

## AFRICA RISK CONSULTING

### DRC Monthly Briefing December 2020

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#### DRC Summary 14 December 2020

*President Felix Tshisekedi (2019-present) announces he will end the coalition between his Union pour la Démocratie et le Progrès Social (UDPS) party and former president Joseph Kabila's (2001-2019) Front Commun pour le Congo (FCC). The Assemblée Nationale (lower house of parliament) votes to remove its speaker, Kabila ally Jeanine Mabunda. The United Nations (UN) Security Council meets to discuss the withdrawal of its peacekeeping mission, Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO), which is set to conclude on 20 December. Controversial Israeli businessman Dan Gertler says his Metalkol copper and cobalt mining project will directly benefit the people of the Democratic Republic of the Congo (DRC), although mining minister Willy Kitoba Samsoni says he has no knowledge of Gertler's \$83m purchase of Metalkol royalties. Health minister Eteni Longondo declares the end of DRC's 11<sup>th</sup> Ebola outbreak in eastern Equateur Province, as lessons learned can help DRC in its response to the COVID-19 pandemic.*

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#### Kabila-Tshisekedi coalition breaks down...

President **Felix Tshisekedi** (2019-present) announced on 6 December that he would end the governing coalition between his **Union pour la Démocratie et le Progrès Social (UDPS)** and former president **Joseph Kabila's** (2001-2019) **Front Commun pour le Congo (FCC)**.<sup>1</sup> The relationship between the two party leaders has been strained since their agreement to form a coalition government following the 2018 election in which Tshisekedi defeated Kabila's chosen successor, **Emmanuel Ramazani Shadary** (see *ARC Briefing DRC Jan, Feb 2019*). Tshisekedi is looking to create a new coalition with other political parties and warned that fresh elections would be held if he could not create a new coalition:

*"The present majority has crumbled, and a new majority is required."*<sup>2</sup>

Following his announcement, Tshisekedi called for the resignation of prime minister **Sylvestre Ilunga**, a Kabila ally.<sup>3</sup> Candidates from Shadary's FCC won over 300 of the 500 seats in parliament in the 2018 elections,<sup>4</sup> forcing Tshisekedi to choose his prime minister from the FCC in terms of the **Democratic Republic of the Congo's (DRC)** constitution (see *ARC Briefing DRC April 2019*). The role of prime minister is significant in influencing the course of legislation.

The Kabila faction unsurprisingly rejected Tshisekedi's move to end the coalition. The announcement sparked violent scenes in parliament on 7 December. Kabila's supporters destroyed furniture in the legislature while police used tear gas to break up fights between rival groups of supporters gathered outside parliament.<sup>5</sup> The plenary session was subsequently suspended.<sup>6</sup> If parliament is dissolved completely, the **Commission Électorale Nationale Indépendante (CENI)** – whose new bureau has yet to be elected – will be tasked with organising elections within 60 days of the dissolution order.<sup>7</sup>

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<sup>1</sup> Reuters, 7 Dec 2020

<sup>2</sup> Africa News, 8 Dec 2020

<sup>3</sup> Jeune Afrique, 8 Dec 2020

<sup>4</sup> Reuters, 12 Jan 2019

<sup>5</sup> Reuters, 7 Dec 2020

<sup>6</sup> Jeune Afrique, 7 Dec 2020

<sup>7</sup> Africa report, 10 Dec 2020

Further highlighting the tension between Tshisekedi and Kabila, the lower house of parliament voted on 10 December to remove its speaker, Kabila ally **Jeanine Mabunda**.<sup>8</sup> The vote was a show of strength by Tshisekedi's allies, who are seeking to consolidate power by forming new alliances. The national assembly – dominated by Kabila loyalists – voted 281 to 200 to impeach Mabunda, whom Tshisekedi's allies accuse of being partisan, biased and non-transparent. Celebrating her removal, one national assembly member said,

*"We are resolutely committed to the path of true democracy in the Democratic Republic of Congo. With this change of majority, no one will be able to take our political class hostage."*<sup>9</sup>

Tshisekedi's move has defied critics who have described him as a weak leader living in the political shadow of his father, former UDPS leader **Étienne Tshisekedi**, who died in **Brussels (Belgium)** in 2017. Felix Tshisekedi has been chipping away at the Kabila stronghold in government, starting with forcing out two Kabila-appointed security chiefs. He dismissed intelligence chief **Kalev Mutond** in March 2019 and armed forces inspector general **John Numbi** in July this year.<sup>10</sup> Tshisekedi has also appointed three new constitutional judges who lean towards the UDPS.

