

## AFRICA RISK CONSULTING DRC Monthly Briefing June 2019

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### DRC Summary 11 June 2019

*President Felix Tshisekedi (2019-present) appoints Sylvestre Ilunga Ilukamba as prime minister in a political deal with former President Joseph Kabila (2001-2019). France-based oil major Total S.A. relinquishes its stake in oil exploration block 3 in eastern Democratic Republic of the Congo (DRC), leaving the DRC without an oil major exploring in-country. Islamic terrorist group Islamic State in Syria (ISIS) (or the Islamic State in the Levant (ISIL)) claims responsibility for recent attacks inside the DRC.*

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### Tshisekedi names Sylvestre Ilunga Ilukamba as prime minister in political deal

President **Felix Tshisekedi** (2019-present) appointed **Sylvestre Ilunga Ilukamba** as prime minister on 20 May in a political deal with former President **Joseph Kabila** (2001-2019).<sup>1</sup> The appointment is a political compromise as Ilukamba is a Kabila ally, although it remains to be seen whether Ilukamba will toe the **Front Commun pour le Congo (FCC)** coalition party line or work with Tshisekedi to present meaningful legislative changes.

Ilukamba is a career politician. He served as finance minister from 1990-1991 under President **Mobutu Sese Seko** (1965-1997) and was head of the DRC's national railway company, the **Société nationale des Chemins de fer du Congo (SNCC)** (national railway company of the Congo), from 2014.<sup>2</sup> Ilukamba also worked as an economic adviser to Kabila as part of the **Comité de Pilotage de la Réforme des Entreprises du Portefeuille de l'Etat (COPIREP)** (steering committee for the reform of the state portfolio enterprises) in the early 2000s.<sup>3</sup>

Tshisekedi and Kabila issued a statement in March confirming that they would govern together as part of a coalition government. This came as no surprise, given allegations that the December 2018 election was flawed and that actual results showed that **Martin Fayulu** had won the election (see *ARC Briefing DRC January 2019*). The likelihood of a political deal between Tshisekedi and Kabila during the elections was high – Kabila's hand-picked successor, **Emmanuel Ramazani Shadary**, performed so poorly in the elections that any attempt to install him would have resulted in international condemnation and civil conflict. The coalition government allows Kabila to continue to influence domestic political affairs.

Kabila, as head of the FCC coalition that holds the majority of seats in the national assembly, worked with Tshisekedi to find a prime minister who would be acceptable to both parties. Tshisekedi, as president, had the final say on who would be appointed prime minister, although the constitution dictates that the prime minister must come from the majority bloc in the national assembly, in this case the FCC. Kabila proposed Ilukamba as a nominee for prime minister along with several other candidates, including **Albert Yuma**, head of DRC's state-owned mining company, **Gecamines**. Tshisekedi rejected Yuma's nomination for prime minister in April (see *ARC Briefing DRC April 2019*) and appeared to stand firm against other Kabila-allied nominees, such as current interior minister **Henri Yav Mulang** and former security adviser to Kabila, **Jean Mbuyu**.<sup>4</sup> However, in a further sign of Kabila's influence over government affairs, Tshisekedi re-appointed Yuma – a major Kabila-ally – as

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<sup>1</sup> Al Jazeera, 20 May 2019

<sup>2</sup> Al Jazeera, 20 May 2019

<sup>3</sup> The Africa Report, 28 May 2019

<sup>4</sup> Africanews, 9 Apr 2019

Gecamines chair on 4 June.<sup>5</sup> Tshisekedi is likely to have had as much objection to Yuma's appointment as Gecamines chair as for prime minister.<sup>6</sup> As Gecamines chair, Yuma acted as Kabila's right-hand man, introducing tax hikes and changes to the mining code that increased the cost of doing business in the sector, as well as introducing multiple legal challenges against foreign mining companies. These resulted in sizeable settlements for Gecamines and the government, such as when **Switzerland**-based **Glencore** wrote off \$5.6 billion in Gecamines debt at the **Kamoto Copper Company** in June 2018.<sup>7</sup>

Although Ilukamba is a consensus choice between Tshisekedi and Kabila, he is a Kabila-ally and comes from the same **Luba** ethnic group of **Katanga** as Kabila. The test of whether he can act independently of Kabila in the interests of the DRC will be the naming of his cabinet. Ilukamba will include some Tshisekedi-loyal **Union pour la Démocratie et le Progrès Social (UDPS)** ministers as a compromise, although FCC and Kabila-allied members are likely to win the top spots in the finance, defence and mining ministries.<sup>8</sup>

Ilukamba's next test will be his legislative agenda. Tshisekedi has said he will deal with the continuing violence in northeastern DRC, which has exacerbated an **Ebola** epidemic and which reportedly now includes **Islamic** militant fighters from **ISIS** (see below). He has also pledged to open up the DRC economy and become more investor friendly. Kabila kept tight control over the economy, using it as a source of patronage to keep him in power. He directed little funding to the military for the war in the northeast, which is far from **Kinshasa** and his powerbase, but used the conflict as a justification for continuing his political reign. Kabila's influence in DRC's politics is still strong and he will attempt to drive the legislative agenda, possibly including legislative changes to allow him to run again in 2023.

