

AFRICA RISK CONSULTING

DRC Monthly Briefing April 2016

DRC Summary 29 April 2016

Police violently disperse a crowd of reportedly tens of thousands of supporters of opposition figurehead Moise Katumbi at a rally in Lubumbashi (Katanga Province) and arrest four of his bodyguards. Tensions run high across the Democratic Republic of the Congo (DRC) as the government seeks two Constitutional Court rulings to delay the contested electoral timetable. The G7 group of opposition parties declares its support for Katumbi as a candidate for the presidential election due to take place in November 2016. However, Katumbi still lacks supporters in the leading opposition Union pour la Démocratie et le Progrès Social (UDPS) and Mouvement de Liberation du Congo (MLC) parties. The government announces that it cut the public deficit by 66% between January and March 2016 in order to maintain the stability of the DRC franc. France-based Orange purchases Tigo DRC for \$160m to give it a combined leading market share of 28% of the mobile telecoms market.

Katumbi supporters clash with government troops in Kinshasa....

Police dispersed a crowd at a political rally of opposition leader and potential presidential candidate **Moise Katumbi** in **Lubumbashi (Katanga Province)** on 25 April.¹ **Democratic Republic of the Congo (DRC)** president **Joseph Kabila** (2001-present) reportedly views Katumbi as a major threat to his presidency. Katumbi has yet to announce his candidacy, but has told the media that Kabila should step down:

“If Mr Kabila stands down in December he will go out as a great president who will be praised everywhere.”²

According to sources within the ruling coalition, Kabila is planning to take further action to disrupt Katumbi’s campaign:

“The president is worried about Moise...his advisers say that he may need to be dealt with before the election to make sure he cannot do damage...Kabila and Moise used to be close so there is a personal element here.”³

The crowd, which media sources estimate was in the tens of thousands,⁴ gathered to hear Katumbi talk about the elections. The government was supposed to hold these elections in November 2016 but is likely to delay them. Police fired shots into the air to disperse the crowd and arrested an unconfirmed number of people. Katumbi released a statement via his **Twitter** account saying that the police dispersed the rally using tear gas and live rounds one hour into the peaceful rally with no warning.⁵ He also said that agents of the national intelligence agency, the **Agence Nationale des Renseignements (ANR)**, arrested a number of his close advisers while dispersing the rally.⁶ In a strongly worded statement Katumbi said:

“These new arrests of those close to me are further alarming signals of the state of the rule of law in our country. My message to the authorities is clear: nothing can weaken our peaceful struggle for democracy. The repression, intimidation, relentlessness only strengthen our actions and justify us a little more each day.”⁷

¹ Radio Okapi, 25 Apr 2016.

² Katumbi in BBC, 31 Mar 2016.

³ Source, ruling coalition, Kinshasa

⁴ Le Monde, 25 Apr 2016.

⁵ @moise_katumbi, 25 Apr 2016.

⁶ @moise_katumbi, 25 Apr 2016.

⁷ @moise_katumbi, 25 Apr 2016.

Government spokesperson **Lambert Mende** released a counter-statement on 25 April claiming that police had dispersed a group that was blocking traffic on the roads in a dangerous manner.⁸ Mende asserted that it was not a political rally.⁹ He claimed that all those arrested had been released apart from four of Katumbi's bodyguards who he claimed did not have the proper authorisation to work in DRC.¹⁰ Police had earlier used tear gas to disperse Katumbi's supporters at a gathering on 21 April.¹¹

*"The ground was shaking there were so many supporters running through the town, the police looked scared but then the ANR agents showed up and they started firing tear gas...I talked to some of the supporters and they say they will be back out again next week with wet towels so that the police can't stop them."*¹²

Tensions may run high if the government secures a court ruling on the extension of the electoral timetable. The government argues that it needs time to update the voter registry,¹³ which opposition figures view as a calculated move to extend Kabila's time in power (see *ARC Briefing January, February, March 2016*). President of the **Commission National Electoral Indépendant (CENI)** (Independent National Electoral Commission) **Corneille Nangaa** told a **United States (US)**-based radio station in March that he was going to ask the constitutional court for "a small extension" to the electoral timetable.¹⁴ Separately, members of the ruling **Majorité Présidentielle (MP)** coalition have submitted a formal request to the constitutional court to rule on the interpretation of Article 70 of the constitution, which states that the president remains in power until a replacement is elected.¹⁵ They argue that this means that Kabila will remain president if the elections are delayed beyond his constitutional term limit in November.¹⁶ The government named former prime minister **Togo Edem Kodjo** to facilitate a dialogue on the electoral timetable on 6 April.¹⁷ However, most major opposition figures will not participate and are planning further protests if any of the rulings go through.¹⁸ Sources in Lubumbashi believe that the demonstrations will continue, prompting a further police response.

