

## AFRICA RISK CONSULTING DRC Monthly Briefing December 2017

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### DRC Summary 13 December 2017

**Allied Democratic Forces (ADF) rebels kill 15 soldiers and wound 53 others in an attack on a Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO) (United Nations Organization Stabilization Mission in the Democratic Republic of the Congo) company operating base in North Kivu. Opposition leader Félix Tshisekedi claims that the surge in ADF activity is due to the political crisis as President Joseph Kabila (2001-present) refuses to step down. Major international mining companies, including Switzerland-based Glencore Plc, Canada-based Ivanhoe Mines Ltd, Jersey-based Randgold Resources and South Africa-based AngloGold Ashanti Ltd, release a joint statement stating that there is "deep concern" over the revised DRC draft mining code. United Kingdom (UK)-based Sula Iron and Gold (now known as African Battery Metals) intends to develop a cobalt mine in the DRC.**

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### United Nations peacekeepers killed in Allied Democratic Forces attack in DRC

**Allied Democratic Forces (ADF)** rebels killed 15 soldiers and wounded 53 others in an attack on 7 December against a **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)** (United Nations Organization Stabilization Mission in the Democratic Republic of the Congo) company operating base located in **Semuliki**, about 45km from the town of **Beni**, in northeastern **Democratic Republic of the Congo (DRC)**.<sup>1</sup> The attack was reportedly well coordinated and the attackers were armed with mortars and rocket-propelled grenades, destroying two armoured personnel-carriers, an ambulance and a truck before retreating.<sup>2</sup> The four-hour long attack occurred at dusk, thus the MONUSCO attack helicopters remained grounded as they have limited night vision equipment.<sup>3</sup> The **United Nations (UN)** deputy spokesperson for the secretary-general, **Farhan Haq**, said that the peacekeepers killed were mainly from **Tanzania** and the DRC and that it was "a very huge attack, certainly the worst in recent memory".<sup>4</sup> UN secretary-general **Antonio Guterres** stated on 9 December that he

*"...condemn[s] this attack unequivocally. These deliberate attacks against UN peacekeepers are unacceptable and constitute a war crime."<sup>5</sup>*

Guterres said that additional military reinforcements are in place, as is the force commander who is coordinating MONUSCO's response and evacuating casualties from the area.<sup>6</sup> The UN and MONUSCO have vowed to bring the ADF to justice.<sup>7</sup> MONUSCO head **Maman Sidikou** called attacks against those who are working in the service of peace and stability in the DRC "cowardly".<sup>8</sup>

The attacked UN peacekeeping base houses MONUSCO's rapid intervention force, one of the few forces allowed to offensively attack rebels.<sup>9</sup> The force is mandated to "neutralize and disarm" groups

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<sup>1</sup> Multiple sources: Business Day, 9 Dec 2017; News24, 8 Dec 2017.

<sup>2</sup> The Guardian, 8 Dec 2017.

<sup>3</sup> The Guardian, 8 Dec 2017.

<sup>4</sup> News24, 8 Dec 2017.

<sup>5</sup> Business Day, 9 Dec 2017

<sup>6</sup> Sky News, 8 Dec 2017.

<sup>7</sup> Business Day, 9 Dec 2017

<sup>8</sup> Business Day, 9 Dec 2017

<sup>9</sup> News24, 8 Dec 2017.

considered a threat to peace.<sup>10</sup> This is the second ADF attack against UN peacekeepers in the region. ADF members are suspected of killing two UN peacekeepers and wounding 12 in an ambush in October (see *ARC Briefing DRC October 2017*).<sup>11</sup>

The DRC government and MONUSCO accuse the ADF of killing more than 700 people in the Beni region since October 2014.<sup>12</sup> While the ADF's members are mainly **Muslim**, there are no proven links between the ADF rebels and Islamist extremist organisations in **Africa**.<sup>13</sup> However, a video recently surfaced in which fighters thought to be members of the ADF pledged allegiance to the **Islamic State**.<sup>14</sup> Director of the **Congo Research Group** at **New York University**, **Jason Stearns**, states that:

*"The ADF is an Islamist armed group which imposes discipline based on a strict interpretation of the sharia and which is known to be extremely brutal. It is very likely the ADF were involved but also other groups... the ADF has been in the area for 20 years and has deep links with all kinds of people."*<sup>15</sup>

The ADF's motive for the attack is unclear, but Stearns states that it is possibly politically motivated:

