

## AFRICA RISK CONSULTING

### DRC Monthly Briefing October 2021

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#### DRC Summary 23 October 2021

*President Felix Tshisekedi (2019-present) appoints Denis Kadima as the new head of the Commission Électorale Nationale Indépendante (CENI) (independent national electoral commission) despite violent protests in Kinshasa against his appointment. Information minister Patrick Muyaya announces the suspension of all “questionable” forestry contracts as Tshisekedi’s administration calls for an audit of DRC’s forest concessions. Canada-based Ivanhoe Mines’ expansion of its Kamao-Kakula mine is ahead of schedule, with the plant expected to be in full production in the second quarter of 2022. New York University (United States)-based Congo Research Group claims DRC’s response to the Covid-19 pandemic has suffered from the kind of mismanagement seen during outbreaks of other deadly diseases in the country.*

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#### Protests over electoral commission presidency turn violent

A fresh political crisis has erupted in the **Democratic Republic of the Congo (DRC)** over the appointment of a new head of the **Commission Électorale Nationale Indépendante (CENI)** (independent national electoral commission). President **Felix Tshisekedi** (2019-present) on 23 October confirmed the appointment of **Denis Kadima** as president of the country’s electoral commission.<sup>1</sup> The controversial appointment follows violent protests in the capital, **Kinshasa**, on 16 October, against Kadima’s nomination as CENI head.<sup>2</sup>

Opposition **Lamuka** coalition leader **Martin Fayulu** called for the establishment of a “front” for intense protests throughout DRC after members of the **Assemblée Nationale** (National Assembly) endorsed Kadima’s nomination by a show of hands.<sup>3</sup> Fayulu was among the 10,000 opposition demonstrators who marched through the streets of Kinshasa on 16 October. Members of the ruling **Union pour la démocratie et le progrès social (UDPS)** tried to stop the demonstration by hurling petrol bombs and clashing with the protesters, who tore down a statue of Tshisekedi.<sup>4</sup> Police fired tear gas to disperse the UDPS supporters and allowed the demonstration to continue.

The appointment of a new CENI president is long overdue; the mandate of current CENI head **Corneille Nangaa** expired in June 2019.<sup>5</sup> In terms of DRC’s constitution, eight religious groups are mandated to nominate the leadership of CENI through consensus. However, the DRC’s two largest religious denominations, Catholic and Protestant, opposed the choice of Kadima by six other religious groups,<sup>6</sup> and threatened to demonstrate if Tshisekedi signed the ordinance that seals Kadima’s appointment.<sup>7</sup> Catholics and Protestants marched together in 2018 to protest former president **Joseph Kabila**’s (2001-2018) continued stay in power.<sup>8</sup> The two religious groups also rejected the candidacy of **Ronsard Malonda** in July 2020, leading to Tshisekedi’s decision not to ratify his appointment.

While Kadima’s credentials as a renowned international electoral expert make him a logical choice for the position, there have been voices of dissent against the appointment from both the opposition and

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<sup>1</sup> RFI, 23 Oct 2021

<sup>2</sup> Africa News Times, 16 Oct 2021

<sup>3</sup> RFI, 20 Oct 2021

<sup>4</sup> Africa News, 19 Oct 2021

<sup>5</sup> Jeune Afrique, 6 Sep 2021

<sup>6</sup> RFI, 20 Oct 2021

<sup>7</sup> RFI, 18 Oct 2021

<sup>8</sup> RFI, 18 Oct 2021

within the pro-Tshisekedi majority in parliament.<sup>9</sup> Kadima is viewed as being too close to Tshisekedi, who is from the same ethnic group, **Muluba**.<sup>10</sup> Tshisekedi is expected to seek a second term when DRC voters return to the polls in 2023, with fears that CENI is likely to play a pivotal role again, marring the credibility of the outcome of the vote and DRC's democratic rule.<sup>11</sup>

The perceived ability of CENI leadership to sway votes in favour of a particular political party makes the position of CENI president a contentious one, particularly in light of the DRC's tumultuous electoral history. Congolese have long distrusted CENI – its declaration in January 2019 of UDPS leader, and now DRC president, Felix Tshisekedi as winner of the December 2018 presidential election came as a surprise to many (see *ARC Briefing DRC January 2019*). The influential **Conférence Episcopale Nationale du Congo (CENCO)** (national episcopal conference of Congo) had stated in early January that its 40,000 observers found that **Lamuku** coalition leader **Martin Fayulu** had easily won the election.<sup>12</sup>

**Congo Study Group** political analyst **Trésor Kibangula** predicts that Tshisekedi's confirmation of the appointment, risks plunging the DRC into a tense electoral process by 2023.<sup>13</sup> The risk of political violence in the lead-up to the 2023 elections is certain to be worry investors in the DRC.

