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United States (US)-based investigative organisation The Sentry exposes a “massive deal” between Chinese state-owned engineering firms and the Democratic Republic of the Congo (DRC) to trade mineral wealth to fund urgently needed infrastructure projects, which concealed a multimillion-dollar embezzlement and bribery operation. The US Treasury imposes sanctions on DRC national Alain Mukonda and 12 entities linked to him for allegedly providing support to blacklisted Israeli mining magnate Dan Gertler. The Ugandan People’s Defence Force launches air and artillery raids against the Forces démocratiques alliées (ADF) armed group in North Kivu province in an operation agreed with the Forces armées de la république démocratique du Congo (FARDC) (DRC armed forces). The DRC continues to experience the adverse impacts of the Covid-19 pandemic due to the slowdown in the extractive industries, lockdowns and restrictions on travel. DRC health officials struggle to encourage uptake of Covid-19 vaccines.

Fraud and corruption linked to “Deal of the Century” ...

United States (US)-based investigative organisation **The Sentry**¹ has released a damning report on a “massive deal” between **Chinese** state-owned engineering firms and the **Democratic Republic of the Congo (DRC)** to trade mineral wealth to fund urgently needed infrastructure projects, which concealed a multimillion-dollar embezzlement and bribery operation.² Exposure of the deal has angered Western donors and creditors, who question why **African** countries should be footing the bill for China’s corrupt transactions.³

The DRC and China struck a deal in 2007 during the administration of former president **Joseph Kabila** (2001-2019), making **Sino Congolaise des Mines (Sicomines)** the most significant Chinese investment project in Africa, dubbed by media the “Deal of the Century”. In terms of the deal, two major Chinese construction companies, **China Railway Group** and **Sinohydro**, pledged to help rebuild and expand infrastructure in the DRC in return for a sizeable chunk of the country’s mineral wealth. The agreement gave the Chinese partners mining rights to cobalt and copper, a key metal in electric car batteries and electronics.

However, the “deal of the century” lacked transparency from the start.⁴ The Sentry report, released on 29 November, reveals how DRC state-owned enterprises used a Chinese intermediary, **Wu Wei**, with accounts at the DRC subsidiary of **Gabon-based commercial bank Banque Gabonaise et Française Internationale (Groupe BGFIBank SA)**, to launder millions of dollars into Kabila’s pockets and those of his family, their associates and businesses.⁵ Kabila’s brother, **Francis Selemani**, ran BGFIBank DRC, enabling him to channel at least \$138m intended for infrastructure in what was known as the Sicomines agreements.⁶ Sources claim this amount is just the tip of the iceberg.⁷ DRC’s state-owned mining company, **Gecamines**, held 32% of Sicomines.⁸

¹ [The Sentry](#) describes itself as “an investigative and policy team that follows the dirty money connected to African war criminals and transnational war profiteers and seeks to shut those benefiting from violence out of the international financial system”.

² [The Sentry](#), 29 Nov 2021

³ ARC Executive Director, Tara O’Connor

⁴ [The Sentry](#), 29 Nov 2021

⁵ Daily Maverick, 6 Dec 2021

⁶ [The Sentry](#), 29 Nov 2021

⁷ Daily Maverick, 6 Dec 2021

⁸ All Africa, 6 Dec 2021

Revelations of the deal are an embarrassment for the Chinese government, showing Chinese corporations colluded with power players in the DRC to secure access to billions of dollars' worth of natural resources.⁹ ARC executive director **Tara O'Connor** suggests China should investigate all corrupt deals in Africa to ensure that any corruption-linked debt is repaid and removed from African debt stock:

“Highly indebted African governments routinely approach western donor countries for debt relief but China continues to insist that African countries pay its debts according to the original terms and that these governments provide government guarantees for new projects.”

President **Felix Tshisekedi** (2019-present) announced 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, Nov 2021*).¹⁰ 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*).¹¹ Finance minister **Nicolas Kazadi** said the awarding of the contracts had lacked transparency and the deals did not benefit the DRC.¹²

The Sentry report makes several recommendations:

- Global financial institutions and DRC banks should investigate the activities outlined in this report and institute measures to prevent a repeat. Global and Congolese banks should work together to enhance customer due diligence standards, investigate the findings in the report, and improve monitoring of transactions related to the DRC that may present a high risk for illicit financial activity.
- The US, **European Union** and **United Kingdom** should investigate whether activities outlined in the report constitute violations of law; issue public advisories concerning the money laundering risk associated with the DRC and complex infrastructure financing deals linked to certain Chinese state-owned enterprises; and, where appropriate, impose targeted sanctions on key individuals and companies named in this report.
- The DRC government should institute a range of measures to identify any violations of law connected to the activities in the report, redouble the independence of key oversight agencies, bolster monitoring of potentially risky transactions, use robust asset declarations and information-sharing between government authorities and commercial banks, and generally make it more difficult for officials to violate public trust.¹³

