

## AFRICA RISK CONSULTING

### DRC Monthly Briefing February 2021

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#### DRC Summary 17 February 2021

*President Felix Tshisekedi (2019-present) appoints Sama Lukonde Kyenge as prime minister after Sylvestre Ilunga resigns following a vote of no confidence in the Democratic Republic of the Congo (DRC) parliament. State-owned mining company Gecamines reshuffles the executive, appointing Patrice Pungwe as secretary general. The DRC drops two points in Germany-based non-governmental organisation Transparency International's Corruption Perceptions Index (CPI). Banque centrale du Congo (central bank) reports that the DRC avoided an expected pandemic-induced recession in 2020 thanks to its mining sector. The World Health Organisation (WHO) launches a vaccination campaign against Ebola in eastern DRC as the virus resurfaces near the city of Butembo.*

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#### New PM strengthens Tshisekedi's power ...

President **Felix Tshisekedi** (2019-present) has appointed a new prime minister in a move that will bolster his support base and help him drive his political and legislative agenda. Tshisekedi appointed close ally **Jean-Michel Sama Lukonde Kyenge**, former director general of state-owned mining company Gecamines to the position on 15 February.

Lukonde's appointment follows the resignation of **Sylvestre Ilunga** on 28 January following a vote of no confidence in the **Democratic Republic of the Congo (DRC)** parliament.<sup>1</sup> A total of 301 lawmakers signed the motion filed on 22 January by **Chérubin Okende**, a member of parliament (MP) affiliated with **Moïse Katumbi's** opposition **Ensemble pour le Changement** political platform.<sup>2</sup> Of the 382 MPs present at the opening of the session, 367 voted to oust the prime minister and his cabinet. Ilunga, a close ally of former president **Joseph Kabila** (2001-2019), was not present during the voting session, but in accordance with the DRC constitution, submitted his resignation letter within 24 hours of the vote.<sup>3</sup>

Lukonde, the son of a leading political figure in DRC's south-eastern mining heartland, trained as an engineer and advanced his career in the mining industry before joining parliament in 2006. Lukonde served as minister of sport but resigned in 2015 in protest against Kabila's bid to run for a third term.<sup>4</sup> Following the announcement of his appointment as prime minister, Lukonde addressed the media, stressing his priority to bring peace to the east and southeast of the DRC, and adding:

*"We are also going to carry out reforms because the country needs them in several sectors, including the electoral law."<sup>5</sup>*

President Tshisekedi has been slowly dismantling the power base of Kabila, with whom he formed an uneasy power-sharing deal following the disputed 2018 elections.<sup>6</sup> Tshisekedi struggled to establish a stronghold over the coalition between his **Union pour la Démocratie et le Progrès Social (UDPS)** and Kabila's **Front Commun pour le Congo (FCC)** and push through his agenda. Tshisekedi was forced to bargain over and concede many policy decisions, compounded by the challenges facing his government including corruption, two **Ebola** epidemics and spiraling violence in the mineral rich

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<sup>1</sup> Al Jazeera, 28 Jan 2021

<sup>2</sup> Africa Report 29 Jan 2021

<sup>3</sup> Africa Report, 29 Jan 2021

<sup>4</sup> Reuters, 15 Feb 2021

<sup>5</sup> Africa News, 15 Feb 2021

<sup>6</sup> Source, analyst, DRC

**Lubumbashi** region.<sup>7</sup> Tshisekedi's first victory in clearing out Kabila loyalists came on 10 December, when MPs voted to remove the **Assemblée Nationale's** pro-Kabila speaker, **Jeanine Mabunda** (see *ARC Briefing DRC December 2020*).<sup>8</sup>

Analysts see the appointment as a positive development for south-eastern DRC, which may look forward to relief from the on-going security plaguing the region that Kabila ignored during his 18 years in office. Mining companies may also draw comfort from having an industry insider operating at the highest level of government.<sup>9</sup>