### Tshisekedi orders review of forestry contracts

President Tshisekedi's administration has called for a technical and financial audit of DRC's forest concessions. Information minister **Patrick Muyaya** said on 19 October that the government had suspended all "*questionable contracts*" until it had completed the audit.<sup>14</sup> The audit aims to review all contracts relating to forest management to ensure that companies are not exploiting DRC's resources to the detriment of the country.<sup>15</sup> Tshisekedi has instructed deputy prime minister **Eve Bazaiba**, in charge of environment and sustainable development, to review contracts signed in September 2020 in terms of which an unidentified company acquired concessions covering a total area of 1,376,375 hectares. The contracts violate DRC law, in terms of which a single entity is limited to owning a maximum of 500,000 hectares.

Conservation groups welcome the review, having raised concerns about corruption and industry mismanagement when former environment and sustainable development minister **Claude Nyamugabo Bazibuhe** signed the award of the six concessions.<sup>16</sup> **Netherlands**-based environment group **Greenpeace** representative **Irene Wabiwa** said she hoped an independent commission would expose any wrongdoing.<sup>17</sup>

The DRC is home to the world's second-largest rainforest and plays a crucial role in regulating the earth's climate. Mismanagement of its forest industry has made DRC's forests vulnerable to corporations logging illegally or seeking to expand agriculture.<sup>18</sup> Tshisekedi pledged to clamp down on the plundering of DRC's natural resources as part of his 2018 presidential election campaign and has tasked Bazaiba with taking stock of the exact locations and finances of all forest concessions in the DRC.

The audit follows Tshisekedi's announcement in May that his government would review mining contracts awarded during Kabila's tenure, including those signed with **Chinese** mining companies (see *ARC Briefing DRC May, September 2021*).<sup>19</sup> The **International Monetary Fund (IMF)** has made a

<sup>9</sup> RFI, 17 Oct 2021

<sup>10</sup> RFI, 18 Oct 2021

<sup>11</sup> Analyst, DRC

<sup>12</sup> Africa Confidential, 4 Jan 2019

<sup>13</sup> RFI, 20 Oct 2021

<sup>14</sup> The East African, 19 Oct 2021

<sup>15</sup> The East African, 19 Oct 2021

<sup>16</sup> Analyst, DRC

<sup>17</sup> The East African, 19 Oct 2021

<sup>18</sup> Reuters, 19 Oct 2021

<sup>19</sup> AFP, 15 May 2021

review and purge of its mining sector a condition of access to \$1.5 billion in Special Drawing Rights (SDR) over three years.<sup>20</sup>

### Ivanhoe mine ahead of production schedule

The second phase of **Canada**-based **Ivanhoe Mines' Kamo**a-Kakula mine in the **Kolwezi District of Lualaba**, is ahead of schedule with the plant expected to be in full production in the second quarter of 2022.<sup>21</sup> The project, the largest copper mine operation to come online in decades, was originally expected to be completed end of 2022.<sup>22</sup> Phase 2 of the concentrator plant, which has a 3.8 million-tonne-per-annum (Mtpa) facility, is more than 50% complete, and is expected to double production to roughly 400,000 tonnes of copper a year.<sup>23</sup>

Kamo

a-Kakula began production in May 2021 and made the first delivery of bulk concentrates to the **Lualab Copper Smelter** in June. The Phase 1 concentrator has consistently achieved a run-rate throughput of 12,600 tonnes of ore per day, equating to approximately 4.2 Mtpa.<sup>24</sup> During initial commissioning of the second filter press during the week of 4 October, the smelter had reached a new daily production record of 721 tonnes of copper in filtered concentrate. By the end of September, the mine had surface ore stockpiles of about 3.6-million tonnes, grading 4.73% copper, containing more than 173,000 tonnes of copper.

Ivanhoe chairperson **Robert Friedland** claims Kamo

a-Kakula will become the second largest copper mine after **Switzerland**-based **Glencore** and will produce the highest grades of copper amongst its competitors.<sup>25</sup> Friedland has also pledged that the mine will produce the industry's "greenest" copper, aiming to become the first net-zero operational carbon emitter among the world's top-tier copper producers. However, Ivanhoe has not set a date for achieving the goal.

