo*, local businesses supported the RCD-ML governor's attempts to demobilise local armed groups by using their influence to convince RCD-ML commanders who opposed such a move,[13] and by providing support in kind to demobilisation camps. Within six months, these initiatives led to the disarmament of some 1,500 combatants. However, they did not provide any employment due to the poor condition of their business prospects. During the same period, the national DDR programme was stalled, making this business initiative the most effective DDR process at the time.

The beginnings of a strategy

By the end of 2003 the United Nations Department of Peacekeeping Operations (DPKO) asked MONUC to come up with a 'Kivu strategy', thereby providing an opportunity to bring economic issues and players onto the official agenda. The potential of the approach was not fully discussed within MONUC, but was mainly conceived by the team that had been quietly enlarging its contacts with Kivu businesspeople.[14] In its initial conception, it was a double-track approach at provincial and national level.

Existing contacts with Butembo and Goma businessmen were extended to Bukavu, the provincial capital of South Kivu, as part of the confidence-building process already being implemented with political leaders in Kivu.[15] Distrust, reinforced by community differences, prevailed between entrepreneurs in all three cities. In particular, the existing confusion between Rwandan nationals and Rwandan-speakers led to prejudices against Banyarwandan businesspeople in Goma.[16] There was additionally a rooted rivalry between the three towns. Each wanted to be perceived as the most important in order to attract donors.

By brokering meetings between these players, common positions appeared on the east/west cleavage in the DRC built around a common opposition to the predatory practices of central government. By drawing attention to the current reunification process, the MONUC team aimed to mitigate local tensions and prevent economic players from participating in them. If the national issue was significant enough, the Kivu entrepreneurs had to adopt a common position so as to be able to address it in Kinshasa and increase their chances of obtaining remedies. Previous delegations from each town had travelled to Kinshasa without result. To encourage this embryonic network to overcome its local cleavages, the Kivu strategy included the provision of support to a joint delegation to Kinshasa and the facilitation of access to donors and embassies.

Part of the trade-off between local entrepreneurs and MONUC was conditional on them relinquishing activities that could have a destabilising impact on the situation in Kivu, such as trading weapons, and supporting efforts to defuse local tensions.

The delegation that went to Kinshasa with MONUC's support in March 2004 was a first attempt to address economic issues that had political consequences as well as a public relations exercise for the different parties. The intention was to expand the group with entrepreneurs from other provinces in a bid to create an economic lobby.

Unsurprisingly, the entrepreneurs focused on containing tax and customs increases in the wake of reunification and they obtained significant concessions in these areas. The support they received from embassies also earned credit for MONUC's brokering role. The businesspeople also agreed to raise the issue of corruption, a key obstacle particularly to the integration of the army. On one hand, the number of soldiers was consistently overestimated to allow middlemen to embezzle the pay of 'ghost soldiers'.[17] On the other, the transitional government regularly failed to pay former rebel combatants. This periodically increased tensions between them and heightened the risk of violence. Entrepreneurs were more concerned with the soldiers' ensuing racketeering. They regarded corruption as 'more expensive' than taxes.

Because of their experience of ex-combatants, it was proposed to include entrepreneurs in the DDR programme being developed by international agencies. Demobilised fighters usually receive a financial grant as part of the disarmament programme, though this does not usually lead to sustainable reintegration. In the short term, the methodology can even weaken the peace process since combatants with limited alternatives to fighting can turn into a constituency that supports dissatisfied leaders advocating a resumption in fighting. In the longer term, former combatants may become involved in criminal or mercenary activity in neighbouring conflicts.[18] Hence, a different concept for reintegration was proposed. Entrepreneurs could become 'partners' in the process by hiring former combatants, while benefiting from credits or reconstruction programmes funded by international donors. DDR programmes could thus become linked to an economic recovery policy.

Results

The initiative did not succeed at a national level. Although several branches of the *Fédération des Entrepreneurs du Congo* contacted MONUC,[19] economic issues soon disappeared from the national agenda. Corruption remained unaddressed until 2005 when the EU and several embassies brought pressure to bear. By May 2004, all MONUC staff involved in the initiative had left the mission and no significant follow-up had been made, and ultimately the 'Kivu strategy' was abandoned. DDR programmes were already too delayed to integrate any significant change of procedures if they were to meet their deadlines.

Better results were obtained at the local level. In March 2004, a weapons-trafficking scheme involving businesspeople and a senior officer was dismantled. Though MONUC had prior information on this trade, it could not supply hard evidence. It resorted instead to peer-pressure among businesspeople to cut the supply line, while the officer involved fled abroad.

During the same period, tensions in Bukavu erupted in clashes between the Congolese Tutsi and other communities. MONUC, which was perceived as biased in favour of the Tutsi and the 'Rwandans', was also targeted. The demonstrations turned into riots. Without any request from MONUC, business leaders resorted to using their influence and personal connections in a bid to calm the situation, broadcasting messages on local radio stations. Since, wrongly or rightly, they were perceived as hostile to the 'Rwandans' and Tutsi, their messages may have had more impact than similar ones broadcast by MONUC.

