

## AFRICA RISK CONSULTING

### DRC Monthly Briefing May 2021

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#### DRC Summary 18 May 2021

**Democratic Republic of the Congo (DRC) president Felix Tshisekedi (2019-present) announces he will renegotiate mining contracts to ensure that the DRC population benefits from the country's vast mineral wealth. Tshisekedi visits Switzerland-based Glencore Plc's Kamoto Copper Company (KCC) in Kolwezi to acknowledge the significant investment Glencore has made in DRC. A consortium of anti-corruption groups claims that the DRC could lose up to \$1.76 billion in potential royalties from copper and cobalt mining deals made with Israeli mining magnate Dan Gertler. The World Health Organization (WHO) comes under criticism for its handling of allegations of sex abuse by doctors during the 2018 Ebola epidemic. Vaccine hesitancy has slowed DRC's vaccination campaign against Covid-19 amid decreasing infection rates.**

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#### DRC to renegotiate mining contracts ...

President **Felix Tshisekedi** (2019-present) has announced plans to renegotiate mining contracts signed under his predecessor, **Joseph Kabila** (2001-2019), including those signed with **Chinese** mining companies.<sup>1</sup> Tshisekedi made his announcement on 13 May during a visit to the mining town of **Katanga Province**, a stronghold of China-based mining companies. Tshisekedi said many Congolese are still living below the poverty line,<sup>2</sup> despite the country's abundance of natural resources:

*"It is not normal that those with whom the country has signed mining contracts get richer while our population remains poor. It is time for the country to readjust its contracts with miners to seal win-win partnerships."*<sup>3</sup>

The announcement is likely to cause tension in Sino-Congolese relations. About one third of the 40 mining companies operating in Katanga Province are owned by Chinese companies or have majority Chinese capital, including **Tenke Fugurume**, which is 80% owned by Chinese company, **China Molybdenum (China Moly)**.<sup>4</sup> China's ambassador to DRC, **Zhu Jing**, noted the dominance of Chinese in the mining sector in a 13 May **Tweet**:

*"The DRC and Africa must not be the battleground of the powers, let us be vigilant to those who cry out for fighting and seek to create hostility."*<sup>5</sup>

The move is also an indication of Tshisekedi demonstrating a break with the former Kabila administration. In calling for the renegotiation of contracts, Tshisekedi said the government had to take responsibility for the contracts and the corruption that allowed a few people to exploit the contracts at the expense of the DRC people:<sup>6</sup>

*"It is also our fault. Some of our compatriots badly negotiated the mining contract. Worse, the little which returns to the state, they put in their own pockets (and) the Congolese continue to languish in misery."*<sup>7</sup>

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<sup>1</sup> AFP, 15 May 2021

<sup>2</sup> An estimated 73% of the DRC population, about 60 million people, live on less than \$1.90 a day

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

<sup>4</sup> Africa News, 15 May 2021

<sup>5</sup> Twitter (Zhu Jing), 13 May 2021

<sup>6</sup> AFP, 15 May 2021

<sup>7</sup> African News, 15 May 2021

A source within the DRC presidency said discussions with all miners are expected in the coming months and will take place methodically in accordance with the president's roadmap. Tshisekedi will need to strike a conciliatory tone with all stakeholders involved in the contract re-negotiations, as DRC's economy depends heavily on the mining sector and has suffered as a result of the coronavirus pandemic.<sup>8</sup>

### ... as Tshisekedi acknowledges Glencore mining investment ...

Despite his plans to renegotiate mining contracts to be more advantageous to DRC's population, President Tshisekedi has acknowledged the significant contribution that foreign mining companies make to the economy. Tshisekedi visited the operations of **Kamoto Copper Company (KCC)** in **Kolwezi (Lualaba Province)** on 13 May, in recognition of the almost \$8 billion investment that **Switzerland-based Glencore PLC** has made in the DRC.<sup>9</sup> KCC is a joint venture between Glencore subsidiary **Katanga Mining Ltd** (75%) and DRC state mining company **Compagnie Minière Publique (Gécamines)** (25%).<sup>10</sup> The visiting delegation included prime minister **Sama Lukonde**, mining minister **Antoinette N'Samba**, Lualaba Province deputy governor **Fifi Masuka**, and Gécamines chair **Alberta Yuma**, as well as Glencore CEO **Ivan Glasenberg** and **Embassy of Switzerland in the DRC** deputy chief of mission **Daniel Freihofer**.<sup>11</sup>

KCC plays an important role in Glencore's investment in the DRC. Glencore says the mine's modern infrastructure and significant copper and cobalt orebody are key to achieving global energy and mobility transitions.<sup>12</sup> The KCC site is on track to reach production of 300 000 tonnes per year (t/y) of copper and 30 000 t/y of cobalt, due to the successful ramping up of production in 2020. Glasenberg said Glencore looks forward, together with Gécamines, to continuing to build on the long-standing local and national partnerships that have been the foundation of its investment in the DRC, noting that the DRC and KCC have a role to play in providing a responsible supply of copper and cobalt for customers to use in the global energy and mobility transition. Glencore and Gécamines are both signatories to the **Responsible Minerals Assurance Process** standard for cobalt as defined by the **Responsible Minerals Initiative**.<sup>13</sup>