### Covid-19 mismanagement under the spotlight

**New York University-(United States)**-based **Congo Research Group (CRG)** says DRC's response to the **Covid-19** pandemic has suffered from the kind of mismanagement seen during outbreaks of other deadly diseases in the country. In a report titled "*Covid business in DRC: rethinking the response to epidemics*", the research group notes that the new structures set up to deal with outbreaks do not solve the problems raised by previous responses:<sup>26</sup>

*"Poor management of human and financial resources, poor circulation of information and rivalries between the various groups ... all result in poor patient care and demotivated health workers."*<sup>27</sup>

The study, published on 4 October, reports that some of the funds from the \$363m that the IMF allocated to the DRC to fight the pandemic are unaccounted for.<sup>28</sup> The government has published documents on the health ministry's website, accounting for \$6 billion spent in its response to the pandemic. The CRG report points to alleged financial abuses such as overcharging for Covid-19 traveler tests and the management of the revenues from the tests.<sup>29</sup>

The latest allegations are another blow to the DRC in its pandemic response. The health ministry has recorded a low take up rate of Covid-19 vaccination in its population, with only 102,610 of DRC's roughly 89.56 million people having received one dose of a Covid-19 vaccine and 37,644 being fully vaccinated, bringing the total of vaccine doses administered to 140,000 doses and representing 0.1%

<sup>20</sup> The East African, 30 Aug 2021

<sup>21</sup> Mining.com, 12 Oct 2021

<sup>22</sup> Mining Weekly, 12 Oct 2021

<sup>23</sup> Mining Weekly, 12 Oct

<sup>24</sup> Mining Weekly, 12 Oct 2021

<sup>25</sup> Mining.com, 16 Oct 2021

<sup>26</sup> AFP, 7 Oct 2021

<sup>27</sup> Africa News, 7 Oct 2021

<sup>28</sup> AFP, 7 Oct 2021

<sup>29</sup> AFP, 7 Oct 2021

of the population.<sup>30</sup> DRC's low Covid vaccination uptake is attributed to a combination of mistrust of the vaccines, government difficulty in accessing vaccine doses, and logistical challenges in rolling out the vaccines to remote areas.<sup>31</sup> As of 21 October, DRC had recorded a total of 57,402 cases, 1,091 Covid-19-related deaths and 50,930 recoveries.<sup>32</sup>

## Planner

20 Dec 2021 **Kinshasa (DRC)** End date of peacekeeping mission **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)**.

2023 **(DRC)** Scheduled presidential and parliamentary elections

## Chronology

23 Oct 2021 **Kinshasa (DRC)** *RFI*. President **Felix Tshikedi** confirms the appointment of **Denis Kadima** as head of the **Commission Électorale Nationale Indépendante (CENI)** (independent national electoral commission);

21 Oct 2021 **Beni (DRC)** *La Prosperite*. The **Kivu Security Tracker** reports that **Forces démocratiques alliées (ADF)** attackers have killed 16 civilians in the villages of **Mayele, Kalembo** and **Toya** in the Beni region of **North Kivu** province;

16 Oct 2021 **Kinshasa (DRC)** *UN News*. **World Health Organisation (WHO)** director general **Tedros Adhanom Ghebreyesus** says the **United Nations (UN)** has plans for “*profound transformations*” following sexual abuse allegations against WHO staff in the **DRC**;

16 Oct 2021 **Kinshasa (DRC)** *La Prosperite*. Police fire tear gas at governing party members in an attempt to stop tens of thousands from marching in **Kinshasa** to seek a neutral election commission;

10 Oct 2021 **Kinshasa (DRC)** *Africa CDC*. Health ministry announces a new case of **Ebola** has been detected in the health zone of **Butsili** in **North Kivu Province**, where a previous outbreak was declared over on 3 May;

7 Oct 2021 **North Kivu (DRC)** *La Prosperite*. Unidentified men kidnap four people from a truck belonging to an NGO in **North Kivu** province, days after three aid workers and a nurse were abducted in a neighbouring province;

4 Oct 2021 **Kinshasa (DRC)** *Bloomberg*. Finance minister **Nicolas Kazadi** intends to revise mining contracts, rescind and resell unused oil permits, and boost taxes on beer to fund the **DRC's** development plans.

24 Sep 2021 **Kinshasa (DRC)** *Al Jazeera*. Rights groups in the DRC have called on the authorities to release a journalist arrested on terrorism charges;

29 Sep 2021 **Kinshasa (DRC)** *WHO*. **World Health Organisation (WHO)** director general **Tedros Ghebreyesus** apologises after independent investigators probed allegations of sexual abuse in the **DRC** by WHO staff, citing “*clear structural failures*” and “*individual negligence*”;

28 Sep 2021 **Kinshasa (DRC)** *Bloomberg*. Government begins reviewing a \$6.2 billion minerals-for-infrastructure deal with **China** that has faced growing criticism since President **Felix Tshisekedi** came to power almost three years ago.

<sup>30</sup> Africa CDC, 20 Oct 2021

<sup>31</sup> Source, DRC analyst

<sup>32</sup> Africa CDC, 20 Oct 2021

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

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