

AFRICA RISK CONSULTING

DRC Monthly Briefing November 2022

DRC Summary 18 November 2022

Kenyan troops deploy to Goma (North Kivu) following a decision by the East African Community (EAC) in April to establish a joint force to help restore security in DRC's eastern region as it seeks to prevent unrest from mushrooming into a wider conflict. International rating agency Moody's Investors Service (Moody's) upgrades DRC's long-term local and foreign currency issuer ratings to B3 from Caa1 and changes the outlook to stable from positive. The DRC, Brazil and Indonesia formally launch a climate partnership on 14 November to cooperate on forest preservation after a decade of on-off talks on a trilateral alliance. DRC's mineral exports remain a hot commodity in the region, with regional neighbours working to secure more export rights via their respective ports. The Angolan government signs a \$450m deal on 9 November with Portugal-headquartered infrastructure group Mota-Engil to manage rail and logistics in the Lobito Transport Corridor, which links the mining zone in southern DRC to the Lobito Port in Angola and onwards to international markets. The agreement seeks to draw some of the DRC's mineral exports away from South Africa's Port of Durban (KwaZulu-Natal).

EAC troops deployed to Goma as DRC-Rwanda tensions intensify...

The **East African Community (EAC)**'s first member state contingent, part of the regional force aimed at restoring security in eastern **Democratic Republic of the Congo (DRC)**, deployed on 12 November.¹ **Kenya's** President **William Ruto** (2022-present) announced on 2 November that Kenya would send soldiers to eastern DRC as part of the EAC regional force, signalling progress in the agreement reached by the EAC in April on establishing a joint force to help restore security in the region.² The EAC seeks to prevent unrest in the DRC from mushrooming into a wider conflict. In a statement published on 2 November, Ruto said the deployment is important and urgent because "*it responds to the collective aspirations of a sustainable peace in our region*".³ He added that the EAC members "*owe our brotherly duty to DRC until the job is done*".⁴ The second contingent of Kenyan troops, deployed under the banner of the EAC regional bloc, arrived in the DRC on 16 November.⁵ The troops flew into **Goma (North Kivu Province)** from **Nairobi** (Kenya) and are part of the 900 soldiers who will deploy in DRC.

Kenyan forces will be joined by troops from other EAC member countries to assist the **Forces Armées de la République Démocratique du Congo (FARDC)** (Congolese armed forces) fight the rebels who are controlling key localities and forcing thousands of residents to flee.⁶ The **United Nations (UN)** observed that more than 23,000 Congolese had fled renewed fighting since 20 October, bringing the total number of those displaced due to the conflict since March to 186,000.⁷ DRC deputy chief of staff for operations **Chiko Tshitambwe Jerome** said on 16

¹ The Star, 2 Nov 2022

² Bloomberg, 26 Oct 2022

³ Bloomberg, 3 Nov 2022

⁴ Bloomberg, 3 Nov 2022

⁵ Africa News, 16 Nov 2022

⁶ Africa News, 16 Nov 2022

⁷ Bloomberg, 26 Oct 2022

November that he expects the Kenyan troops' arrival to change “*many things*” and “*finally bring peace in our country the DRC with two priorities the M23 and this Rwandan aggression*”.⁸

Conflict has ravaged the eastern DRC since the 1990s when violence in the aftermath of the 1994 Rwandan genocide spread across the border. Escalating tensions between the DRC and Rwanda have raised the possibility of renewed fighting between the two countries. Tensions reached an all-time high in June after a resurgence of violence in the eastern DRC at the end of May. The DRC accused Rwanda of supporting the M23 rebel group, which staged its largest offensive since 2013 between 23 and 27 May, igniting fresh diplomatic and security tensions.⁹ Rwanda denied the accusations, and instead accused the DRC of supporting armed groups that wish to topple its government (*see ARC Briefing DRC June, July, Aug & Oct 2022*). However, Congolese and UN experts say the rebels have backing from Rwanda.¹⁰ The Rwandese government has also accused the DRC of using an ethnic **Hutu**-dominated rebel group with links to the genocide, **Forces Démocratiques de Libération du Rwanda (FLDR)**, to fight the M23. The M23's leadership is mainly made up of members of the DRC's **Tutsi** community who claim to be defending the people of Rwandan heritage in the country and fighting ethnic Hutu rebel groups accused of the 1994 genocide.

The mission will test the seven-member EAC's ability to resolve a complex security and political challenge. **Koffi Sawyer**, a senior research consultant at the **Institute of Security Studies (ISS)** in **Pretoria (South Africa)**, noted on 3 September that the EAC peace process puts the bloc's conflict resolution capacity in the spotlight:

“Success will depend on resolving intractable political, security and economic challenges in eastern DRC, which probably won't happen soon.”¹¹

The EAC announced on 13 November that the Congolese government is set to resume peace talks with representatives of various armed groups on 21 November in Nairobi.¹² Analysts say it is unclear whether the talks will be successful given the level of acrimony between the actors in the conflict.

