

## AFRICA RISK CONSULTING

### DRC Monthly Briefing January 2018

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#### DRC Summary 19 January 2018

*The Office of the United Nations High Commissioner for Human Rights (OHCHR) expresses its concerns in a statement about the actions of Democratic Republic of the Congo (DRC) security forces. The UN claims that militias in eastern DRC are uniting to force President Joseph Kabila (2001-present) to step down, exacerbating an already tense humanitarian situation. DRC's national assembly passes a revised mining code on 8 December which raises mining royalties. The revised mining code increases taxes on 'strategic metals', which is likely to include cobalt, a key ingredient in renewable batteries.*

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

The actions of **Democratic Republic of the Congo (DRC)** security forces “deeply alarmed” the **United Nations (UN)**, according to a statement from the **Office of the United Nations High Commissioner for Human Rights (OHCHR)** on 8 January.<sup>1</sup> The statement was in reference to protests against President **Joseph Kabila** (2001-present) in **Kinshasa** on 7 January during which security forces allegedly fired live ammunition, rubber bullets and tear gas grenades, “in some cases at point blank range”.<sup>2</sup> While the DRC government maintains that nobody was killed, the OHCHR claims that at least five people were killed and 92 injured.<sup>3</sup> However, the OHCHR said it could not confirm the number of casualties as defence and security forces denied its staff access to morgues, hospitals and detention centres.<sup>4</sup>

The protests stem from opposition and **Catholic Church** demands that Kabila declare that he will not stand for re-election in the scheduled presidential elections at the end of 2018.<sup>5</sup> Kabila’s mandate ended in December 2016, but he has refused to step down and elections have been consistently postponed. UN secretary-general **Antonio Guterres** reiterated the call for Kabila to respect the agreed electoral calendar, though did not ask for Kabila to resign. Guterres stated that the DRC government must hold elections on 23 December 2018 but acknowledged the risk that elections could be delayed again in the “current politically polarised climate”.<sup>6</sup>

The UN and its organisations have warned that militia groups are organising against Kabila, which could contribute to an increasing humanitarian crisis. **Jean-Philippe Chauzy**, the chief envoy to the DRC for the UN migration agency, the **International Organisation for Migration (IOM)**, claimed on 17 January that militias in eastern DRC are uniting in opposition to Kabila’s rule.<sup>7</sup>

*“What we hear is while initially some armed groups were in it for themselves – they would burn a village and pillage, rape, burn and scorch the earth – it seems now they have more of a political agenda. We now have it seems a coalition of various militia groups – it’s a myriad, a cluster of illegal irregular armed groups, about 70 of them at the last count, probably more – that seem to be coalescing on the political agenda, which is transition without President Kabila.”<sup>8</sup>*

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<sup>1</sup> News24, 8 Jan 2018.

<sup>2</sup> News24, 8 Jan 2018.

<sup>3</sup> News24, 8 Jan 2018.

<sup>4</sup> News24, 8 Jan 2018.

<sup>5</sup> News24, 8 Jan 2018.

<sup>6</sup> Zimbabwe Herald, 12 Jan 2018.

<sup>7</sup> Defenceweb, 18 Jan 2018.

<sup>8</sup> Jean-Philippe Chauzy quoted in Defenceweb, 18 Jan 2018.

Chauzy stated that the militia groups in eastern DRC were able to form due to the UN's focus on the crisis in **Kasai**.<sup>9</sup> UN agencies, the **World Food Programme (WFP)**, **UNICEF**, and the **Food and Agriculture Organisation (FAO)** reiterated that the crisis in Kasai, which has been in conflict since a tribal chieftain, **Kawmina Nsapu**, was killed in September 2016 (see *ARC Briefing DRC* September 2016), needs urgent action. **Claude Jibidar**, the DRC country chief for the WFP, added that without donor support increases, there could be "a major famine".<sup>10</sup> Due to the displacement in the region, three planting seasons have been missed and severe malnutrition rates in Kasai have increased by 75%.<sup>11</sup>

Chauzy claimed on 16 January that the crisis in DRC has hit a "breaking point".<sup>12</sup> To counter the humanitarian crisis, the UN is seeking \$1.68 billion in funding for 2018 just for the DRC, double the amount requested in 2017:<sup>13</sup>

*"Funding levels are at their lowest for many years, with DRC seeming to have 'fallen off the map' for many donors, at a time when we are facing vastly increased humanitarian needs. The uncertainty about the electoral process... is a Damocles Sword of the DRC and fueling in many ways the conflict and the uncertainty throughout the country."*<sup>14</sup>

