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The Commission nationale électorale indépendante (CENI) opens registration for candidates for municipal elections scheduled for 2015 but will not update the electoral registry. Minor opposition parties call for a boycott of the vote and a CENI initiative to get the populace to update the voting registry locally has low uptake due to lack of money. A copy of the new proposed mining code reveals government plans to increase its stake in new mining projects from 5% to 10%, increase mining profits tax from 30% to 35% and increase royalties on copper from 2% to 3.5%. Mining companies protest the changes in an effort to force the government to reconsider its position. The Rwandan and Ugandan armed forces have reportedly entered North Kivu according to local authorities. The government immediately protests the Rwandan presence, which Kigali denies, but is silent on the Ugandan presence prompting speculation of a joint military force against Ugandan rebel group the Allied Democratic Forces.

Complications emerge early in DRC's electoral process

The **Democratic Republic of the Congo (DRC)** is moving towards municipal elections in October 2015, prior to the general election scheduled for November 2016. Municipal elections decide local government structures which include members of the senate and provincial governors. However the process, which began in February, is already facing a number of challenges.

The **Commission nationale électorale indépendante (CENI)**, responsible for organising the elections, has said it will not update the voting register prior to the municipal elections. The register was last updated in 2011. Not updating it will mean that anyone under the age of 18 at that time will be unable to vote this year – an estimated 5-8 million 18-23-year-olds. The register is already controversial due to accusations that more voters were registered in districts loyal to President **Joseph Kabila** (2001- present) than in those loyal to major opposition parties in 2011. Accusations of electoral impropriety aimed at Kabila led to post-election violence then. An updated register was supposed to be an opportunity to prevent a recurrence. CENI says that the register will be updated between January and April 2016 in time for the presidential elections (an optimistic scenario given DRC's recent history).

CENI opened registration for candidates on 17 April. At the same time, opposition groups and civil society organisations called for a boycott of the elections if the register is not updated. The small opposition party, **Engagement pour la Citoyenneté et le Développement (ECIDE)** is leading the loose coalition calling for the boycott. CENI has said it will meet them in May to address their concerns.¹ DRC's major opposition party, the **Union pour la Démocratie et le Progrès Social (UDPS)**, has said that it supports ECIDE's position but has not encouraged a boycott of voter registration as yet.²

"The opposition cannot really afford to boycott these elections: they would lose any chance at a voice in the upper house or any provincial control.... They are happy to let ECIDE make noise on their behalf."³

¹ Reuters, 20 Apr 2015

² Radio Okapi, 24 Apr 2015

³ Source: journalist, Kinshasa

CENI argues that updating the voting register would be impossible given the current election timetable. It would also require more money than it currently has. Its quarterly budget is \$45m but the government only made \$5m available in Q1 2015. CENI ran an *opération de faibilisation* in February this year, where it asked citizens to update their entries in electoral registers at their local post office. However, due to lack of funds, CENI was unable to pay for any advertising for the process, so it largely went unnoticed.⁴

The issue of election funding continues to be a challenge. The government estimates the cost of the election will be \$1.145 billion. Diplomatic and government sources in Kinshasa confirm that the government had been putting money aside into a special fund for a number of years for the election.⁵ However, the funds collected are only around \$400m, leaving around \$800m to find over the next 18 months. According to diplomatic sources, foreign donors are reluctant to go near funding a process that is so contentious, leaving the government to raise the money from other sources, probably different parts of the domestic budget:

*"We couldn't provide significant funding to an election when there is a strong chance of either foul play, violence or both... Our exposure would be too high."*⁶

The one body which will help with resourcing electoral centres is the **Mission de l'Organisation des Nations Unies pour la Stabilisation en RD Congo (MONUSCO)**. MONUSCO is the **United Nations'** (UN) largest global operation and its mandate involves aiding regular, fair and free elections. However it is only able to provide logistical, rather than financial, support. In addition, MONUSCO estimates that it will be able to provide support for only roughly 30% of the electoral hubs in **North Kivu** and **South Kivu** where most of its resources are.⁷ CENI has stated publicly that it expects MONUSCO's logistical support throughout the entire process but, realistically, it will be left managing the vast majority of the electoral framework by itself.⁸