### ... amid claims that Gertler mining deals cost DRC \$1.76 billion in royalties

A coalition of anti-corruption campaigners called **Congo n'est pas à vendre (CNPAV)** (Congo is not for sale) claims that the DRC government could lose \$1.76 billion in potential royalty payments as a result of copper and cobalt mining deals with **Israeli** mining magnate **Dan Gertler**.<sup>14</sup> The **United States (US) Treasury** sanctioned Gertler and more than 30 of his businesses in December 2017 and June 2018 under the **Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012 (Magnitsky Sanctions)** programme, accusing Gertler of using his proximity to influential friends, mainly former president Kabila, to secure corrupt and opaque lucrative mining and oil deals worth more than a billion dollars.<sup>15</sup> Gertler has denied any wrongdoing (see *ARC Briefing DRC March 2021* and previous ARC Briefing).

Using recently published mining contracts on the mining ministry's website, CNPAV estimated that deals with Gertler for copper, cobalt and oil concessions have already cost the state around \$1.95 billion.<sup>16</sup> In its report published on 12 May, CNPAV accuses Gertler of receiving mining and oil licences at "*knockdown prices*" before selling them on the international market or, in some cases, to the

<sup>8</sup> Source, DRC political analyst

<sup>9</sup> Mining Weekly, 13 May 2021

<sup>10</sup> DRC Mining Week, accessed 18 May 2021

<sup>11</sup> Mining Weekly, 13 May 2021

<sup>12</sup> Mining Weekly, 13 May 2021

<sup>13</sup> Mining Weekly 13 May 2021

<sup>14</sup> Mining Weekly, 13 May 2021

<sup>15</sup> Reuters, 25 Jan 2021

<sup>16</sup> Mining Weekly, 13 May 2021

government at a premium. CNPAV claims total losses could be as high as \$3.71 billion and called on the government to investigate the matter further. CNPAV spokesperson **Jean Claude Mputu** said,

*“The Congolese government cannot ignore the hemorrhage of billions of dollars from its coffers when it desperately needs to funds to rebuild its economy and pull its citizens out of poverty.”<sup>17</sup>*

According to the CNPAV report, further losses could accrue from Gécamines’ transfer of the right to collect royalties to companies affiliated with Gertler through a series of complex financial deals. A larger portion of funds is expected from Glencore’s KCC and **Mutanda Mining** concessions, which are worth around \$1.46 billion over the next 19 years.

Government officials could not comment on the allegations, while a spokesperson for Gertler said CNPAV had fabricated the numbers in an effort to tarnish Gertler’s reputation and create media interest in its case. DRC produces more than 70% of global cobalt supplies and is Africa’s largest copper miner, but remains one of the world’s poorest countries.

### WHO under fire for sex abuse allegations ...

The **World Health Organization (WHO)** has come under criticism from diplomatic and donor circles for its handling of sex abuse allegations involving its staff during an **Ebola** outbreak in DRC.<sup>18</sup> The allegations come at a bad time for DRC’s health ministry, which is already struggling to convince Congolese to take WHO-backed vaccines in the country’s fight against the **Covid-19** pandemic (see below).

US-based **Associated Press (AP)** published a report on 11 May of an investigation into sex abuse allegations involving at least two WHO doctors during the Ebola epidemic in 2018.<sup>19</sup> AP reportedly obtained a notarised contract documenting how two WHO staffers signed off on an agreement between WHO doctor **Jean-Paul Ngandu** and a young woman he allegedly impregnated in the DRC. In the contract, Ngandu promised to pay the young woman money, cover her pregnancy costs and buy her a plot of land. According to Ngandu, the contract was intended to *“protect the integrity and reputation of the organization”*.<sup>20</sup>

Reacting to the report, the **United Kingdom (UK)** ambassador to the **United Nations (UN)** in **Geneva, Simon Manley**, noted that the UK has a zero-tolerance approach to sexual exploitation and harassment, which extends to all international organisations that the UK funds.<sup>21</sup> The UK is the WHO’s second-largest donor after the US.<sup>22</sup> Without commenting directly on the AP report, the US **State Department** said it needed more information about the sex allegations, but that more needs to be done to address the sex abuses issues at the WHO.<sup>23</sup> The WHO’s third largest funder, US-based **Bill and Melinda Gates Foundation**, said it expects the UN agencies to conduct thorough investigations into sexual abuses as quickly as possible.<sup>24</sup> The **United Nations (UN)** humanitarian coordinator in the DRC, **David McLachlan-Karr**, similarly noted that the allegations must be thoroughly investigated and victims’ voices heard, saying the allegations undermine the work the WHO is doing in the DRC.

