

## AFRICA RISK CONSULTING

### DRC Monthly Briefing November 2021

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#### DRC Summary 23 November 2021

*President Felix Tshisekedi (2019-present) orders a ban on issuing and trading mining permits until the audit of the country's mining registry is completed. France-based non-governmental organisation Plateforme de Protection des Lanceurs d'Alerte en Afrique (PPLAAF) (Platform to Protect Whistleblowers in Africa) and independent French online investigative journal Mediapart report that Gabon-based Banque Gabonaise et Française Internationale (Groupe BGFIBank SA) was used to channel at least \$138m of public funds for former president Joseph Kabila (2001-2019), his family and inner circle. The DRC's latest bid to join the East African Community (EAC) has passed the technical committee stage with the regional Council of Ministers expected to deliver the final verdict at the end of November. Vaccination against Covid-19 is progressing slowly in the DRC, as new cases have significantly declined.*

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#### Tshisekedi orders audit of mining licences ...

President **Felix Tshisekedi** (2019-present) has ordered a ban on issuing and trading mining permits in the **Democratic Republic of the Congo (DRC)** until the audit of the country's mining registry is completed. In an address to cabinet ministers on 20 November, Tshisekedi stressed his commitment to rooting out corruption in the mining sector and ending the squandering of mining assets by politicians and officials responsible for the administration of the mining registers.<sup>1</sup> Tshisekedi said the "clean-up" would increase the contribution of the mining sector to the state's budget,

*"... and help, as a priority, the people benefit from the mineral wealth of our country".<sup>2</sup>*

Tshisekedi announced in May that his government would review mining contracts awarded during the tenure of his predecessor, **Joseph Kabila** (2001-2019), including those signed with **Chinese** mining companies (see *ARC Briefing DRC May 2021*).<sup>3</sup> The government said in September that it was set to review \$6 billion in "infrastructure for minerals" deals struck with Chinese investors as part of the broader examination of mining contracts (see *ARC Briefing DRC Sep 2021*).<sup>4</sup> Finance minister **Nicolas Kazadi** clarified in September that the awarding of the contracts had lacked transparency and the deals did not benefit the DRC.<sup>5</sup> Although the DRC is the world's largest producer of cobalt and the second largest copper producer in **Africa** after **Zambia**, more than 70% of the population lives in severe poverty on less than \$1.8 per day.<sup>6</sup>

It is not yet clear how the Tshisekedi administration plans to renegotiate the contracts. Protracted legal battles are inevitable if mining companies challenge the review of their contracts.<sup>7</sup> Tshisekedi reportedly instructed mining minister **Antoinette N'Samba** to revoke the contracts of companies that fail to cooperate.<sup>8</sup> N'Samba will identify mining companies in which the state failed to acquire 10% of shares when the permit changed from an exploration permit to an exploitation permit, as required by the DRC mining code.

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<sup>1</sup> Reuters, 2 Nov 2021

<sup>2</sup> Reuters, 2 Nov 2021

<sup>3</sup> AFP, 15 May 2021

<sup>4</sup> The East African, 30 Aug 2021

<sup>5</sup> The East African, 30 Aug 2021

<sup>6</sup> World Bank, accessed 2 Nov 2021

<sup>7</sup> Analyst DRC

<sup>8</sup> Reuters, 2 Nov 2021

Despite DRC's significant resources of cobalt and copper, both essential components of the global electric vehicle revolution, its population has not felt the wealth generated by exploitation of these minerals.<sup>9</sup> During Kabila's presidency, the government's annual expenditure never exceeded \$5 billion, a meagre budget for a country the size of **Western Europe** with a population of roughly 93 million people. In 2018, Kabila's final year in power, the government spent less than \$230m on healthcare, according to budget ministry data.<sup>10</sup>

### ... and pledges to fight deforestation of the Congo basin

President Tshisekedi attended the **United Nations Climate Change Conference (UN) COP26 Summit in Glasgow (United Kingdom, UK)** in November, where he pledged to fight deforestation in the **Congo Basin** rainforest, the second largest forest in the world after the **Amazon**. Tshisekedi, currently the chair of the **African Union (AU)**, said the DRC is committed to a 21% reduction in greenhouse gas emissions by 2030. Tshisekedi also launched a programme aimed at planting a billion trees by 2030 and diversifying the country's energy mix to include more renewable energy:

*"In addition, the protection of the rights of local communities and indigenous peoples is essential. We are committed to taking this into account in our industrialisation strategy, agricultural investment and forest governance."<sup>11</sup>*

Over 100 countries have pledged to end deforestation, which scientists describe as a major driver of climate change.<sup>12</sup> Countries including **Brazil, China, Colombia, DRC, Indonesia, Russia** and the **United States (US)** have pledged \$19 billion in public and private funding to combat deforestation.<sup>13</sup>

While attending the summit, Tshisekedi met with UK prime minister **Boris Johnson** (2019-present) and other heads of state.<sup>14</sup> Tshisekedi called for developed countries to contribute at least half of the \$25 billion the continent requires to run adequate adaption programmes over the next five years. The remainder of the funds is expected to come from the **African Development Bank (AfDB)**.<sup>15</sup>