### Total to exit DRC oil exploration block

**France**-based oil major **Total S.A** is relinquishing its stake in oil exploration block 3 in eastern DRC, leaving the DRC without an oil major exploring in-country. Total's exit is a financial decision rather than a sign that DRC's oil exploration prospects have dried up, and opens the market to juniors to explore in a high-risk, high-reward environment. Total is a partner in the block with **South Africa**-based **Efora Energy Ltd**, **South Africa**-based **Divine Inspiration Group Ltd**, and the DRC government-owned **Société Nationale des Hydrocarbures**.<sup>9</sup> Efora Energy estimates there may be 1.2 billion recoverable barrels of oil in the area.<sup>10</sup> Total has been involved in exploration in the block since March 2011. The licence initially expired in January 2016, but has been extended, most recently from January 2019 to July.<sup>11</sup> However, Total appears to have decided to quit the consortium in January, stating that the production sharing contract and exploration licences expired on 27 January 2019.<sup>12</sup>

Oil minister **Aime Ngoy Mukena** confirmed on 29 May that Total has relinquished its interest<sup>13</sup> and confirmed that the licence was extended until July.<sup>14</sup> Mukena stated that Total was not present for negotiations in January and that the company plans to focus on developing its block in **Uganda**, close to the DRC block, which is at a more advanced stage.<sup>15</sup> Total will remain active in the DRC with 45 petrol stations, but its exploration and production company will leave the country.<sup>16</sup> Efora Energy is likely to increase its working interest in the block to 42.5% with Total's exit, though it is unclear whether other partners also have an option to increase their stake.<sup>17</sup>

<sup>5</sup> FT, 4 Jun 2019

<sup>6</sup> FT, 4 Jun 2019

<sup>7</sup> FT, 4 Jun 2019

<sup>8</sup> RFI Afrique, 21 May 2019

<sup>9</sup> Bloomberg, 29 May 2019

<sup>10</sup> Bloomberg, 29 May 2019

<sup>11</sup> Bloomberg, 29 May 2019

<sup>12</sup> Bloomberg, 29 May 2019

<sup>13</sup> S&P Global, 28 May 2019

<sup>14</sup> Bloomberg, 29 May 2019

<sup>15</sup> S&P Global, 28 May 2019

<sup>16</sup> Bloomberg, 29 May 2019

<sup>17</sup> S&P Global, 28 May 2019

Environmental rights groups have criticised block 3, part of which lies in the protected **Virunga National Park**. The January licence renewal stipulated that 50% of the total area had to be relinquished to the DRC government, which should largely include the area inside the Virunga National Park.<sup>18</sup>

While Total has not given more information about its decision to leave, it is unlikely to do with politics (Tshisekedi's electoral victory was, while flawed, a positive development) or a response to environmental demands (the licence extension removes Virunga National Park from the block). Total's Ugandan block is more developed and likely to provide a quicker return on investment than the DRC block. The exit of the only oil major in the DRC is not a sign that other oil companies will pull out, but helps to open up the market to junior players who are more willing to take the risks for potentially large rewards.

### ISIS claims responsibility for attacks in northeastern DRC

Islamic terrorist group, the **Islamic State in Syria (ISIS)** (or the **Islamic State in the Levant (ISIL)**), claimed responsibility on 5 June for attacks in **Beni** in DRC's north-eastern **North-Kivu Province** in which members of the Uganda-based Islamist group, **Allied Democratic Forces (ADF)**, killed 13 civilians.<sup>19</sup> While there is no definitive proof of ISIS involvement, could result in increased capacity for attacks, which would be a concern for both the government and investors. The ADF has not yet claimed allegiance to ISIS.<sup>20</sup> ISIS also claimed responsibility for an attack in the DRC on 16 April, stating that it had killed three government soldiers in **Bovata** village near the Ugandan border.<sup>21</sup> A government spokesperson confirmed the attack and said the attackers were part of the ADF, which has attacked government forces in the past (see *ARC Briefing DRC October 2017* and *ARC Briefing DRC December 2017*).<sup>22</sup> However, President Tshisekedi stated during his visit to the **United States (US)** in April that ISIS members have infiltrated the ADF and called for the creation of a caliphate in central DRC.<sup>23</sup> The ISIS attempt to create a caliphate in the **Middle East** has since faltered.

