

AFRICA RISK CONSULTING

Country briefing – DRC

28 September 2014

1 Summary

President Joseph Kabila (2001-present) reshuffles the army leadership but keeps loyalists close as the succession issue dominates political activity. Catholic bishops publicly oppose the elite's plans to change the constitution to extend Kabila's term. Government activity in Kinshasa freezes as politicians wait for a long-planned reshuffle and a government of national unity designed to co-opt the opposition. Kabila may replace the technocrat prime minister at a time when copper prices are falling. Despite falling prices DRC is set for record copper production in 2014. Kabila's predator regime presents a constant risk to the mining sector - a risk which will increase as elections approach.

1.1 President Joseph Kabila reshuffles the army....

President **Joseph Kabila** (2001-present) has reshuffled the leadership of the **Forces Armées de la République Démocratique du Congo (FARDC)** bringing loyalists closer and co-opting potential dissenters.¹ Military support is essential for Kabila to extend his term in office. All high-ranking loyalists, including **General Didier Etumba**, Kabila's longtime chairman of the **Joint Chiefs of Staff**, retain senior posts. To avoid any backlash, Kabila has divided the country into three new 'defence zones' and placed them under the senior loyalists' command.

The reshuffle returns controversial general **Gabriel Amisi** to office after a two-year suspension for his alleged involvement in illegal sales of arms to insurgents. Diplomats and military analysts have criticised the "rehabilitation" of the former rebel leader and alleged arms dealer. A 2012 **United Nations (UN)** report claimed that Amisi oversaw a network stretching from **Congo Brazzaville** and **Kinshasa** in the western **Democratic Republic of Congo (DRC)** that provided arms and ammunition to criminal groups including poachers, rebels and rival ethnic groups in DRC's eastern provinces.² Prior to this, his reputation was controversial: he is alleged to have led a massacre in **Kisangani** in

¹ Source, ARC correspondent, Kinshasa

² Reuters 21 Nov 2012.

May 2002, while he was a senior officer in the **Rwanda-backed Rassemblement Congolais pour la Démocratie (RCD)** rebellion.³

Kabila rewards Amisi with considerable power: the general will now command one of the newly created defence zones, which includes **Kinshasa (Bas Congo)** and the entire western part of DRC.

“Since integrating the army, the man has been very loyal to President Kabila, and this resulted in the president rewarding him with a new job, because he knows that he can execute whatever orders are asked of him.”⁴

However, it is equally likely that Kabila needs to keep under his control General Amisi and others like him with access to a military network across the country. In a country with high political and security risk like the DRC, *“it would be dangerous to keep this general out of the loop”*.⁵

Kabila has brought another general, **Francois Olenga**, even closer. Olenga, who had replaced Amisi as head of the army when Amisi was suspended, becomes Kabila’s private military chief of staff. Olenga has played an important and discreet role in Kinshasa politics since the late president, **Laurent Kabila** (1997 –2001), was in power.⁶ President Joseph Kabila trusts him. Olenga provides a useful link to colonel **Jean-Louis Nurenberg**, head of **Mission de l’Organisation des Nations unies pour la stabilisation en République démocratique du Congo (Monusco)**.⁷ Olenga, an ethnic **Kusu** from the north of **Maniema Province**, spent most of his adult life in **Europe**, graduating from the **University of Paris** before moving to live in **Germany**.

“General Olenga is a very good guy and very close to the president. He spent most of his youth in the West. He also has a German passport. He came back to DRC from Germany. He has a good relationship with Monusco. He and the head of Monusco speak the language together. When General Olenga took command of the land army, the army were not getting paid on time. People in the army were involved in smuggling, corruption. He changed the direction. While he was there soldiers got salary on time and were eating well. He also criticised his colleagues: the generals were doing nothing but commerce. They were involved in mining and in smuggling.”⁸

Despite the testament of those close to him, Olenga’s reputation is not without controversy. In 2002, a UN investigation named Olenga for using money from the state-owned **Société minière de**

³ Military source to ARC correspondent, Kinshasa

⁴ Military source to ARC correspondent, Kinshasa

⁵ Source, EU diplomat to ARC correspondent, Kinshasa

⁶ Jason Stearns, congosiata.blogspot.co.uk

⁷ Jason Stearns congosiata.blogspot.co.uk

⁸ Source, DRC diplomat, UK

Bakwanga (MIBA) diamond mining company to purchase weapons for the army. Local human rights groups have also accused him of having killed a street child for stealing his phone.⁹

General Dieudonné Banze leaves his post as commander of the **Garde Républicaine** to replace Olenga as head of the army although it is unclear who replaces Banze. DRC's **Garde Républicaine** is critical to the president's security and operates as a praetorian guard. It reports directly to Kabila and is stationed at strategic sites like airports to deter any attempts against the president. Banze's promotion was a surprise. Local sources expected Olenga to remain head of the ground forces.