### ... amid new leadership at Gecamines ...

State-owned mining company **Gecamines** has replaced its secretary general and other senior positions. The reshuffle comes as President Tshisekedi continues to consolidate his grip on power by sidelining former president Joseph Kabila's allies. Former adviser in the prime minister's office **Patrice Pungwe** replaces **Déogratias Ngele Masudi**, an ally of Gecamines chairman **Albert Yuma**, as secretary general.<sup>10</sup>

Gecamines director-general and recently appointed prime minister Jean-Michel Sama Lukonde Kyenge said Pungwe's appointment is part of a "revitalisation" of the company's upper management.<sup>11</sup> Tshisekedi nominated Lukonde as director-general in June. Pungwe declined to divulge if the reshuffle was in line with President Tshisekedi's political maneuvering, adding that,

*"There is new management [at Gecamines] - and it goes without saying that the new managers would make some adjustments."*

Gecamines controls minority stakes in most of DRC's largest copper and cobalt projects and is thus a significant centre of power in its mining sector.<sup>12</sup> DRC is **Africa's** top copper producer and the world's largest miner of cobalt used in lithium-ion batteries.<sup>13</sup> Control over Gecamines has been an important aspect of the power struggle between Tshisekedi and Kabila since 2019. The leadership reshuffle is likely to isolate Yuma, a well-known Kabila ally, and strengthen Lukonde's influence in his new role of prime minister (see above).<sup>14</sup>

### ... as mining sector helps DRC avoid recession in 2020

**Banque centrale du Congo (BCC)** (central bank) spokesperson **Plante Kibadhi** reports that DRC's economy avoided an expected pandemic-induced recession in 2020, and instead grew 0.8%, due to strong mining sector activity. Growth is expected to rise to 3.2% during 2021.<sup>15</sup> In April 2020, the **International Monetary Fund (IMF)** projected that the DRC economy would contract by 2.2%, citing a fall in key exports such as copper at the time and the onset of the **coronavirus** pandemic as likely contributing factors.<sup>16</sup> The BCC maintained its benchmark interest rate at 18.5% throughout 2020,<sup>17</sup> the highest it has been since April 2018.<sup>18</sup>

The price for copper, of which the DRC is the world's largest producer, has rallied by 93% since March 2020.<sup>19</sup> Prices have risen on optimism that coronavirus vaccines will aid a rebound in global growth. Copper climbed 5.3% on 11 February on the UK's **London Metal Exchange (LME)** in the biggest gain

<sup>7</sup> Source, DRC analyst

<sup>8</sup> Al Jazeera, 10 Dec 2020

<sup>9</sup> Source, DRC analyst

<sup>10</sup> Reuters, 22 Jan 2021

<sup>11</sup> Mining weekly, 5 Feb 2021

<sup>12</sup> Mining weekly, 5 Feb 2021

<sup>13</sup> Mining weekly, 5 Feb 2021

<sup>14</sup> Mining weekly, 5 Feb 2021

<sup>15</sup> Mining Weekly, 16 Feb 2021

<sup>16</sup> Reuters, 16 Feb 2021

<sup>17</sup> Mining Weekly, 16 Feb 2021

<sup>18</sup> Bloomberg, 17 Aug 2020

<sup>19</sup> Business Live, 16 Feb 2021

since July 2020.<sup>20</sup> While coronavirus variants threaten to dampen the outlook, investors are banking on the **United States (US)** government stimulus under President **Joe Biden** (2021-present) and the coronavirus vaccine rollout. Renewed demand from **China** is also driving prices higher.