Meanwhile, in June 2004, unpaid soldiers in North Kivu, commanded by Banyarwandan officers who felt marginalised by the peace process, mutinied and tried to crystallise local opposition to alter the course of the transition. Supplied with weapons from Rwanda, they took over Bukavu. Facing a major crisis on their doorstep and with diminished contacts at the UN, local businesspeople adopted a 'wait-and-see' position. Joint military and diplomatic initiatives ended the mutiny, although it significantly weakened previous confidence-building measures.

Since the first contacts were made with Kivu entrepreneurs in June 2002, positive impacts have occurred where there was a shared interest in managing a crisis. Entrepreneurs gradually became regular contacts of a limited number of UN staff. Developing complementary agendas was facilitated by the particular character of these entrepreneurs,[20] who maintained a commitment towards their communities and a propensity to reinvest locally. Hence, an improved security environment was crucial for their type of economic activities. Where concrete prospects to improve this environment existed, they tended to depart from their customary, cautious behaviour. Moreover, their limited political connections in Kinshasa left them in a weak lobbying position, and they needed support and mediation to obtain government concessions. This provided the base for a trade-off with international players: a more active role in defusing tensions; the possibility of enlarging cooperation to include issues related to economic governance; and concrete incentives for their economic environment.

Beyond the need to assess the profiles and activities of key economic players, international actors do not usually favour an approach such as the one described above. The economic priorities of post-conflict or transitional programmes tend to be limited to budget policy and macro-economic indicators, when they are not reduced to stemming the predatory practices of the 'war economy'. The ambivalent agendas of local economic players may not even be assessed by international staff who tend to replicate similar approaches in all conflict situations. In the usual framework of conflict management, entrepreneurs remain the forgotten players.

Endnotes

1 Angola, Namibia and Zimbabwe fought on the presidential side while the rebel movements (*Rassemblement Congolais pour la Démocratie*, which controlled central and eastern DRC; *Mouvement pour la Libération du Congo* in northern DRC and *Rassemblement Congolais pour la Démocratie*-Mouvement de Libération in northeastern DRC) were supported by Rwanda, Uganda and, to a lesser extent, Burundi.

2 A referendum to adopt it was pending at the time of writing.

3 In 1995, Angola, Rwanda and Uganda established an alliance to overthrow the Mobutu regime. The conflict started in October 1996 in Kivu in eastern Zaire and ended seven months later. Three years later, the three former allies were all on opposite sides.

4 In particular, the Rwandan *genocidaires* who fled to former Zaire in July 1994.

5 Three military observer teams were then deployed in this area, two in Beni and one in Butembo.

6 The Banyarwandan community represents around 40 percent of the North Kivu population. As in Rwanda, it is composed of both Hutu and Tutsi though, unlike Rwanda, conflict between the two groups has been limited.

7 The government was deploying troops in RCD-ML areas at the time, while a xenophobic media campaign in Kinshasa attempted to portray Congolese Rwandan-speakers as identical to Rwandan nationals.

8 In Goma, one of the governor's main advisors was the brother of its most prominent businessman and in Butembo, a major entrepreneur was 'wedding godfather' of the RCD-ML's president.

9 Although the extent of the mandate varies, the UN Security Council issues mandates with strong similarities: supporting a transition period under a power-sharing agreement during which various recurrent programmes, such as DDR, Security Sector Reform (SSR), rule of law, human rights, and child protection, are supported.

10 In the case of MONUC, the support of the Deputy Special Representative of the Secretary General was crucial to pursuing this approach.

11 In the territories of the rebel movement they were close to.

12 Such as selling weapons or exploiting natural resources. However, these activities had a limited profitability, as they were mainly implemented by political leaders, military or intelligence officers.

13 Several businesspeople in this area had personal knowledge of the militias since they had resorted to them in 2002 as gunmen to limit – eventually definitely – the activities of rivals.

14 Such a situation is not unusual in a peacekeeping operation. The various divisions and sections that compose a mission often have juxtaposed activities. Internal sharing of information remains a constant issue.

15 In a further stage, the 'Kivu strategy' was intended to associate community leaders and Churches to reinforce the approach, but this was never implemented.

16 In a meeting of representatives of the three towns in Goma, a Butembo businessman asked a MONUC member of staff if it was safe to drink what had been offered by a Goma entrepreneur. He was concerned about being poisoned.

17 The EU mission on SSR addressed this problem in 2005. It estimated the number of waged soldiers as 150,000, rather than the 350,000 claimed. The mission's attempts to monitor payments of wages faced constant obstruction by military leaders and key presidential advisers.

18 As occurred in Ivory Coast with Liberian ex-combatants.

19 From Bunia (Ituri), Kisangani (Orientale) and Kindu (Maniema).

20 An assessment of Kasai entrepreneurs, whose activities are mainly based on the exploitation of diamonds, did not seem to offer similar opportunities. Local investment was limited and profits tended to be made by crossing borders. In Kinshasa, businesspeople were reluctant to engage in such a process. Their frequently foreign origins – Europeans, Lebanese and Indians – led many to adopt a low profile. Meanwhile, numerous Congolese businesspeople could not properly be considered entrepreneurs since their economic activities often relied on political connections that helped them to monopolise a specific market.