Little is known about the new defence zones or their reach although these are likely to be the broad strategic regions – the West as described above, the East comprising the troubled northern and southern **Kivu** provinces bordering Rwanda and **Uganda**; and the southern, mining-rich copperbelt, **Katanga Province**, that borders **Zambia**. Although each region is critical to the stability of the country, there is little prospect that this reshuffle will do more than extend Kabila's hold on power.

Despite several restructurings and **European Union (EU)**-funded reform¹⁰ animosity among senior generals makes the FARDC largely dysfunctional. The generals do not work together towards any common security objectives. Their focus is mainly personal enrichment and politics. Olenga's critique of his fellow generals for their involvement in corruption and commerce prompted an attempt on his life.¹¹ That said, the lack of cooperation between these senior generals serves Kabila's interests, allowing him to divide and rule. His control over the armed forces undermines any possibility of a military coup against him. Although Amisi's return to power may not please the ordinary soldier,

*"This in essence buys more time for the president to exert control on the armed forces."*¹²

1.2 Increasing speculation about succession or extension of Kabila's rule...

The military reshuffle ruptured the political inertia that is synonymous with Kabila's rule but corroborates suspicion that Kabila intends to change the constitution. Although Kabila has yet to voice an opinion, typically his lieutenants from his pastor **Ambassador Theodore Mugalu** to party loyalists have done so. Political discussion is entirely focused on the DRC constitution's Article 220 that limits the presidency to two terms of five years.

⁹ Jason Stearns congosiasa.blogspot.co.uk

¹⁰ Extended for a year (European Council press, 25 September 2014)

¹¹ Source, DRC diplomat, UK

¹² Source, EU diplomat, Kinshasa

“It is now widely accepted that he and those that surround him intend to change Article 220 and extend the head of state’s term in office. Those that support it say that the constitution is only a piece of paper and nothing says you have to have a referendum to change it. There are players that are richer than him [Kabila] and who have lots of money. They want him to remain in power to maintain the status quo.”¹³

Recent government reaction to an open letter from DRC’s politically powerful Catholic bishops opposing any constitutional changes lends further credibility. Government spokesman **Lambert Mende** accused the bishops of pandering to foreign influence,¹⁴ and accused the church of long interference in politics dating back to the assassination the first prime minister, **Patrice Lumumba**, in 1961.¹⁵

For several months, the **Conférence Episcopale Nationale du Congo (CENCO)** along with the political opposition has opposed changing the constitution. CENCO has instructed parishioners to resist constitutional changes.¹⁶ The Roman Catholic Church in DRC is powerful. Some 40% of Congolese nationals consider themselves to be Catholic.¹⁷ Unlike the state’s bureaucracy and institutions which have largely collapsed after 40 years of kleptocratic rule, the Catholic Church’s social infrastructure (parishes, hospitals, schools) remains intact which makes it a powerful opponent. The church, which deployed 30,000 election observers, challenged the legitimacy of Kabila’s 2011 election victory with its leadership claiming the result represented neither truth nor justice.¹⁸

*“Their back is already against the wall with **Americans** and other members of the international community opposed to President Kabila staying in power beyond December 2016...we do not then understand why they would choose to pick a fight with the church at this crucial juncture.”¹⁹*

1.3 Rumour intensifies of a government of national unity

The third aspect of the elite’s bid to remain in power is to co-opt the opposition into a government of national unity. Rumour is rife in Kinshasa that Kabila’s return from **New York** where he attended the **UN Conference on Climate Change** will herald a government reshuffle. The long-awaited reshuffle is expected to pave the way for Kabila to introduce a government of national unity (GNU) in which he is expected to offer veteran political opposition leader, **Etienne Tshisekedi** a prominent place.

¹³ Source, businessman, DRC

¹⁴ Reuters, 18 Sep 2014.

¹⁵ Reuters, 18 Sep 2014.

¹⁶ Source, ARC correspondent, Kinshasa

¹⁷ Reuters, 18 Sep 2014.

¹⁸ osisa.org/hrdb/blog/drcs-crumbling-legitimacy

¹⁹ Source, political analyst, Eastern DRC

“There is nothing happening in power in Kinshasa – everybody is waiting for an announcement about a new government. There have been meetings with opposition parties. They are going to form a government of national unity and draw in the opposition and change the prime minister.”²⁰

Kabila will be hard pressed to persuade the octogenarian Tshisekedi, the veteran opposition leader of the **Union pour la démocratie et progrès social (UDPS)** to join a unity government. Although Tshisekedi once served as prime minister during the dictatorship of late president **Mobutu Sese Seko** (1965-1997), he has consistently focused on winning elections since he was elected opposition leader.