Tshisekedi's long-term strategy beyond consolidating power and influence remains unclear. Since becoming president, he has been frustrated by the inability to push through reforms but his recent gains in parliament will not necessarily translate into full control over the levers of power.<sup>11</sup> And despite recent setbacks to his plan to continue wielding power in the DRC, Kabila is not likely to go without a fight.<sup>12</sup> He retains substantial influence through allies in parliament as well as military appointees. The current political crisis could have serious operational, security, economic and humanitarian implications for the country.

### ... as MONUSCO mulls withdrawal from DRC

The **United Nations (UN) Security Council** called a meeting on 7 December to discuss the future of the UN peace keeping mission in the DRC, **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)**, whose mandate is due to expire on 20 December.<sup>13</sup> MONUSCO has closed nine of its offices in the DRC since the peaceful transition of political power in the 2018 presidential elections. The recent session addressed the potential withdrawal of MONUSCO's remaining 15,000 peacekeepers. MONUSCO head **Leila Zerrougui** noted that the UN needs to tailor the withdrawal from the region to the security realities in each province to avoid disruption.<sup>14</sup>

MONUSCO is currently active in six provinces, excluding the **Kinshasa** base. Zerrougui said the mission aims to create a joint strategy to consolidate its footprint in high conflict zones such as **South Kivu, North Kivu and Ituri Provinces**.<sup>15</sup> MONUSCO is on course for withdrawal from the **Kasaï**s by June 2021 and from **Tanganyika Province** by June 2022, if stability is maintained. Recognising that DRC authorities need to do more to protect civilians, MONUSCO's withdrawal from DRC will hinge on government capacity to assume security responsibility and strengthen its institutional presence across the country.<sup>16</sup>

Heightened political tension in the country is a worrying factor for MONUSCO withdrawal mission, bringing with it the possibility of increased civil unrest. MONUSCO representatives met with government political forces and civil society representatives on 7 December, encouraging them to

<sup>8</sup> La Prosperité, 8 Dec 2020

<sup>9</sup> Reuters, 10 Dec 2020

<sup>10</sup> Daily Monitor, 11 Dec 2020

<sup>11</sup> Analyst, DRC

<sup>12</sup> Analyst, DRC

<sup>13</sup> Defence Web, 7 Dec 2020

<sup>14</sup> Defence Web, 7 Dec 2020

<sup>15</sup> UN News, 7 Dec 2020

<sup>16</sup> Defence web, 7 Dec 2020

come to a peaceful resolution through dialogue and avoid provocations that could lead to increased violence.<sup>17</sup> The DRC representative said the government is implementing a three-part strategy, aimed at fostering increased defence and security capacity through security sector reform, promoting national reconciliation and activating regional diplomacy to defuse tensions.<sup>18</sup>

### Gertler heads off criticism of latest Congo mining deal

Controversial, sanction-hit **Israeli** mining tycoon **Dan Gertler** is seeking to change public perception of his most recent deal in the DRC. In a screened address to journalists in the DRC on 16 November, Gertler said he intends to “*share the wealth*” with the people of DRC:

*“We are going to offer sincere, real, transparent, professional partnership to the Congolese people ... This is the first time in history that the Congolese people will be the direct beneficiaries of the Congolese wealth.”<sup>19</sup>*

Gertler garnered significant power and influence when he arrived on the DRC mining scene in 1997. Through a network of friendships with former president Kabila and mining deals with state-owned mining company **Gécamines**, he has secured some of the country’s most lucrative mining deals and partnerships with international companies, including with **Switzerland**-based **Glencore** and **United Kingdom**-based **Eurasian Natural Resources Corporation (ENRC)**.<sup>20</sup>

However, he quickly became embroiled in a long string of corruption charges and allegations. In 2017 the **United States (US) Treasury** imposed sanctions on him over his alleged involvement in siphoning funds to offshore accounts, costing DRC more than \$1.36 billion.<sup>21</sup> Gertler has denied any impropriety. In his video address, Gertler assured the DRC public that they would be able to benefit directly by acquiring rights to revenue from some of the country’s mines. Gertler cited the **Metalkol** project, majority-owned by ENRC, but provided little detail on how this would unfold.<sup>22</sup>

Gertler said he was behind the \$83m purchase of royalties of the Metalkol copper and cobalt project in south-east DRC. Gécamines sold its right to 2.5% of the annual royalties from the Metalkol project to **British Virgin Islands**-registered **Multree** in June 2017, according to the **Extractive Industries Transparency Initiative (EITI)**.<sup>23</sup> Gertler said he bought the royalties to help Gécamines, which owns 5% of the asset, pay off its debts.