... as US sanctions DRC national over Gertler ties

The **United States Treasury** has imposed sanctions on DRC national **Alain Mukonda** and 12 entities linked to him for allegedly providing support to blacklisted **Israeli** mining magnate **Dan Gertler**.¹⁴ The US Treasury accuses Mukonda of opening bank accounts for Gertler and making payments into proxy bank accounts for him and a close associate of his.¹⁵ The US Treasury explained the reason for its decision in a statement released on 6 December:

*“Under the **U.S.-DRC Privileged Partnership for Peace, Prosperity, and Preservation of the Environment**, the United States will continue to partner with the Tshisekedi administration and*

⁹ [The Sentry](#), 29 Nov 2021

¹⁰ AFP, 15 May 2021

¹¹ The East African, 30 Aug 2021

¹² The East African, 30 Aug 2021

¹³ [The Sentry](#), 29 Nov 2021

¹⁴ The East African, 6 Dec 2021

¹⁵ Aljazeera, 6 Dec 2021

the Congolese people to fight corruption, end impunity, and promote accountability with all tools at our disposal.”¹⁶

The Treasury announced its decision in the buildup to the **Summit of Democracy**, hosted by US President **Joseph Biden** (2021-present), in what it described as the “*Week of Actions*”.¹⁷ The Treasury accuses Mukonda of making 16 cash deposits totaling \$11m and \$13.5m into accounts of companies he incorporated that essentially belonged to Gertler, registered in the tax havens of the **British Virgin Islands** and **Gibraltar**. The decision rests on the **Global Magnitsky Human Rights Accountability Act**, which targets perpetrators of corruption and serious human rights abuses.

The administration of former US President **Donald Trump** (2017-2021) blacklisted Gertler in 2017 for allegedly fueling corruption in the DRC but issued a sanctions waiver in the last days of the Trump administration.¹⁸ The Biden administration revoked the waiver in March.¹⁹ The US Treasury accuses Gertler of using his close friendship with former president Kabila to gain favourable access to mining contracts and sales in the DRC. According to the Treasury, the DRC lost up to \$1.36 billion in revenue between 2010 and 2012. Gertler, via his spokesperson, has denied all allegations.²⁰

Uganda and DRC join forces to fight ADF in the DRC

The **Ugandan People’s Defence Force (UPDF)** launched air and artillery raids against the **Forces démocratiques alliées/Allied Defence Forces (ADF)** armed group in DRC’s eastern **North Kivu** province on 30 November, in an operation agreed with **Forces armées de la république démocratique du Congo (FARDC)** (DRC armed forces). Uganda has sent approximately 1,700 soldiers to the DRC. A Ugandan army spokesperson confirmed the offensive on social media platform **Twitter**, while DRC government spokesman and communications minister **Patrick Muyaya** noted that:

“Targeted and concerted action with the Ugandan army started today with air strikes and artillery fire from Uganda against positions of the terrorist ADF in the DRC.”²¹

The ADF was historically a Ugandan rebel coalition whose largest group comprised opponents of Uganda’s President **Yoweri Museveni** (1986-present).²² Ugandan authorities have blamed the ADF for a deadly attack in capital **Kampala** on 16 November (see *ARC Briefing Uganda Dec 2021*). **Kampala** and **Kinshasa** have shared intelligence for several months in order to take concerted action against the ADF, which has killed thousands of people in eastern DRC after it was expelled from Uganda.²³ In March, the US formally linked the ADF to **ISIL (ISIS)**, placing it on the US terrorist list.

News of the UPDF campaign in DRC was not universally welcomed, particularly by Congolese who recall the Ugandan army’s role in DRC’s civil war from 1998 to 2003. The DRC accused Uganda of occupying territory and plundering its resources. However, Tshisekedi said during his **State of the Union** address on 13 December that the Ugandan troops seen crossing into the DRC were only there for a short time and would be limited to the operation at hand.²⁴

DRC struggles with Covid vaccine rollout...

The DRC continues to struggle with low uptake of Covid-19 vaccines and is one of the world’s least immunised nations. The **World Health Organisation (WHO)** reports that as of 5 December, DRC’s health authorities have administered 142,913 doses of Covid vaccine, with only 56,167 people fully vaccinated against the virus. In its population of 90 million, this represents 0.16% having received