There is little evidence that the ADF, or other rebel groups in DRC and Uganda, are part of ISIS and it is more likely that the governments of both countries are hoping for anti-terrorist assistance from the US.<sup>24</sup> **US Africa Command** spokeswoman **Samantah Reho** said she thinks the ADF has "*meaningful ties*" to ISIS, but did not elaborate.<sup>25</sup> ISIS has also claimed responsibility for attacks in northern **Mozambique**, where security forces have struggled to contain reported Islamist attacks since November 2017.

While there is no conclusive proof that the ADF is now part of ISIS, there are reports that some ADF fighters have taken notice of ISIS and its propaganda. **Forces Armées de la République Démocratique du Congo (FARDC)** troops found an **Arabic** book, written by the ISIS research and studies office, on the body of an enemy combatant in February 2018.<sup>26</sup> The US-based **Congo Research Group** says that ISIS has sent funds to the ADF via **Waleed Ahmed Zein**, a **Kenyan** national who was an ISIS financial facilitator.<sup>27</sup> This pattern also fits other ISIS branches in which ISIS has co-opted established groups into becoming part of ISIS.

However, even if there is now a link to ISIS, the ADF has not increased its capacity greatly over the past few years. An ISIS link could increase the ADF's capacity, both by increasing its membership – it is cheaper for potential jihadists from **Sudan** or **North Africa** to reach the DRC than the **Middle East** – or increasing funding and arms shipments. Tshisekedi and Ilukamba will need to work together to

<sup>18</sup> [www.savevirguna.com](http://www.savevirguna.com)

<sup>19</sup> Al Jazeera, 5 Jun 2019

<sup>20</sup> Reuters, 5 Jun 2019

<sup>21</sup> Al Jazeera, 5 Jun 2019

<sup>22</sup> Bloomberg, 19 Apr 2019

<sup>23</sup> Bloomberg, 19 Apr 2019

<sup>24</sup> Bloomberg, 19 Apr 2019

<sup>25</sup> Bloomberg, 19 Apr 2019

<sup>26</sup> New York Times, 20 Apr 2019

<sup>27</sup> New York Times, 20 Apr 2019

move more resources to this area to stop the attacks and regain control of the situation (see above). Meaningful service delivery and economic development may help to prevent future conflict, not only from the ADF or Islamist groups, but from the many other rebel groups operating in the area.

### Planner

19-21 Jun 2019 **Lubumbashi (DRC)** DRC Mining Week  
 2023 **(DRC)** Scheduled presidential and parliamentary elections;

### Chronology

6 Jun 2019 **Beni (DRC)** *Devex*. **Centers for Disease Control and Prevention** director **Robert Redfield** says that responders will run out of **Ebola** vaccine before more can be produced;

5 Jun 2019 **Beni (DRC)** *Al Jazeera*. Islamist group **ISIS** claims responsibility for the attack in **Beni**;

4 Jun 2019 **Kinshasa (DRC)** *FT*. State-owned mining company **Gecamines** reappoints former President **Joseph Kabila** ally **Albert Yuma** as chairman;

1 Jun 2019 **Kinshasa (DRC)** *France24*. The government holds a funeral for former opposition leader **Etienne Tshisekedi**, two years after his body was repatriated from **Belgium**;

29 May 2019 **Kinshasa (DRC)** *africanews*. The Catholic church in the **Democratic Republic of the Congo** calls on the government to organise local elections, which have not been held since 2006, as soon as possible;

29 May 2019 **Kinshasa (DRC)** *SP Global*. Oil minister **Aime Ngoy** confirms that **France**-based oil major **Total** has relinquished its interest in **Block III** in the DRC;

27 May 2019 **Butembo (DRC)** *France24*. Attackers kill an **Ebola** health worker and loot a treatment centre in **Mabalako (North Kivu Province)**;

26 May 2019 **Kinshasa (DRC)** *France24*. Opposition leader **Moïse Katumbi** says he will unite the opposition now that he has returned to the **Democratic Republic of the Congo**;

24 May 2019 **Kinshasa (DRC)** *The Africa Report*. **United States**-based NGO **The Sentry** claims that former President **Joseph Kabila** tried to take control of the **Banque Commerciale du Congo** and other banks between 2013 and 2017;

21 May 2019 **Kinshasa (DRC)** *Ecofin Agency*. The senate approves the proposed restructure of \$2.5 billion in debt owed to the **China**-based **Exim Bank**;

20 May 2019 **Lubumbashi (DRC)** *France24*. Opposition leader **Moïse Katumbi** returns from three years of self-imposed exile;

20 May 2019 **Kinshasa (DRC)** *RFI Afrique*. President **Felix Tshisekedi** appoints **Sylvestre Ilunga Kilukmba** as prime minister;

15 May 2019 **Kinshasa (DRC)** *Jeune Afrique*. **Sindika Dokolo**, the businessman and son-in-law of former **Angolan** President **Jose Eduardo dos Santos**, returns to **Kinshasa** and plans to meet with President **Felix Tshisekedi**.