*"CENI lack the money and the staff numbers to complete the task it has set itself...the government needs to get the money out to them quicker for CENI to organise the polls."*⁹

Leaked draft mining code proposes large tax increases

A copy of DRC's new draft mining code, leaked to the media on 15 April, reveals government plans to increase ownership stakes and taxes in the mining sector. Mining companies active in the country have already criticised the government for putting pressure on the industry at a time when mineral prices, especially copper prices, are low. The mining ministry is proposing to increase the stake that the government takes in new projects from 5% to 10%. It will also raise the tax on profits of mining from 30% to 35%. Royalties on copper will increase from 2% to 3.5% and on diamonds from 4% to 6%. The period during which the code cannot be changed will be lowered from 10 years to 5 years, and the document also makes reference to a one-off 50% windfall tax on mining profits.¹⁰

*"The government needs money, for the elections, for development projects and, if Kabila is looking to get out, for the money he will try and take with him."*¹¹

Mining companies argue that the tax increases will prevent further investment in the country. **London-based Randgold's CEO, Mark Bristow**, said that the company's **Kibali** mine, the largest in DRC, would not have been developed under the new terms. Randgold owns the \$2.5 billion mine in a joint venture with **Anglogold Ashanti** and the DRC government.¹² The **Fédération des Entreprises**

⁴ Congosiasa, 27 Apr 2015

⁵ Source: western diplomat, Kinshasa

⁶ Source: Western government funded donor body, Kinshasa

⁷ Congosiasa, 27 Apr 2015

⁸ Xinhau, 17 Apr 2015

⁹ Source: DRC analyst, London

¹⁰ Bloomberg, 16 Apr 2015

¹¹ Source: DRC analyst, London

¹² Reuters, 24 Apr 2015

du Congo (FEC) claims that the new code could severely damage the copper and gold mining sectors.¹³

The low prices of gold and copper will make the impact of the proposed code changes on the mining sector even worse. The price of copper has been in steady decline since 2011. It has fallen from over \$10,000 per tonne in February 2011 to \$6,100 per tonne at time of writing.¹⁴ DRC is Africa's largest producer of copper, producing over 900,000 tonnes in 2014 through mining projects owned by **Switzerland-based Glencore** and **United States-based Freeport-McMoRan**. The price of gold has also been in decline from its peak of \$60 per gram (g) in 2011 to \$38/g at time of writing. Despite the price spiking in January 2014 to \$43/g, the commodity shows little sign of a major recovery.¹⁵

Mining companies are making comparisons with **Zambia**, which this month reversed a decision to increase mining royalties from 6% to 20%, and **Mali** which amended its 2015 mining law in the face of private sector pressure.¹⁶ However, DRC analysts believe it is less likely that the **Kinshasa** government will give in to mining sector pressure and that:

*"The companies are better off (anyway) taking the hit and agreeing to the code. If not, then Kabila can just take the concessions back... He has done it before with **First Quantum** and he will do it again."*¹⁷

Rwandan and Ugandan troops spotted in North Kivu

Government spokesman **Lambert Mende** claimed on 22 April that members of the **Rwanda Defence Force (RDF)** had crossed the border into DRC and that members of the **Forces Armées de la RDC (FARDC)** were allegedly wounded in the ensuing skirmish. The government of **Rwanda** has denied the RDF entered the country. An envoy from the **International Conference on the Great Lakes Region** has been dispatched to North Kivu to investigate the incident but is unlikely to be able to verify the presence of RDF troops as they will already have left the region (if they ever entered).¹⁸ It is possible that militants wearing RDF uniforms – or backed by Rwanda - were involved in the skirmish rather than the RDF itself. Sources say it is unusual in the current climate for Mende to make such an allegation because the DRC government is keen to keep the peace with Rwanda during the 2015/2016 electoral period:

*"If the presence [of RDF troops] is confirmed it will be up to the council of the ministry of defence to take the necessary steps to maintain a peaceful climate... insecurity cannot hold hostage the electoral process."*¹⁹

Civil society organisations in **Beni**, North Kivu, also claim that **Ugandan** troops have entered the province. Activists report that around 200 troops have taken up positions in the villages of **Kalehaleha**, **Kalindera** and **Mumbiri** in the **Ruwenzori** area.²⁰ The Beni local authorities reportedly confirmed that men wearing the uniforms of the **Ugandan People's Defence Force (UPDF)** had been seen in the area. However, local FARDC commanders have so far declined to confirm any UPDF incursion.²¹