...after he wins G7 backing as presidential candidate

Katumbi is in a stronger position than previously after the **G7** group of parties endorsed him as their candidate for the presidency on 30 March.¹⁹ The group of parties who left the ruling MP coalition in September 2015 joined members of the opposition **Front Citoyen (FC)** coalition in backing the former governor of the former Katanga Province (see *ARC Briefing DRC January 2016*).²⁰ The G7's moderator, **Didier Molisho**, told supporters during a conference in **Kinshasa** that:

*"Moise Katumbi Chapwe presents the ideal profile to assume such leadership and realise the common programme in government of the G7."*²¹

Katumbi now has a largely united non-governing opposition behind him for the presidential election scheduled to take place in November, although he has not yet announced his candidacy.²² The timing of the announcement is a G7 ploy to ensure that Katumbi announces in time to put pressure on Kabila to hold the elections this year.²³ According to a source close to a G7 party:

⁸ Radio Okapi, 25 Apr 2016.

⁹ Radio Okapi, 25 Apr 2016.

¹⁰ Le Monde, 25 Apr 2016.

¹¹ Radio Okapi, 21 Apr 2016.

¹² Source, journalist, Lubumbashi

¹³ Reuters, 31 Mar 2016.

¹⁴ Reuters, 31 Mar 2016.

¹⁵ Reuters, 14 Apr 2016.

¹⁶ Reuters, 14 Apr 2016.

¹⁷ Radio Okapi, 6 Apr 2016.

¹⁸ Reuters, 14 Apr 2016.

¹⁹ Radio Okapi, 31 Mar 2016.

²⁰ Radio Okapi, 31 Mar 2016.

²¹ Molisho in Radio Okapi, 31 Mar 2016.

²² Radio Okapi, 31 Mar 2016.

²³ Jeune Afrique, 7 Apr 2016.

“The G7 need to appear ready for November...they want to be able to say to Katumbi that they tried and he was not ready if he does not do well against Kabila...this is not an ideological alliance but a pragmatic and political one.”²⁴

The announcement also strengthens the FC, which is still reportedly a fragile coalition of major and minor opposition parties.²⁵ The G7 also threw their support behind Katumbi to prevent the FC coalition fracturing when campaigning formally begins:

“It is easy to unite now, but as soon as the elections do go ahead each party will think of their own electoral chances...Kabila will try and split the FC by offering government positions and other inducements...the G7 are trying to force the FC to back Katumbi, and Katumbi to assume the figurehead leadership position.”²⁶

A major concern for Katumbi is that primary opposition party the **Union pour la Démocratie et le Progrès Social (UDPS)** has yet to announce its support for him. The **Mouvement de Liberation du Congo (MLC)**, the other major electoral rival to Kabila’s **Parti du Peuple pour la Reconstruction et la Démocratie (PPRD)**, is currently part of the ruling MP coalition (see *ARC Briefing DRC October 2015*). The **International Criminal Court (ICC)** convicted the MLC’s leader, **Jean Pierre Bemba**, of war crimes and crimes against humanity in March.²⁷ Bemba will face 30 years in prison and will cease to be an active influence in DRC politics.²⁸ Bemba and Kabila clashed during the last presidential term; however, without his leadership, key MLC figures are now part of the government.²⁹ Sources within the coalition believe that Katumbi can only pose a limited challenge without these key allies on side:

“Kabila is being paranoid about Katumbi...without other big players [the MLC and UDPS] they will win in Katanga, the Kivus [North Kivu and South Kivu provinces] and Kinshasa but Kabila has a solid lead over the rest of the country.”³⁰

However, an experienced commentator on DRC argues that Katumbi’s influence could be spreading:

*“I was recently in **Orientale Province**, a PPRD stronghold, and people spoke of Katumbi as a viable alternative to Kabila, they just didn’t know who they voted for to put him in government...it is still a long shot but if the FC stays together Katumbi could be a real challenger...if the widespread poor electoral practices don’t alter the results too radically.”³¹*

Commodities downturn bites as government cuts deficit to shore up franc

Prime minister **Augustin Matata Ponyo** announced on 7 April that the government had cut the public deficit by 66% in order to ensure the stability of the DRC franc.³² Ponyo provided no detail of how the government had reduced the deficit so sharply.³³ DRC has maintained high growth and the franc has remained stable against the US dollar through the current commodities downturn.³⁴ However, as extractive industries account for 98% of export earnings, the government is no longer able to guarantee both currency stability and a stable deficit.³⁵ The franc dropped 2.4% against the dollar from November 2015 to February, before stabilising at 960/\$.³⁶ The government is reportedly concerned over the impact of a currency slump. The new measures follow a series of other steps the government has taken since January to shore up the currency (see *ARC Briefing DRC January, March 2016*).

²⁴ Source, close to a G7 party, Kinshasa

²⁵ Jeune Afrique, 7 Apr 2016

²⁶ Source, close to a G7 party, Kinshasa

²⁷ BBC, 21 Mar 2016.

²⁸ BBC, 21 Mar 2016.

²⁹ BBC, 21 Mar 2016.

³⁰ Source, ruling coalition, Kinshasa

³¹ Source, experienced DRC commentator, Nairobi

³² La Phare, 7 Apr 2016.

³³ CRG, 8 Apr 2016.

³⁴ CRG, 8 Apr 2016.

³⁵ CRG, 8 Apr 2016.