### Data leak exposes looting by Kabila and associates

A report released on 18 November by **France**-based non-governmental organisation (NGO) **Plateforme de Protection des Lanceurs d'Alerte en Afrique (PPLAAF) (Platform to Protect Whistleblowers in Africa)** has highlighted the extent and manner of pillaging DRC's assets over the past decades. Leaked documents appear to confirm the "open secret" of the level of corruption in DRC that has become part of doing business. PPLAAF and France-based independent online investigative journal **Mediapart** accessed over 3.5 million documents and exposed how **Gabon**-based commercial bank **Banque Gabonaise et Française Internationale (Groupe BGFIBank SA)** was used to channel at least \$138m of public funds for Kabila, his family and inner circle. A consortium of NGOs and media outlets, coordinated by the **European Investigative Collaborations (EIC)**, examined the documents for six months, and released their findings in what they have called the **Congo Hold-up**.<sup>16</sup>

The Congo Hold-up leak outlines how state funds were transferred to BGFIF destined for companies owned by Kabila's close associates. EIC documents have also exposed how the Chinese owners of some of DRC's prized copper and cobalt mines used BGFIF to transfer millions of dollars to individuals and companies directly associated with Kabila's family.<sup>17</sup> The majority of the funds were siphoned through a series of shell companies. PPLAAF director **Henri Thulliez** described the leak of sensitive data as the largest in Africa's history, noting its exposure in detail of the tricks that the bank and its

<sup>9</sup> Analyst DRC

<sup>10</sup> East African, 19 Nov 2021

<sup>11</sup> East African, 2 Nov 2021

<sup>12</sup> Africa News, 2 Nov 2021

<sup>13</sup> Africa News, 2 Nov 2021

<sup>14</sup> Africa News, 2 Nov 2021

<sup>15</sup> AfDB, 2 Nov 2021

<sup>16</sup> Reuters, 19 Nov 2021

<sup>17</sup> East African, 19 Nov 2021

clients used to cover up endemic corruption and the flaws in the international banking system that enable such deals:

*“The banking transactions, emails and corporate records form a perfect handbook of how a kleptocracy works.”<sup>18</sup>*

The head of BGFI’s DRC subsidiary has yet to comment on the leak. The bank’s DRC subsidiary does not enjoy a good reputation amongst some members of DRC’s business community.<sup>19</sup> DRC inspector general of finance **Jules Aligete Key** reportedly described the bank as a “*mafia bank*” when testifying before the EIC.<sup>20</sup> Due to the number of documents requiring analysis, 19 media organisations, including US-based media company **Bloomberg News**, and five NGOs across four continents will continue to publish articles on the findings over several weeks.

### DRC closer to joining East African Community

The DRC’s bid to join the **East African Community (EAC)** has passed the technical committee stage, with the regional **Council of Ministers** expected to deliver its final verdict at the end of November.<sup>21</sup> While China dominates DRC’s trade, the DRC would also benefit from trade with the **East African** bloc and the economic opportunities it presents. Tshisekedi also sees EAC membership as a way to establish his presence in East African geopolitical dynamics while DRC’s vast mineral resources make its membership attractive to the EAC.<sup>22</sup> The EAC was founded in 2000 and currently has six member countries in the **African Great Lakes** region: **Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda**.<sup>23</sup> The DRC began the process to join the EAC in July.

The EAC review considers aspects such as the socio-economic and political compliance of the country measured against the **Treaty for the Establishment of the East African Community (EAC Treaty)** in assessing the DRC’s readiness to join the trade bloc.<sup>24</sup> The verification committee assesses, inter alia, the acceptance of cooperation as outlined in the treaty, and adherence to universally accepted principles of good governance, democracy and the rule of law.<sup>25</sup> EAC principal secretary **Kevit Dosai** described DRC’s application as “*strong*”, saying it would be handed to the summit of EAC heads of state in early 2022.<sup>26</sup>

### Covid-19 update...

The **Covid-19** pandemic appears to be loosening its grip on the DRC. The health ministry is reporting an average of 27 new infections per day, 8% of the peak reported in June.<sup>27</sup> There have been 57,924 Covid-19 infections in DRC’s population of roughly 90 million, with 1,104 Covid-19-related deaths and 50,930 recoveries since the **World Health Organization (WHO)** declared the Covid-19 pandemic on 11 March 2020.