*"Armed groups are political animals... they feel that something is going to happen – elections, negotiations, whatever – so are positioning themselves."*<sup>16</sup>

ADF members are known to fund their operations by preying on the mining industry in **North Kivu Province** through extortion and other 'gangster'-like behaviour.<sup>17</sup>

Opposition leader **Félix Tshisekedi** claims that the surge in ADF activity is due to the political crisis resulting from President **Joseph Kabila's** (2001-present) refusal to step down as the DRC attempts to hold elections, originally scheduled for December 2016 and now re-scheduled for December 2018 (see *ARC Briefing DRC November 2017*):

*"Kabila does not have any intention to leave power... his strategy is to spread chaos across the country and then delay elections because he'll claim there is too much violence."*<sup>18</sup>

The attack was the worst loss of life to a UN peacekeeping force since 1993 when 24 soldiers from **Pakistan** were killed in **Somalia**.<sup>19</sup> Looking ahead to 2018, there is not much optimism for the DRC. **Stephanie Wolters**, head of the peace and security research programme at the **Institute for Security Studies**, states that:

*"[DRC] is going to go pretty badly next year. The humanitarian crisis is up there with **Yemen** and **Syria** and the situation is degrading, the region is getting nervous and the overall situation will become more fractured and more violent."*<sup>20</sup>

The attack may result in a push by the UN to increase its troops and capabilities in the region. Despite good intentions, the UN may struggle to do so as the UN budget is being cut at the behest of the UN's largest contributor, the **United States (US)**.<sup>21</sup> President **Donald Trump** (2017-present) campaigned on cutting foreign aid and contributions to the UN.<sup>22</sup> The budget cuts will force the UN to close missions or scale back operations, including peacekeeping missions, which will make it difficult for MONUSCO to respond to ADF attacks. This may embolden the ADF and other rebel groups, for further

<sup>10</sup> Sky News, 8 Dec 2017.

<sup>11</sup> Business Day, 9 Dec 2017

<sup>12</sup> Business Day, 9 Dec 2017

<sup>13</sup> News24, 8 Dec 2017.

<sup>14</sup> The Guardian, 8 Dec 2017.

<sup>15</sup> The Guardian, 8 Dec 2017.

<sup>16</sup> The Guardian, 8 Dec 2017.

<sup>17</sup> New York Times, 8 Dec 2017.

<sup>18</sup> The Guardian, 8 Dec 2017.

<sup>19</sup> Business Day, 9 Dec 2017

<sup>20</sup> The Guardian, 8 Dec 2017.

<sup>21</sup> VOA News, 12 Dec 2017.

<sup>22</sup> VOA News, 12 Dec 2017.

attacks against UN personnel. The UN stated that it was coordinating a response with DRC military officials, though it is unclear if and when the response would occur. While Tshisekedi's allegations that Kabila seeks conflict around the DRC to further postpone elections are unverified, it may be Kabila's only opportunity to remain in power. Kabila's extended mandate expires at the end of 2017 but there has yet to be any announcement of a possible transitional or caretaker government. It appears likely that Kabila will stay in power until the scheduled elections in December 2018. However, while the DRC's **Commission Electorale Nationale Indépendante (CENI)** (independent national electoral commission) has set election dates, it is still unclear whether CENI will be able to organise elections for this time, considering it had previously said it would be impossible to hold elections before April 2019 (see *ARC Briefing DRC October 2017*).

### Mining companies oppose the DRC's draft mining code

Major international mining companies, including **Switzerland-based Glencore Plc**, **Canada-based Ivanhoe Mines Ltd**, **Jersey-based Randgold Resources** and **South Africa-based AngloGold Ashanti Ltd**, released a joint statement on 11 December that there is "deep concern" over the revised DRC draft mining code.<sup>23</sup> The government introduced a revised mining code in May, stating it was essential to enhance public revenue.<sup>24</sup> The DRC's national assembly reportedly approved the changes to the code in early December and has sent it to the senate for approval.<sup>25</sup> The companies stated that the main objective of the revised mining code is to immediately increase all taxes, charges and duties levied under the 2002 mining code.<sup>26</sup> The mining companies said this amounted to

*"... unilateral revision of the tax and legal system currently governing the system [which] represents a strong negative signal sent out by the DRC which could do nothing but undermine – for a long period of time – the confidence of the stakeholders in the sector."*<sup>27</sup>