Metalkol is nearing full production and will commence paying royalties in 2021. It will produce 14,700 tonnes of cobalt in 2020,<sup>24</sup> out of a global market of 130,000 tonnes. The company estimates it will produce 77,000 tonnes of copper a year, during the first phase of the project, estimated to be worth \$550m (at current prices).<sup>25</sup> Over the past few years, **Luxembourg**-headquartered **Eurasian Resource Group (ERG)** has endeavoured to market cobalt from Metalkol project to large electric carmakers, however, it is not clear if any contracts have been finalised. Metalkol is a member of the **World Economic Forum’s Global Battery Alliance**,<sup>26</sup> which aims to foster a sustainable and better value chain.

Analysts and transparency campaigners have dismissed Gertler’s latest move as a way to prevent his latest dealings from coming to light. Belgium-headquartered non-profit organisation **Resource Matters** director **Elisabeth Caesens** said,

<sup>17</sup> UN news, 7 Dec 2020

<sup>18</sup> Defence web, 7 Dec 2020

<sup>19</sup> Financial Times, 18 Nov 2020

<sup>20</sup> Bloomberg, 18 Nov 2020

<sup>21</sup> Bloomberg, 18 Nov 2020

<sup>22</sup> Financial Times, 18 Nov 2020

<sup>23</sup> Reuters, 18 Nov 2020

<sup>24</sup> Mining Review, 13 Dec 2020

<sup>25</sup> Mining Review, 13 Dec 2020

<sup>26</sup> Mining Review, 13 Dec 2020

*“What Gertler is actually revealing here is that he secretly bought yet another state asset through yet another shell company [...] What’s new, though, is that he’s now trying to convince the Congolese that this is good news for them.”<sup>27</sup>*

Even more concerning, is that under a 2011 DRC government decree, any dealing involving the DRC’s natural resources must be published by the relevant ministry within 60 days of execution.<sup>28</sup> However, nothing regarding the Metalkol transaction was published on the public database until October, when EITI published the contract. Mining minister **Willy Kitoba Samsoni** said he has no knowledge of the transaction and declined to comment further.<sup>29</sup>

US sanctions prohibit Gertler from receiving payments in dollars or using any other US entity for financial transactions. At current prices, Gertler’s cobalt royalties would be worth \$11.5m and the copper royalties \$13.7m per year (based on **Reuters** calculations).<sup>30</sup> This means Gertler would recoup his investment in just over three years. Glencore has said it continues to pay Gertler in euros for the royalties he acquired after selling his stake in two Glencore mining projects in 2017. Gertler said he had not yet received royalties from Metalkol, which is increasing production, but expects them to commence from 2021.<sup>31</sup>

DRC’s mining sector is set to bounce back in 2021, according to **Emmanuelle Nicholls**, group director of mining and natural resources at **Clarion Events Africa**, organisers of **DRC Mining Week** for the last 16 years.<sup>32</sup> The optimistic prediction is good news for the sector, which the **coronavirus** pandemic hit hard as global prices of key commodities such as copper, gold and cobalt slumped. Nicholls predicts a solid year for DRC’s mining sector in 2021,

*“...and the mining community is ready and looking forward to gathering in **Lubumbashi** from 15-17 June [2021] for the annual DRC mining expo and conference.”*

### **DRC declares end of Ebola outbreak...**

Health minister **Eteni Longondo** declared on 17 November the end of the DRC’s eleventh **Ebola** outbreak, which lasted almost six months in **Equateur Province**.<sup>33</sup> The outbreak began in June and affected more than 130 people, killing 55, just weeks before a separate Ebola epidemic came to an end in the eastern DRC.<sup>34</sup> The DRC has had 11 outbreaks of Ebola since the virus was discovered near **Ebola River** in 1976, more than double those of any other country.<sup>35</sup>

DRC’s ability to tackle its second Ebola outbreak this year is thanks to the accessibility of an Ebola vaccine and treatments, as well as efforts to make treatment centres accessible to local communities. Healthcare professionals have vaccinated 40,000 people in communities along the rainforests that often lack basic infrastructure, using cold-chain technology to keep the vaccines at temperature as low as -18 degrees Celsius.<sup>36</sup> **World Health Organization (WHO) Africa** director **Matshidiso Moeti** said the lessons learned from the Ebola experience could benefit the rest of Africa in the **COVID-19** vaccine rollout.<sup>37</sup>