Vaccination against Covid-19 is progressing slowly in the DRC. To date, only 166,388 vaccine doses have been administered, meaning only 0.1% of the eligible population has received two doses.<sup>28</sup> At the current rate of vaccination, it is estimated that it will take a further 11,620 days to administer enough doses for another 10% of the population.<sup>29</sup>

<sup>18</sup> East African, 19 Nov 2021

<sup>19</sup> Source, businessman, DRC

<sup>20</sup> Al Jazeera, 19 Nov 2021

<sup>21</sup> Africa News, 22 Nov 2021

<sup>22</sup> Analyst, DRC, 22 Nov 2021

<sup>23</sup> [East African Community](#), accessed 22 Nov 2022

<sup>24</sup> Africa News, 27 Oct 2021

<sup>25</sup> The East African, 27 Oct 2021

<sup>26</sup> The East African, 27 Oct 2021

<sup>27</sup> [Reuters](#), accessed 22 Nov 2021

<sup>28</sup> Africa CDC, 22 Nov 2021

<sup>29</sup> [Reuters](#), accessed 22 Nov 2021

DRC authorities opened their international and internal borders on 15 August.<sup>30</sup> All travellers entering DRC are subject to screening, including temperature checks. Travellers aged 11 and above need to provide proof of a negative coronavirus test upon entry to DRC and/or proof of vaccination against COVID-19. The test result date must be within the 72 hours of arrival. The **Autorité de l'Aviation Civile du Congo (AAC/DRC)** (civil aviation authority) has announced that all passengers, even those vaccinated, will be subjected to a PCR COVID-19 test at the airport upon arrival. Travellers aged 11 and above must pay \$45 for the mandatory test on arrival.<sup>31</sup>

Travellers moving from one DRC province to another must also present a negative Covid-19 test result, no older than 72 hours from the intended time of departure. Local Covid-19 measures are subject to change at short notice in areas outside of Kinshasa. The 23:00-04:00 curfew remains in place and all persons must wear facemasks in public.

Restaurants are open until 23:00; bars and nightclubs are open until 23:00 with a capacity not exceeding 50%. Gatherings or demonstrations of more than 20 people in public and private enclosed areas are prohibited. The organisation of indoor mourning and funeral services is also prohibited. Churches must reduce the number of participants in worship services and masses to 50% while respecting the barrier measures. Public and private companies and public administration can only operate at 50% capacity. Public transport is limited to a 50% capacity, while taxi-motos are only allowed to carry one passenger.

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<sup>30</sup> [UK government foreign travel advice](#), accessed 22 Nov 2021

<sup>31</sup> [UK government foreign travel advice](#), accessed 22 Nov 2021

## 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

21 Nov 2021 **Mukera (DRC)** *VOA*. Gunmen kill a policeman and kidnap five **Chinese** nationals near a mine in **Mukera** in **South Kivu** province;

20 Nov 2021 **Kinshasa (DRC)** *The Sentry*. Consortium of investigative journalists named **Congo Hold-up** reports **Africa's** largest data leak, revealing that companies owned by family and friends of former DRC president **Joseph Kabila** had millions of dollars of public funds funnelled through their bank accounts;

20 Nov 2021 **Kinshasa (DRC)** *Reuters*. President **Felix Tshisekedi** orders ministers to ban the issuing and trading of mining permits until the country's mining registry has been audited;

17 Nov 2021 **Kinshasa (DRC)** *AFP*. Lawmakers probing illegal mining by foreign-owned firms in eastern **DRC** recommend fines and reparations to local communities to compensate for the losses;

15 Nov 2021 **Kinshasa (DRC)** *AFP*. **Democratic Republic of the Congo's (DRC)** highest court rules it was not competent to try former prime minister **Matata Ponyo Mapon** over the alleged misappropriation of \$200m in government funds meant for an agriculture project;

13 Nov 2021 **Kinshasa (DRC)** *La Prosperite*. Thousands of people protest in capital **Kinshasa** against President **Felix Tshisekedi's** move to install close friend **Denis Kadima** as the new head of the national electoral commission, **CENI**;

10 Nov 2021 **North Kivu (DRC)** *La Prosperite*. **DRC** army says it has driven out suspected insurgents from positions they had seized in **North Kivu**, near the **Uganda** border;

9 Nov 2021 **Kinshasa (DRC)** *UN News*. **United Nations** refugee agency **UNHCR** says fighting in eastern DRC has forced at least 11,000 people to flee to neighbouring **Uganda** since Sunday night;

8 Nov 2021 **North Kivu (DRC)** *Xinhua*. Unidentified fighters seize several villages near **Goma** near the border with **Uganda** and **Rwanda**.

8 Nov 2021 **Kinshasa (DRC)** *Xinhua*. Congolese law enforcement authorities in **Democratic Republic of the Congo (DRC)** have seized \$3.5m worth of ivory, rhinoceros horn and pangolin scales in a joint operation with **United States (US)** officials and the **US Embassy** in **Kinshasa**;

31 Oct 2021 **Kinshasa (DRC)** *La Prosperite*. The appointment **Denis Kadima** as electoral chief has attracted opposition, mainly from the influential **Catholic Church** and other opposition parties;

28 Oct 2021 **Kinshasa (DRC)** *EU News*. **The European Commission** has suspended funding to the **World Health Organization's (WHO)** programmes in the **Democratic Republic of the Congo (DRC)** due to concerns over the agency's handling of a sexual abuse scandal;

26 Oct 2021 **Kinshasa (DRC)** *DefenceWeb*. **United Nations** senior peacekeeping official **Jean-Pierre Lacroix** says **MONUSCO** will not leave the DRC and will continue efforts to ensure elections planned for 2023 go ahead without problems.

### About Africa Risk Consulting:

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