### DRC drops two places in corruption rankings

DRC has slid two places on **Germany**-based non-governmental organisation **Transparency International's** annual **Corruption Perceptions Index (CPI)**, falling to 170<sup>th</sup> out of 180 countries surveyed.<sup>21</sup> The CPI scores countries and regions according to their perceived levels of public sector of corruption, on a scale of zero (extremely corrupt) to 100 (very clean). DRC scored 18 points out of 100, unchanged from its score in the 2019 CPI and well below the **sub-Saharan African** average of 32 points.<sup>22</sup>

TI 2020 CPI Rankings for DRC					
	2020	2019	2018	2017	2016
<b>Ranking</b>	170/180	168/180	161/180	161/180	156/176
<b>Score</b>	18/100	18/100	20/100	21/100	21/100

In regional comparison, DRC trails behind **Congo** (165<sup>th</sup> with 19 points); **Angola** (142<sup>nd</sup> with 27 points); **Cameroon** (149<sup>th</sup> with 25 points) and **Gabon** (129<sup>th</sup> with 30 points).<sup>23</sup>

TI CPI Rankings 2020: Regional comparison					
	Congo	Angola	Cameroon	Gabon	DRC
<b>Ranking</b>	165/180	142/180	149/180	129/180	170/180
<b>Score</b>	19	27	25	30	18

### Ebola re-emerges

A new outbreak of Ebola has emerged in the DRC, further pressuring the country's already strained healthcare system. A case of Ebola was identified on 7 February near the city of **Butembo** in eastern DRC.<sup>24</sup> The **World Health Organisation (WHO)** is working with the DRC government to control the outbreak after a second person died in **North Kivu** province on 11 February, in an attempt to track and trace over 70 people who have been in contact with the deceased.<sup>25</sup>

The new cases of Ebola come nearly three months after health minister **Eteni Longondo** declared on 17 November the end of the 11<sup>th</sup> outbreak, hundreds of kilometres away in the north-western province of **Equateur**, in which 130 people were infected and 55 people died (see *ARC Briefing DRC December 2020*).<sup>26</sup> The outbreak ran in parallel with an earlier one in eastern DRC that lasted from August 2018 to June 2020 and killed more than 2,200 people, the second most deadly in the history of the disease and the most severe in the DRC.<sup>27</sup>

The WHO officially launched an Ebola vaccination campaign in Butembo on 15 February after receiving 1,200 doses of the Ebola vaccine and cold chain equipment.<sup>28</sup> Previous Ebola vaccinations,

<sup>20</sup> Business Live, 16 Feb 2021

<sup>21</sup> Transparency International accessed 16 Feb 2020

<sup>22</sup> Transparency International accessed 16 Feb 2020

<sup>23</sup> Transparency International accessed 16 Feb 2020

<sup>24</sup> RFI, 7 Feb 2021

<sup>25</sup> RFI, 10 Feb 2021

<sup>26</sup> MSF, 10 Feb 2021

<sup>27</sup> Reuters, 10 Feb 2021

<sup>28</sup> WHO, 15 Feb 2021

administrated to over 40,000 people, have helped to prevent the spread of disease in the past two years. The DRC government has approved and distributed two Ebola vaccinations, including one from US-based pharmaceutical company **Johnson & Johnson**.<sup>29</sup>

The Ebola outbreak complicates DRC's fight against the coronavirus pandemic. A coronavirus vaccination campaign is expected to start in the first half of 2021. The WHO has tried to alleviate concerns around the distribution of the Ebola vaccine in parallel with the Covid-19 vaccine, saying there is no reason why dual distribution of vaccines cannot take place. As of 17 February, DRC has recorded 23,771 cases of coronavirus in its population of 90 million, with 15,151 recoveries and 684 deaths.<sup>30</sup>

### Planner

15-17 Jun 2021 **Lubumbashi (DRC)** DRC Mining Week Expo and Conference

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

16 Feb 2021 **(Africa)** *Business Day*. **World Health Organisation** alerts more **African** countries as **Ebola** cases rise in **Guinea**;

16 Feb 2021 **Kinshasa (DRC)** *Mining Weekly*. **Banque Centrale du Congo** (central bank) official **Plante Kibadhi** says the economy averted an expected pandemic-induced recession in 2020 to grow 0.8% on the back of strong mining activity;

15 Feb 2021 **Kinshasa (DRC)** *La Prosperite*. President **Felix Tshisekedi** appoints state mining company **Gecamines** head **Sama Lukonde Kyenge** as DRC's new prime minister;