The coronavirus outbreak has tested DRC’s fragile health system, which is working at full capacity. The health ministry had had to address an acute shortage of personal protective gear as well as

<sup>27</sup> Financial Times, 18 Nov 2020

<sup>28</sup> Mining weekly, 18 Nov 2020

<sup>29</sup> Al Jazeera, 18 Nov 2020

<sup>30</sup> Reuters, 18 Nov 2020

<sup>31</sup> Bloomberg, 18 Nov 2020

<sup>32</sup> Mining Weekly, 14 Nov 2020

<sup>33</sup> Jeune Afrique, 17

<sup>34</sup> RFI, 17 Nov 2020

<sup>35</sup> Reuters, 18 Nov 2020

<sup>36</sup> WHO, 18 Nov 2020

<sup>37</sup> Reuters, 18 Nov 2020

disputes over remuneration for health workers. As of 14 December, DRC had recorded a total of 14,512 cases in its population of roughly 90 million people, with 12,653 recoveries and 356 deaths.<sup>38</sup>

### Planner

15-17 Jun 2021 **Lubumbashi (DRC)** DRC Mining Week Expo and Conference  
2023 **(DRC)** Scheduled presidential and parliamentary elections

### Chronology

14 Dec 2020 **Kinshasa (DRC)** *Africa News*. President **Felix Tshisekedi** is set to address parliament, broaching the breakdown of the government coalition and the removal of speaker of parliament, **Jeanine Mabunda**;

13 Dec 2020 **Kinshasa (DRC)** *Bloomberg*. Global metal and mining company **China Molybdenum** acquires a 95% stake in the **Kisanfu** copper-cobalt mine in the **DRC** from **United States-based Freeport-McMoRan** for \$550m;

12 Dec 2020 **Kinshasa (DRC)** *Daily Monitor*. Six people have been killed and 24 others abducted in eastern DRC in attacks blamed on **Allied Democratic Forces (ADF)** militia;

10 Dec 2020 **Kinshasa (DRC)** *La Prospérité*. **Assemblée Nationale** (national assembly) votes to remove speaker **Jeanine Mabunda**, a long-time ally of former President **Joseph Kabila**, in a victory for President **Felix Tshisekedi** in his power struggle with Kabila;

7 Dec 2020 **Kinshasa (DRC)** *UN*. **United Nations'** stabilisation mission in **DRC (Monuscu)** head **Leila Zerrougui** warns of heightened political tensions, including fissures within the ruling coalition and a presidential threat to dissolve the national assembly;

6 Dec 2020 **Kinshasa (DRC)** *Bloomberg*. President **Felix Tshisekedi** says he will seek to form a new governing majority amid growing tension with the political allies of his predecessor, **Joseph Kabila**, that has left the country in "a state of persistent crisis";

5 Dec 2020 **Kinshasa (DRC)** *Africa News*. **African Union (AU)** urges leaders of **Democratic Republic of the Congo (DRC)** to preserve "peace and stability" and to avoid a political crisis;

4 Dec 2020 **Kinshasa (DRC)** *BBC*. Nearly 22 million people in the **Democratic Republic of the Congo (DRC)** are facing acute food insecurity;

2 Dec 2020 **Kinshasa (DRC)** *Mining Review*. **Canada-based Ivanhoe mine** has secured \$420m for the construction of its **Kamoa-Kakula** copper project, which aims to strengthen and improve mining for artisanal miners;

2 Dec 2020 **Kimbi & Bakara Fizi (DRC)** *BBC*. Medical charity **Medecins Sans Frontières (MSF)** withdraws from restive territories in the **Kimbi** and **Baraka Fizi** regions due to on-going attacks on staff;

1 Dec 2020 **Kinshasa (DRC)** *S&P Global*. **Chamber of Mines** vice president **John Kanyoni** says DRC's mining sector is now almost 70% dominated by **Chinese** investors; which makes it vulnerable to Chinese economic developments;

23 Nov 2020 **Kinshasa (DRC)** *BBC*. A military court sentences former militia leader **Ntabo Ntaberi Sheka** to life in prison for crimes including mass rape and recruitment of child soldiers committed in the eastern province of **North Kivu** between 2010 and 2014;

<sup>38</sup> Africa CDC, 14 Dec 2020

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