Moody's upgrades DRC ratings to B3

United States (US)-headquartered credit ratings agency **Moody's Investors Service (Moody's)** upgraded DRC's long-term local and foreign currency issuer ratings to B3 from Caa1 and changed its outlook to stable from positive as of 11 November.¹³ In its analysis, Moody's said the decision to upgrade the issuer ratings to B3 acknowledges the DRC's strengthening economic and fiscal prospects, encouraged by institutional improvements supported by the **International Monetary Fund (IMF)** programme that began in July 2021.¹⁴

The rating house emphasised that DRC's external positions continue to strengthen, evidenced by the accumulation of official foreign exchange reserves. However, despite the recent improvements, Moody's warns that the country's creditworthiness remains constrained by its very low GDP per capita, low competitiveness, still-weak institutions and deteriorating political risk environment,

*“as well as its very limited domestic financing capacity and reliance on external concessional funding”.*¹⁵

⁸ Africa News, 16 Nov 2022

⁹ Reuters, 27 May 2022

¹⁰ Bloomberg, 26 Oct 2022

¹¹ Bloomberg, 3 Nov 2022

¹² The Star, 16 Nov 2022

¹³ Moody's Investors Service, 11 Nov 2022

¹⁴ Moody's Investors Service, 11 Nov 2022

¹⁵ Moody's Investors Service, 11 Nov 2022

Justifying the stable outlook, Moody's noted that it reflects the view that credit risks are balanced at B3 between the potential for more positive developments on the DRC's credit fundamentals if structural reforms continue and higher commodity prices support improvements in economic and fiscal strength along with a further reduction in external vulnerability against domestic and geopolitical risks, improving institutions and its vulnerability to commodity price shocks, which can lead to macroeconomic volatility.¹⁶

Moody's concurrently raised the DRC's local currency (LC) and foreign currency (FC) country ceilings to B2 and B3, respectively, from B3 and Caa1 previously. Moody's analysts highlight that the one-notch gap between the LC ceiling and the sovereign rating reflects a high degree of unpredictability of government actions, domestic political risk and significant exposure of the local economy to the mining sector.¹⁷ The on-notch gap between the FC ceiling and the LC ceiling represents the limited policy effectiveness and relatively low openness of the DRC's capital account and convertibility risks given the track record of exchange rate volatility during periods of commodity price shocks.¹⁸

Brazil, Indonesia and DRC sign deforestation pact

The world's largest rainforest countries, the DRC, **Brazil** and **Indonesia**, whose vast tropical rainforests are threatened by logging and agriculture, formally launched a climate partnership on 14 November to cooperate on forest preservation after a decade of on-off talks on a trilateral alliance.¹⁹ While the tropical forest cooperation was announced on the side-lines of the 2022 **UN Climate Change Conference or Conference of the Parties (COP27) at Sharm el-Sheikh in Egypt**, it was formally signed in **Bali** (Indonesia) ahead of the **G20** summit, which began on 15 November. The pact calls for all three countries, which represent 52% of the world's rainforest, to be compensated by the international community for reducing deforestation and to focus on joint issues such as access to climate finance and the price of a tonne of carbon in the carbon-credit market.²⁰

DRC's environment minister, **Eve Bazaida Mazudi**, said on 14 November that the three countries can offer solutions to climate change together as "*the world is currently getting warmer and warmer, so humanity needs rainforests to bind CO2*".²¹ However, DRC, which has the world's second-largest rainforest, faced intense criticism in July for launching an auction for oil and gas blocks, some of which are in sensitive areas (*see ARC Briefing DRC Aug 2022*). The mineral-rich but impoverished country maintains that developing its fossil resources is an economic imperative. However, a new report produced by the **Observatory for Central Africa Forests (OFAC)** on 16 November says that at least 27% of undisturbed rainforests present in the **Congo Basin** in 2020 will disappear by 2050 if the rate of deforestation and forest degradation continues unperturbed.²²

The signed agreement comes as developing countries voiced demands at the COP27 and G20 summits that richer countries compensate them for the decades of climate damage. While the **Chinese** were very clear that they will not pay into a new climate fund to compensate poorer countries, the US proposed a \$24m package.²³ The US package is likely to be part of a larger deal, given that it led to a \$20 billion climate transition package for Indonesia at the G20 summit.