The WHO has declined to comment on the specific allegations in the AP report and said it is waiting for the results of a panel created in October to investigate sexual abuses in the DRC outbreak involving the WHO staffers.

<sup>17</sup> Mining Weekly, 13 May 2021

<sup>18</sup> AFP, 14 May 2021

<sup>19</sup> AFP, 14 May 2021

<sup>20</sup> AFP, 14 May 2021

<sup>21</sup> AFP, 14 May 2021

<sup>22</sup> WHO accessed 17 May 2021

<sup>23</sup> AFP, 14 May 2021

<sup>24</sup> AFP, 14 May 2021

### ... as DRC struggles to roll out Covid-19 vaccination ...

The DRC is facing a challenge in getting its population vaccinated against Covid-19, blaming “*false information*” about vaccine safety on social media for resistance to the government’s vaccination drive. The DRC paused its vaccine rollout on 12 March after **European** countries suspended use of the UK-manufactured **AstraZeneca** Covid-19 vaccine (see *ARC Briefing DRC April 2021*).<sup>25</sup> Health minister **Jean-Jacques Mbungani** announced on 29 April the redeployment of 1.3 million doses of AstraZeneca vaccine, allocated to the DRC through the WHO-led **COVAX** facility, to other **African** nations, including **Ghana, Togo, Central African Republic (CAR)** and **Madagascar**.<sup>26</sup> Mbungani said the redeployment was to make best use of the vaccines, as DRC would be unable to administer them before their expiry on 24 June.<sup>27</sup>

To date, the health ministry has administered at least 8, 446 doses of the Covid-19 vaccines. Assuming that every eligible person needs two doses, less than 0.1% of the country’s population of 86.79 million has been vaccinated against Covid-19.<sup>28</sup> In positive news, Covid-19 infections are decreasing in the DRC; new cases are roughly 37 per day, 15% lower than the highest daily average reported on 13 January.<sup>29</sup> As of 12 May, DRC had recorded 30,609 cases of Covid-19, with 26, 603 recoveries and 776 Covid-19 related deaths.<sup>30</sup>

Although there are currently no restrictions in place to stop the spread of the disease, travellers entering the country must present a negative coronavirus test.

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<sup>25</sup> [Reuters](#), 12 Mar 2021

<sup>26</sup> [Reuters](#), 30 Apr 2021

<sup>27</sup> [Reuters](#), 27 Apr 2021

<sup>28</sup> Word Meters, accessed 15 May 2021

<sup>29</sup> Africa CDC, 17 May 2021

<sup>30</sup> Africa CDC, 17 May 2021

## 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

15 May 2021 **Kinshasa (DRC)** *Al Jazeera*. A DRC court sentences 30 people to death in a one-day trial for their role in with clashing with police during **Eid al-Fitr** celebrations in **Kinshasa**;

14 May 2021 **Kinshasa (DRC)** *Al Jazeera*. A police officer is beaten to death and 46 other people wounded as rival Muslim groups clash during **Eid al-Fitr** celebrations when members of two opposing camps vied for leadership positions in Congo's Muslim community and sparred outside Kinshasa's **Martyrs' Stadium**;

11 May 2021 **Kinshasa (DRC)** *AA*. **United Nations (UN)** mission deploys rapid reaction units in the eastern **Democratic Republic of the Congo (DRC)** to contain armed groups after President **Felix Tshisekedi** declared a state of siege in **North Kivu** and **Ituri** provinces;

7 May 2021 **Kinshasa (DRC)** *MiningMC*. **Canada**-based miner **Barrick Gold** CEO **Mike Bristow** says he expects "real change" in the regulatory and political environment following the formation of "a true" coalition government in the **DRC**;

7 May 2021 **Kinshasa (DRC)** *AA*. **United Nations**-run **Radio Okapi** reports that some armed groups active in eastern **DRC** have indicated they are willing to end their armed conflict against government;

7 May 2021 **Kinshasa (DRC)** *HRW*. **United States**-based NGO **Human Rights Watch** warns that declaring martial law in the eastern **Ituri** and **North Kivu Provinces** could lead to further human rights abuses, as military forces will be able to search people's homes day and night, ban publications and meetings deemed against public order, restrict people's movements, and arrest anyone for disrupting public order;

30 Apr 2021 **Kinshasa (DRC)** *RFI*. Government announces a "state of siege" in **North Kivu** and **Ituri** provinces following an unprecedented wave of protests against insecurity and civilian massacres by armed groups.

23 Apr 2021 **Kinshasa (DRC)** *S&P*. President **Felix Tshisekedi** says **African** forestry needs \$100 per metric tonne CO2 carbon offsets, which are currently trading between \$4 and \$6, to preserve and extend its carbon abatement potential;

20 Apr 2021 **Kinshasa (DRC)** *Reuters*. DRC lawyers tell the **International Court of Justice** they are seeking \$4.3 billion in reparations payments from neighbouring **Uganda** for its role in the conflicts in DRC's mineral-rich **Ituri** province from 1998 to 2003;

### 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.

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