15 Feb 2021 **Kinshasa (DRC)** *Al Jazeera*. At least 60 people have died and hundreds are missing after a boat capsized in the **Congo River** in western DRC;

15 Feb 2021 **Butembo (DRC)** *WHOAFRO*. The DRC officially launches an **Ebola** vaccination campaign in **Butembo**, one week after resurgence of the virus, prioritising health workers at **Matanda** health care centre, where the first **Ebola** patient was treated;

14 Feb 2021 **Kinshasa (DRC)** *Al Jazeera*. Assailants, reportedly **Bakata-Katanga** from the **Katanga** region fighting to secede from the DRC, kill 11 people in the mining hub of **Lubumbashi**;

9 Feb 2021 **Kinshasa (DRC)** *RFI*. DRC begins **Ebola** contact tracing as the **World Health Organization (WHO)** identifies more than 70 contact cases of the disease;

9 Feb 2021 **(Africa)** *EMPEA*. Sector-specific **African** private equity fund **Phatisa** reaches a \$143m final close for **Phatisa Food Fund 2** following an \$82m joint commitment from **CDC Group, Norfund, Finfund, FinDev Canada** and **BIO**, and will invest in the food value chain across **sub-Saharan Africa**;

8 Feb 2021 **Kinshasa (DRC)** *Financial Times*. Health officials identify a new case of **Ebola** in the north-east of the country, raising fears of a fresh outbreak of the deadly haemorrhagic fever;

7 Feb 2021 **Kinshasa (DRC)** *BBC*. A new case of **Ebola** has been detected in eastern DRC, in a woman who contracted the virus in the town of **Biena** near the city of **Butembo**;

<sup>29</sup> Al Jazeera, 10 Feb 2021

<sup>30</sup> AfCDC, 16 Feb 2021

6 Feb 2021 **(Africa) AU. Democratic Republic of the Congo** President **Félix Tshisekedi** takes over **African Union** chair from **South Africa's** President **Cyril Ramaphosa**;

5 Feb 2021 **Kinshasa (DRC) Reuters**. Government replaces state mining company **Gecamines'** secretary general and other senior positions, bolstering the influence of President **Félix Tshisekedi** at the expense of his predecessor **Joseph Kabila**;

3 Feb 2021 **Kinshasa (DRC) Daily Maverick**. Three **United States (US) Democratic Party** senators urge new US treasury secretary **Janet Yellen** to reinstate **Magnitsky** sanctions against controversial **Israeli** businessman **Dan Gertler**, who has made a fortune through what the US government has described as "opaque and corrupt mining and oil deals" in the **DRC**;

24 Jan 2021 **Kinshasa (DRC) AFP**. Lawmakers back President **Felix Tshisekedi** in the latest round of his power struggle with predecessor **Joseph Kabila** by signing a motion of no confidence against prime minister **Sylvestre Ilunga Ilunkamba**, a Kabila ally;

24 Jan 2021 **Kinshasa (DRC) Daily Maverick**. **Magnitsky Act** pioneer **Bill Browder** says he will lobby the **Joe Biden** administration to reverse former president **Donald Trump's** decision to waive sanctions on **Israeli** businessman **Dan Gertler**, who made hundreds of millions of dollars by buying mining assets from the DRC state at greatly discounted prices;

27 Jan 2021 **Kinshasa (DRC) EWN**. Parliament begins to debate a motion calling for the resignation of the government, a key step in President **Felix Tshisekedi's** bid to sideline supporters of his powerful predecessor, former President **Joseph Kabila**;

27 Jan 2021 **Kinshasa (DRC) UN News**. The **United Nations (UN) Joint Human Rights Office** says killings by armed groups in the DRC has more than doubled during 2020 and claims the **Allied Democratic Forces (ADF)** have carried out a third of the killings;

18 Jan 2021 **Kinshasa (DRC) BBC**. The **Democratic Republic of the Congo (DRC)** marks the 60<sup>th</sup> anniversary of the assignation of **Patrice Lumumba**, the country's first prime minister.

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