1.4 But replacing the prime minister may destabilise economic progress...

The risk that Kabila will sack the prime-minister raises the prospect of economic uncertainty. As in the past, as elections draw near, Kabila and his elite will try to access state funds to support their controversial constitutional change. Prime minister **Augustin Matata Ponyo** is an obstacle to this. In line with the country’s obligations he has put tight controls on spending, which Kinshasa’s elite sees as a freeze on spending.

Matata Ponyo’s term in office coincides with an unprecedented period of economic growth and macro-economic stability with year-on-year inflation down to 1.4% and growth set to rise to 8.7% in 2014, from 8.5% in 2013.²¹ Unprecedented high copper production and comparatively stable metal prices have underpinned growth rates and compounded his reputation. *“He is clearly doing a good job.”*²² As a former insider, he has developed solid relations with the **International Monetary Fund (IMF)**. Between 2003 and 2010 he led the **Bureau Central de Coordination (BCECO)**, an African caucus at the IMF to manage international aid funds and procurement.

*“He has some level of credibility in terms of budget: they have a same type of language – all these people – the **World Bank** and IMF. He will be kept. He has not done a bad job. The IMF is making sure spending is controlled. They are putting on some very stringent restrictions on payments. [Matata’s] control of the budget means they are taking in revenue but not paying anyone. That creates a lot of upset.”*²³

²⁰ Source, DRC diplomat, UK

²¹ See ARC DRC July 2014 Briefing

²² Source, Prominent businessman, mining sector, Kinshasa

²³ Source, Prominent businessman, mining sector, Kinshasa

1.5 DRC set to become Africa's premier copper metal producer in 2014

DRC looks set to beat neighbouring Zambia's copper metal production and re-take its place as Africa's premier copper producer. Ironically, this could see mining again become an expropriation target for the Kabila regime – especially as elections loom.

The mining sector has started to thrive as the effects of substantial private investment in the sector over the last decade have increased copper output significantly. Although a downswing in **China's** demand for copper will impact prices, production of the metal is nevertheless expected to reach a record 700,000 tonnes during 2014. Production this year has increased to 600,000 tonnes, beating previous production records in the mid-1980s. If it reaches 700,000 tonnes, it will beat Zambia's output as well as its own production records for a generation. At the peak of production in the 1980s then state-owned **Gécamines** produced close to 400,000 tonnes per year of metal.²⁴

However, this positive outlook in DRC is a risk in itself.

*“ Now they are producing a million tonnes of ore a year. In a weird way all the problems we [Congolese] had giving it [mining assets] to **Glencore**, now that it is in the hands of private people, it increases production. But it is a risk. In about three years ... or at some point somebody will look at these things retrospectively...”*²⁵

2 Implications

DRC's overall political risk environment has improved over the last decade but it remains a high-risk investment destination. That risk is set to increase as succession to Kabila becomes the driving political issue. Kabila is unpopular. High levels of corruption and bureaucratic inertia for the bulk of Kabila's time in office have failed to stay the political, administrative and institutional disintegration and have done little to improve the popular view of Kabila as president. The DRC scores badly on political and security risk, human development, governance, transparency and doing business indicators.

The prospect of an extension to Kabila's tenure has already brought thousands of protesters onto the streets. If Kabila succeeds and forms a GNU, it is unlikely to be representative. It is likely to act as special purpose vehicle to approve constitutional changes without a referendum. This could prompt a wave of popular protests in the main centres (Kinshasa, **Lubumbashi (Katanga)** and **Mbuji-Mayi (Kasai Oriental)**).

²⁴ Source, Prominent businessman, mining sector, Kinshasa

²⁵ Source, Prominent businessman, mining sector, Kinshasa

It is unwise to underestimate the lengths to which Kabila and his entourage will go to remain in power. Kabila's reshuffle of the military has little to do with the continuing security situation in the eastern Kivus where militia groups still plague the people, or security reform, and all to do with shoring up military power behind the presidency. In the past Kabila has readily used the army as a personal militia to chase off political opponents. Despite this, the return of Amisi is not popular among the rank and file as it may translate again into delayed pay and poor rations. Failure to pay soldiers has in the past prompted severe bouts of nationwide instability.

Despite the beginnings of slump in prices, copper production is set to increase. Copper exports will continue to contribute meaningfully to state coffers. Of greatest concern for successful businesses will be when elections draw near and Kabila's entourage either has a need to raise funds for elections. At that point copper producers are at most risk from a host of predatory tactics that DRC's political elite have honed to extract rents from investors, notably foreign investors.