The companies argue that the 2002 mining code established a stability mechanism that guaranteed a 10-year period of legal certainty for investors, meaning that current titleholders would have a 10-year exemption period before the proposed increases came into effect.<sup>28</sup> Previous plans to change the mining code in 2015 were suspended due to industry pressure.<sup>29</sup> The joint statement follows earlier warnings in April from Randgold Resources chief executive officer **Mark Bristow** that the draft code "could be catastrophic to the DRC economy".<sup>30</sup>

The DRC government reportedly owes \$1 billion in unpaid VAT liabilities to the mining sector.<sup>31</sup> Mining accounted for 98% of the DRC's exports and 25% of government revenue, and contributed 21% of the DRC's gross domestic product in 2015.<sup>32</sup>

Despite the proposed mining code revisions, junior miners still appear to see the DRC as a potential investment area. **United Kingdom (UK)-based Sula Iron and Gold** (now known as **African Battery Metals**) plans to develop a cobalt mine in the DRC, according to reports on 11 December.<sup>33</sup> Sula Iron and Gold had focused on iron ore and gold in **Sierra Leone**, but shifted focus after purchasing a licensed mining area from DRC lawyer and businessman **Jean-Pierre Mwamby** for \$100,000.<sup>34</sup> Mwamby will retain a 30% share in African Battery Metals. African Battery Metals plans to begin

<sup>23</sup> Mining MX, 12 Dec 2017.

<sup>24</sup> Construction and Civil Engineering News, 12 Dec 2017.

<sup>25</sup> Mining Journal, 12 Dec 2017.

<sup>26</sup> Mining MX, 12 Dec 2017.

<sup>27</sup> Mining MX, 12 Dec 2017.

<sup>28</sup> Mining MX, 12 Dec 2017.

<sup>29</sup> Mining Journal, 12 Dec 2017.

<sup>30</sup> Mining MX, 12 Dec 2017.

<sup>31</sup> Mining MX, 12 Dec 2017.

<sup>32</sup> Mining MX, 12 Dec 2017.

<sup>33</sup> Daily Mail, 11 Dec 2017.

<sup>34</sup> Daily Mail, 11 Dec 2017.

exploration of the 55 square kilometer licence area, which is near existing cobalt and copper mines, in 2018.<sup>35</sup>

The government needs to revise the mining code to increase revenue as it struggles with several conflicts throughout the country, as well as decreased financial support from international donors as long as Kabila remains in power. If passed, it is unlikely that the mining companies would pull out of the DRC, which holds large reserves of several precious metals and minerals. However, the companies may decide to withhold payments until the legal process is completed, which would severely hamper the DRC economy. While Kabila needs the revenue from the mining sector, the government may feel it can rely on junior miners to pick up any unused licences if the major international mining companies decide to leave.

### Planner

13 Jan 2019 **(DRC)** President to be sworn into office;  
 9 Jan 2019 **(DRC)** Electoral results published;  
 23 Dec 2018 **(DRC)** President, legislative and provincial elections scheduled;  
 31 Dec 2017 **(DRC)** Final date for elections to be held as per the December 2016 agreement;

### Chronology

12 Dec 2017 **Kinshasa (DRC)** *Mining MX*. Major international mining companies release joint statement stating 'deep concern' over revised mining code;  
 7 Dec 2017 **North Kivu (DRC)** *Times Live*. **Allied Democratic Forces (ADF)** rebels attack a **United Nations** military base, killing 15 soldiers and wounding 53;  
 5 Dec 2017 **Kinshasa (DRC)** *Mining Review*. **Amani Gold** is unable to procure its extension for a feasibility study at the **Giro** gold project;  
 4 Dec 2017 **Kinshasa (DRC)** *Africa News*. **Switzerland**-based **Nestle** announces it will shut its DRC plant by February 2018;  
 11 Dec 2017 **Kinshasa (DRC)** *Al Jazeera*. **Human Rights Watch** alleges that the DRC government mobilised more than 200 former **M23** fighters to arrest and kill people during anti-Kabila protests in December 2016;  
 11 Dec 2017 **London (UK)** *Daily Mail*. **United Kingdom**-based **African Battery Metals** (previously known as **Sula Iron and Gold**) plans to explore for cobalt in a DRC-licensed area;  
 29 Nov 2017 **New York (US)** *News24*. The **UN Security Council** warns the DRC to stick to the December 2018 election timetable and ensure no more delays;

<sup>35</sup> Daily Mail, 11 Dec 2017.