³⁶ La Phare, 7 Apr 2016.

*"Certain economic operators and speculators were already projecting an exchange rate by the end of March 2016 of 1,500 Congolese francs per dollar if the causes of this evolution were not eradicated."*³⁷

The government also reduced a **Banque Centrale du Congo (BCC)** line of credit to **Banque Internationale pour l'Afrique au Congo (BAIC)**, the country's third largest bank. The BCC credit facility dropped from \$47m to \$5.4m per month with effect from the end of March.³⁸ BAIC has had to limit daily cash withdrawals to \$500 per person in response.³⁹ BAIC released a statement saying it would comply with a government plan to reduce costs, sell shares and recover outstanding debt.⁴⁰

Economic observers are sceptical over the government's handling of the issue:

*"Their assessment is correct – the currency is in danger of deflation – but the way they are going about it will make no difference as the international factors that are dragging down export receipts have not changed."*⁴¹

Others warn of taking the government's figures at face value:

*"The DRC government is essentially opaque in its economic figures...we should not believe they have cut their public debt by two thirds without a shred of evidence showing how this was done. It is likely they moved money around into the government current account, but where did that money come from? This is the interesting question..."*⁴²

Orange completes Tigo DRC purchase

France-based telecoms company **Orange** completed its purchase of mobile operator **Tigo DRC** on 21 April.⁴³ Orange purchased the 100% stake in the company from France-based **Millicom** for \$160m.⁴⁴ Orange's deputy CEO **Bruno Mettling** told the media:

*"With a population of more than 80 million people and a relatively low mobile penetration rate of 50% of the population, the country offers considerable growth potential."*⁴⁵

Orange is already operating in DRC as **Orange DRC** with a 14% market share. Tigo DRC has a 14% market share, which will give Orange a combined 28% market share.⁴⁶ This places it ahead of rivals **South Africa-based Vodacom Congo** and **Africell**, as well as **India-based Airtel DRC**.⁴⁷ Orange is implementing a large-scale African expansion programme. It has made four African purchases so far in 2016. It completed the acquisition of **Liberia-based Cellcom** on 7 April.⁴⁸ It purchased **Airtel** subsidiaries in **Burkina Faso** and **Sierra Leone** in January.⁴⁹ According to an industry analyst:

*"Orange is aggressively expanding into West and Central Africa as a major player alongside Vodacom and Airtel...it is carefully choosing markets where there is room to expand handset saturation where it will bring its expertise at developing market size to bear."*⁵⁰

³⁷ La Phare, 7 Apr 2016.

³⁸ La Phare, 7 Apr 2016.

³⁹ La Phare, 7 Apr 2016.

⁴⁰ La Phare, 7 Apr 2016.

⁴¹ Source, economist, Kinshasa

⁴² Source, experienced DRC commentator, Nairobi

⁴³ Reuters, 21 Apr 2016.

⁴⁴ Reuters, 21 Apr 2016.

⁴⁵ Mettling, in Reuters, 21 Apr 2016.

⁴⁶ Telecoms.com, 8 Apr 2016.

⁴⁷ Telecoms.com, 8 Apr 2016.

⁴⁸ Reuters, 21 Apr 2016.

⁴⁹ Reuters, 21 Apr 2016.

⁵⁰ Source, telecoms analyst (emerging markets), London

Implications

The electoral debate is currently focused on the personalities of Kabila and Katumbi, both backed by coalitions of political parties trying to make sense of the shape of the upcoming election campaign. It is highly unlikely that this will take place in 2016 – the constitutional court has enough leeway in the constitution to rule that Kabila can stay beyond his current term if CENI are unable to conduct an election. The judges are Kabila loyalists who will be glad the constitution does not force them into conflict with the administration. However, the ruling will lead to greater activism by the opposition, further government reaction and a subsequent decrease in political stability in DRC. In previous elections the security forces escalated their use of violence around the voting itself. However, in 2016 Kabila may authorise greater force against Katumbi as he poses a more significant threat than any other rival. Attacks on rallies and arrests of associates will build support for Katumbi. The possibility of the opposition coalition splitting, as happened in 2011, threatens his position more. Katumbi remains an outside contender in the electoral process but is slowly becoming a larger thorn in Kabila's side.

The government often speaks of its greatest achievement as macro-economic responsibility, measured through the 7-9% GDP growth it has posted over the last four years. Economic commentators have waited for some years to see when the inevitable impact of the commodities downturn would hit DRC. The government has absorbed significant losses as the prices of commodities have dropped since 2013. The radical deficit reduction announcement is the first sign of this. However, without any information about what the government has cut or liquidated in order to fund this, it is difficult to tell what the impact will be.

DRC remains an attractive, growing market in many sectors. The telecoms sector is one of the few markets in Africa where there are tens of millions of untapped customers for telecoms companies to bring on board. Orange has now positioned itself at the head of the pack and could make significant gains. However, much of DRC lacks the data/cell infrastructure for anything other than satellite connectivity. Orange and other telecoms operators will need to install signal towers, which themselves require an independent power supply, to extend their networks and the markets to the country's 40 million potential customers.

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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