The FARDC has been conducting offensive operations against the Rwandan **Hutu** militia, the **Forces démocratiques de libération du Rwanda (FDLR)** in North Kivu since March. But operations appear

¹³ Bloomberg, 16 Apr 2015

¹⁴ Mining-info data, 2015

¹⁵ Gold-price.org, 2015

¹⁶ Ventures Africa, 22 Apr 2015

¹⁷ Source: DRC analyst, London

¹⁸ Radio Okapi, 24 Apr 2015

¹⁹ Source: defence council member, Kinshasa

²⁰ Source: civil society activist, Beni

²¹ Source: civil society activist, Beni

to have stalled, with no new gains against the rebels since early on. FDLR forces ambushed and killed ten FARDC soldiers, including two colonels, in the **Masisi** region of North Kivu on 6 April.²²

The ongoing military activity in the region makes claims of incursions from both Rwanda and Uganda very difficult to verify. The Rwandan government has used the FDLR as a pretext for frequent incursions into DRC in the past. It is plausible that the slow progress of the FARDC against the FDLR could have triggered an incursion. Likewise, Ugandan anti-government rebel force the **Allied Democratic Forces (ADF)** has been active in Beni for some time and has killed hundreds of civilians there since January 2015, mostly in night time raids on villages and towns. Ugandan defence minister **Crispus Kiyonga** said on 16 April that Uganda was ready to attack and flush out the ADF if the DRC government gave them permission. It is possible that the UPDF went into Beni to neutralise the threat.

However, the UPDF has denied that it has deployed troops to the area.²³ Silence from the DRC government on the issue, in contrast to the immediate response on Uganda, could point to a joint operation being conducted out of sight of the media:

*"The FARDC are remaining silent on this issue which usually means that they know what's going on but either don't want to say anything about it or have explicitly (or implicitly) agreed to it happening... they are keen to show progress (on security) in the run up to the elections, so would make a deal with Uganda to take on the ADF."*²⁴

Implications

Organising elections in DRC is a gargantuan task which CENI is unlikely to be able to complete in an efficient manner. However, with Kabila's backing, the municipal elections will go ahead all the same. The main opposition parties, and numerous factions within the ruling coalition are asking one question: when? CENI's timetable involves six rounds of voting over an 11-month period. This, combined with updating the electoral roll, will be an expensive business. Kabila could quite easily use problems with the municipal elections to delay the presidential elections beyond November 2016, by repeatedly and deliberately underfunding CENI as he did in Q1 2015.

Whatever happens, opposition protests will continue across this period. But they are a symptom of popular anger rather than the real problem – the main risk to Kabila comes from within his own coalition, and it is their moves rather than those of the opposition that will determine how he plays his hand.

Mining is not the DRC's most profitable natural resource sector but rather, for the moment, oil reserves. However, mining is the one with the greatest potential for future growth. The government needs money and its goal in amending the mining code is merely to make sure that, as the mining sector grows, so does the government's revenue. However, making such a move in the context of a global commodities downturn puts the entire sector in jeopardy. And Kabila could – as he has done before – re-allocate concessions to other mining companies. But if commodities prices recover, any mining companies that have stayed and weathered the storm caused by the new code, will be best placed to profit over the long term.

The security situation in the east of DRC seems likely to destabilise as the elections draw closer. This is partly due to government inability to act against the FDLR and the danger of a frustrated Rwanda launching another offensive (proxy or otherwise) into DRC to root them out. There is also local anger at the likely disenfranchisement of the eastern provinces from the political process if insecurity prevents sufficient local polling stations and voter registration.

The recent, reported presence of Ugandan forces in eastern DRC bears the hallmarks of a joint operation. Uganda and DRC have long cooperated in operations against the **Lord's Resistance Army**

²² Reuters, 8 Apr 2015

²³ Xinhua, 29 Apr 2015

²⁴ Source: intelligence worker, Kinshasa

(LRA), with **United States (US)** logistical and financial backing, even as the two countries' formal diplomatic relations have been strained.

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