¹⁶ US Department of State, 6 Dec 2021

¹⁷ US Department of State, 6 Dec 2021

¹⁸ Al Jazeera, 6 Dec 2021

¹⁹ Al Jazeera, 6 Dec 2021

²⁰ Al Jazeera, 6 Dec 2021

²¹ The East African, 30 Nov 2021

²² Reuters, 30 Nov 2021

²³ The East African, 30 Nov 2021

²⁴ Al Jazeera, 13 Dec 2021

one dose and 0.06% having received two doses of Covid vaccine.²⁵ The DRC received 1.7 million Covid-19 doses of the **British-Swedish** manufactured **AstraZeneca** vaccine via the WHO's **Covax** facility on 2 March, but announced 10 days later that it was suspending its vaccine rollout amid concerns about blood clots, fueling rumours on social media that Congolese were being used as "*guinea pigs*".²⁶ President Tshisekedi added to popular distrust of the vaccines when he made public comments expressing doubts about the safety of the vaccine in April. The AstraZeneca vaccine doses were subsequently sent to other countries. Tshisekedi finally received his first dose of the vaccine in September. While mistrust of the vaccine and Covid-19 persists, the disease that kills the greatest number of people in the DRC is malaria. The country also continues to grapple with **Ebola**, yellow fever, polio and cholera, all of which are exacerbated by malnutrition and extreme poverty.²⁷

Distribution of vaccines throughout DRC also poses a significant challenge. The country is the size of continental **Western Europe**, with poor roads and electricity supply. Conflict and violence increase the difficulty of accessing large parts of the country.²⁸

As of 13 December, DRC had recorded 59,851 cases of Covid-19 in its population of 90 million, with 1,053 Covid-related deaths and 50,930 recoveries.²⁹

2021 in review

The DRC continues to experience the adverse impacts of the Covid-19 pandemic due to the slowing down in the extractive industries, lockdowns and restriction on travel. As the pandemic has slowly been brought under control, underpinned by global mass vaccination programmes, demand has started to recover. **International Monetary Fund (IMF)** managing director **Kristalina Georgieva** says DRC's prospects are good; the economy is expected to grow 5.4% this year and 6.4% in 2022, outpacing **sub-Saharan Africa's** expected growth of 3.7% this year and 3.8% in 2022.³⁰

Although the DRC is benefiting from higher commodity prices, the Tshisekedi administration needs to ensure the revenue benefits Congolese. Chronic corruption and mismanagement have deprived many of the benefits of the economic upturn, while the continuing conflict in the eastern Congo has created a humanitarian crisis and exacerbated poverty for many Congolese.³¹

Tshisekedi has scored some political wins in 2021. His ambition to join the **East African Community (EAC)** has gathered traction and, if approved, will boost investment and trade with **East Africa**. The publishing of mining contracts that were previously private, and replacement of the boards of both the **Banque Centrale du Congo** (central bank) and state mining company Gecamines have increased investor confidence.³² Looking ahead to 2022, Tshisekedi will need to take decisive action to stamp out corruption and navigate the delicate political landscape. Hanging over the DRC will be the conflict in North Kivu province and prolonged economic recovery from Covid.³³

²⁵ WHO, 5 Dec 2021

²⁶ Africa News, 5 Dec 2021

²⁷ WHO, 5 Dec 2021

²⁸ Source, DRC analyst

²⁹ Africa CDC, 13 Dec 2021

³⁰ Reuters, 9 Dec 2021

³¹ Source, DRC analyst

³² Source, DRC analyst

³³ Source, DRC analyst

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

13 Dec 2021 **Kinshasa (DRC)** *Aljazeera*. President **Felix Tshisekedi** says **Ugandan** troops in eastern **DRC** fighting the **Allied Democratic Forces** rebel group will be there for a limited period only;

8 Dec 2021 **Kinshasa (DRC)** *AFP*. **United Kingdom**-based NGO **Global Witness** urges **DRC** to halt the \$500m **Sombwe Dam** hydropower dam project it says will flood part of a national park and be an "ecological catastrophe";

6 Dec 2021 **Kinshasa (DRC)** *The East African*. **United Nations Security Council** meets to discuss UN sanctions against the **DRC** as well as the mandate of its peacekeeping force, which is due to expire on 20 December;

6 Dec 2021 **Kinshasa (DRC)** *Global Construction Review*. **Uganda**-based construction company **Dott Services** launches a \$330m plan to build 223km of roads in neighbouring **DRC**, known as **Regional Connectivity Roads Project**, to improve trade between the two countries.

2 Dec 2021 **Kinshasa (DRC)** *Global Arbitration Review*. **DRC** government reportedly files request for arbitration at **International Criminal Court** against two companies owned by sanctioned **Israeli** billionaire **Dan Gertler**, seeking \$154m and the termination of a contract for two oil blocks;

30 Nov 2021 **North Kivu (DRC)** *Reuters*. **Uganda** and **DRC** carry out joint air and artillery strikes against an **Islamic State**- linked militia **Allied Democratic Forces** in **Watalinga** territory, eastern **DRC**.

28 Nov 2021 **Kinshasa (DRC)** *AFP*. A presidential advisor says the **DRC** will allow armed forces from neighbouring **Uganda** to enter its territory to chase rebels blamed for massacres in the region;

24 Nov 2021 **Kinshasa (DRC)** *Africanews*. A judicial source says an investigation targeting former President **Joseph Kabila** and his affiliates has been opened in capital **Kinshasa** after revelations of alleged embezzlement of \$138m.

About Africa Risk Consulting:

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