Attacks against civilians and UN peacekeepers have led the UN to begin investigations into the attacks. The UN announced on 16 January that it will investigate the deaths of 39 **Burundi** nationals killed in clashes with DRC soldiers on 15 September 2017.<sup>15</sup> DRC soldiers allegedly opened fire on people protesting the detention of a small group of Burundians in **South Kivu** (see *ARC Briefing DRC September 2017*).<sup>16</sup> **Nigerian** lieutenant-general (ret.), **Chikadibia Isaac Obiakor**, will lead the investigation, which will also look at the response of **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) peacekeepers.<sup>17</sup> This is in addition to its investigation, announced on 5 January, into the attack on 7 December that killed 15 **Tanzanian** peacekeepers.<sup>18</sup> The **Islamist** group, the **Uganda-based Allied Democratic Forces**, reportedly carried out the attack (see *ARC Briefing DRC December 2017*). The investigation, led by former UN assistant secretary-general **Dmitry Titov**, will examine the circumstances around the attack and the preparedness of the MONUSCO mission in North Kivu.<sup>19</sup> Ugandan President **Yoweri Museveni** (1986-present) claimed after a meeting with UN officials that "the United Nations is responsible for preserving terrorism in the DRC."<sup>20</sup> Museveni did not elaborate and the Ugandan presidency did not explain his comment.<sup>21</sup>

## DRC revises mining code

DRC's **Assemblée Nationale** (national assembly, lower house of parliament) passed a revised mining code on 8 December that raises mining royalties.<sup>22</sup> The revised mining code must still be passed in the senate, which began examining the revised law on 2 January.<sup>23</sup> The revised code increases the DRC's stake in mining companies and will prioritise buying from suppliers or outsourcing tasks from

<sup>9</sup> Defenceweb, 18 Jan 2018.

<sup>10</sup> News24, 17 Jan 2018.

<sup>11</sup> PM News Nigera, 18 Jan 2018.

<sup>12</sup> News24, 17 Jan 2018.

<sup>13</sup> News24, 17 Jan 2018.

<sup>14</sup> PM News Nigeria, 18 Jan 2018.

<sup>15</sup> News24, 17 Jan 2018.

<sup>16</sup> News24, 17 Jan 2018.

<sup>17</sup> News24, 17 Jan 2018.

<sup>18</sup> VOA News, 5 Jan 2018.

<sup>19</sup> VOA News, 5 Jan 2018.

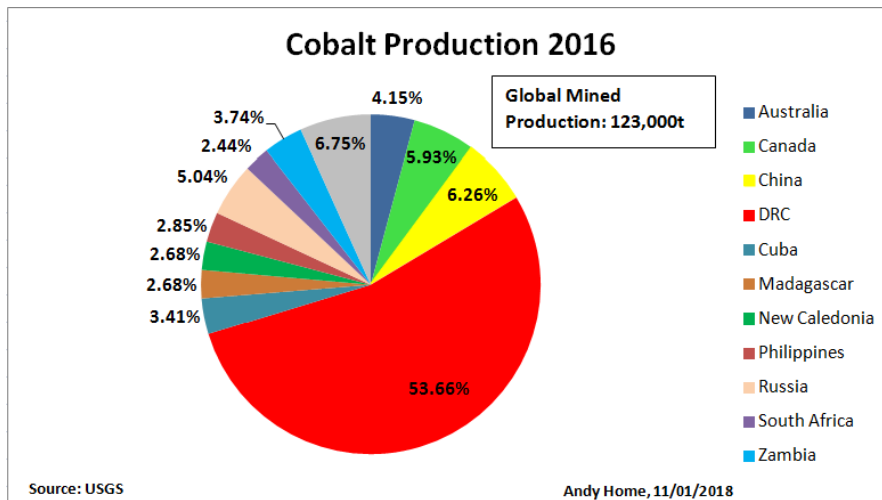
<sup>20</sup> Zimbabwe Chronicle, 18 Jan 2018.

<sup>21</sup> Zimbabwe Chronicle, 18 Jan 2018.

<sup>22</sup> Biz Community, 18 Jan 2018.

<sup>23</sup> Multiple sources: Biz Community, 18 Jan 2018; Business Day, 10 Jan 2018.

companies that are majority-owned by DRC nationals.<sup>24</sup> The code will also change contract stability from ten years to five years, which may cause instability for large cobalt consumers, such as **Apple** and **Tesla**.<sup>25</sup> Taxes are set to increase to 6% on precious stones and from 2% to 5% for 'strategic metals',<sup>26</sup> which is likely to include cobalt, a key ingredient in batteries,<sup>27</sup> particularly those used in electric vehicles.<sup>28</sup> Currently cobalt is referenced as a base metal, in which the tax will increase from 2% to 3.5%.<sup>29</sup> The price of cobalt has risen 127% in one year to \$75,000 a tonne.<sup>30</sup> The DRC is the world's leading cobalt producer.<sup>31</sup>



According to DRC mines minister, **Martin Kabwelulu**, the revised code should

*"...make the mines a true motor of the development of the country."*<sup>32</sup>

Government officials see the 2002 code as detrimental to the country and to the benefit of mining companies as it was passed during the second Congo war when the government wanted to attract investment.<sup>33</sup> According to **Henri Muhiya**, the executive director of **Conférence Episcopale Nationale du Congo (CENCO)** (National Episcopal conference of the Congo),

*"We've realised that the investors indeed came, but the profits weren't shared out in a fair way between them and the country. We're going to try and find a balance."*<sup>34</sup>

Mining companies, including **Switzerland**-based **Glencore** and **United Kingdom (UK)**-based **Randgold**, have stated that the new mining code will *"significantly weaken the confidence of investors."*<sup>35</sup>

While the revised mining code will weaken investors' confidence, the companies are likely to stay as long as commodity prices remain high. However, the revised code is also likely to upset anti-corruption NGOs who contend that despite the natural wealth present in the DRC, the vast majority of the country lives in deep poverty and increased mining revenue is likely to further benefit the elite rather than the poor. According to UK-based NGO, **Global Witness**, the mining sector was the

<sup>24</sup> Biz Community, 18 Jan 2018.

<sup>25</sup> Small Caps, 18 Jan 2018.

<sup>26</sup> Business Day, 10 Jan 2018.

<sup>27</sup> Biz Community, 18 Jan 2018.

<sup>28</sup> Mining Review, 18 Jan 2018.

<sup>29</sup> Business Day, 10 Jan 2018.

<sup>30</sup> Biz Community, 18 Jan 2018.

<sup>31</sup> Biz Community, 18 Jan 2018.

<sup>32</sup> Biz Community, 18 Jan 2018.

<sup>33</sup> Biz Community, 18 Jan 2018.

<sup>34</sup> ENCA, 17 Jan 2018.

<sup>35</sup> Biz Community, 18 Jan 2018.

government's "cash machine" and the revenues were wasted by a "toxic combination of corruption and mismanagement".<sup>36</sup> Similarly, the **United States (US)**-based **Carter Center** estimated that DRC state-owned mining company, **Gecamines**, could not account for \$750m generated by mining production between 2011 and 2014, and was likely lost due to corruption.<sup>37</sup>

### 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

### Chronology

17 Jan 2018 **Geneva (Switzerland) United Nations** announces it needs \$1.68 billion to respond to humanitarian crisis in the **Democratic Republic of the Congo (DRC)**;

14 Jan 2018 **Vancouver (Canada) Baystreet**. **Canada-based Bankers Cobalt Corp** raises \$7m for exploration in DRC;

14 Jan 2018 **Johannesburg (South Africa) Mining Weekly**. **China-based Huayou Cobalt** makes \$10m strategic investment in **Australia-based Nzuri Copper** to advance copper and cobalt mines in DRC;

10 Jan 2018 **Kinshasa (DRC) News24**. Electronic voting machines arrives in DRC from **South Korea** to help the election in December 2018;

8 Jan 2018 **Johannesburg (South Africa) Mining Weekly**. **Canada-based Ivanhoe Mines** states that **Kakula** mine in DRC is connected to electricity grid;

6 Jan 2018 **Kinshasa (DRC) Al Jazeera**. **United Nations** announces it will investigate the killing of 15 peacekeepers;

2 Jan 2018 **Kinshasa (DRC) Bizcommunity**. Revised mining code is sent to the DRC senate;

31 Dec 2018 **Kampala (Uganda) Xinhua**. **Uganda** requests authorisation to hunt **Allied Democratic Forces** members inside DRC;

20 Dec 2017 **(DRC, Uganda) Reuters**. Congolese and Ugandan armed forces officials agree to launch a joint operation against the DRC-based rebel group, the **Allied Democratic Forces**, allegedly the perpetrators of an attack that killed 15 **United Nations** peacekeepers;

19 Dec 2017 **Kinshasa (DRC) News24**. Day of protest against President **Joseph Kabila** (2001-present) results in only small turnouts in several cities;

8 Dec 2017 **Kinshasa (DRC) Bizcommunity**. DRC national assembly passes revised mining code.

<sup>36</sup> Biz Community, 18 Jan 2018.

<sup>37</sup> Biz Community, 18 Jan 2018.

### About Africa Risk Consulting:

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