¹⁶ Moody's Investors Service, 11 Nov 2022

¹⁷ Moody's Investors Service, 11 Nov 2022

¹⁸ Moody's Investors Service, 11 Nov 2022

¹⁹ CNN, 14 Oct 2022; RTE, 14 Nov 2022

²⁰ RTE, 14 Nov 2022

²¹ RTE, 14 Nov 2022

²² Forest News, 16 Nov 2022

²³ Reuters, 9 Nov 2022;

China stated that it will support climate damage mechanisms but not with cash. Its government, together with the **G77** bloc of countries, proposed a new “*loss and damage*” fund to provide finance to poor countries impacted by climate disasters.²⁴ Analysts say the fund appears to be a repackaged version of the failed **Climate Adaption Fund** that wealthy countries balked at financing at COP27.²⁵

Alternative routes for Congolese resources under construction

DRC’s mineral exports remain a hot commodity in the region, with regional neighbours working to secure more export rights via their respective ports. The **Angolan** government signed a \$450m deal on 9 November with **Portugal**-headquartered infrastructure group **Mota-Engil** to manage rail and logistics in the **Lobito Transport Corridor**, which links the mining zone in southern DRC to the **Lobito Port** in Angola and onwards to international markets.²⁶ The agreement aims to draw some of the DRC’s mineral exports away from **South Africa’s Port of Durban (KwaZulu-Natal) (KZN)**.²⁷

The shutdown of port systems has had an impact throughout **Southern Africa** and in China. Durban Port, in particular, is the primary gateway for the tons of Congolese cobalt that Chinese battery makers depend on to build power packs for electric vehicles.²⁸ **African** exporters have also become increasingly frustrated over the constant disruptions in South Africa, leading to a flurry of new regional developments to build alternative supply chain logistics, particularly from the DRC.²⁹ Key strategic minerals from DRC exported via South African ports to China have faced four severe disruptions over the past year and a half:

- July 2021: a cyber-attack forced a temporary suspension of activities at the **Port of Cape Town (Western Cape)**;
- July 2021: *force majeure* was declared in response to civil unrest in Durban and elsewhere in KZN;
- April 2022: extreme flooding in KZN led to the closure of the Port of Durban;
- October 2022: state-run logistics operator **Transnet** declared force majeure declared in response to the escalating labour strife with its unions.³⁰

In addition to Angola’s development of the Lobito Corridor, the **Namibian** government intends to construct a 770-km railway from the city of **Lubumbashi** (DRC) to the **Port of Walvis Bay** on the **Atlantic Coast**, while the **Tanzanian** government hopes its under-construction **Standard Gauge Railway (SGR)** will reach the DRC to transport resources to Tanzania’s **Port of Dar es Salaam**. While the developments threaten South Africa’s previously unchallenged position as the continent’s main port actor, it will improve the export of the DRC’s critical resources, which are a major contributor to its gross domestic product (GDP). The DRC’s mining sector contributes about 30% (\$2.15 billion in 2020) of its GDP and, according to IMF data, has accounted for more than 90% of total exports over the last five years.³¹ With most of the DRC’s minerals to China exported through the Port of Durban, any country that can take some of that trade away from South Africa will benefit substantially. South Africa alone accounts for 21% (or \$54 billion) of all Chinese trade with the continent; in 2021 it exported \$33 billion worth of goods to China, including DRC’s exports through the Port of Durban.

²⁴ The China Global South Project, 18 Nov 2022

²⁵ The China Global South Project, 18 Nov 2022

²⁶ China-Lusophone Brief, 9 Nov 2022; China Global South Project, 10 Nov 2022

²⁷ China Global South Project, 10 Nov 2022

²⁸ China Global South Project, 10 Oct 2022

²⁹ China Global South Project, 10 Oct 2022

³⁰ News24, 21 Oct 2022

³¹ Natural Resource Governance Institute, 2 Dec 2020

Planner

21 Nov 2022 **(DRC)** Scheduled talks between Congolese government and representatives of various armed groups;

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

20 Dec 2024 **Kinshasa (DRC)** End date of peacekeeping mission **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)**;

Chronology

16 Nov 2022 **Kinshasa (DRC)** *Mongabay*. President **Felix Tshisekedi** signs and promulgates the new law on the **Promotion and Protection of the Rights of the Indigenous Pygmy Peoples**, the first legislation in the country that recognises and safeguards the specific rights of the indigenous pygmy peoples;

15 Nov 2022 **Goma (DRC)** *AFP*. Former **Kenya's** President **Uhuru Kenyatta**, a mediator for the seven-nation **East African Community (EAC)**, arrives in **Goma** amid fresh clashes with **M23** rebels to the north, after visiting **Kinshasa** for talks with senior government and **United Nations (UN)** figures;

15 Nov 2022 **Kinshasa (DRC)** *Africa Business Insider*. **United States (US)** secretary of state **Antony Blinken** calls on **Rwanda** "to take steps to facilitate de-escalation" in the eastern **DRC**;

14 Nov 2022 **Kinshasa (DRC)** *The East African*. Government troops and **M23** rebels trade heavy fire in the eastern **DRC**;

10 Nov 2022 **Kinshasa (DRC)** *ACIAfrica*. Catholic Bishops in the **National Episcopal Conference of Congo** express concern about insecurity in DRC and call for collective action to restore peace;

9 Nov 2022 **Kinshasa (DRC)** *ReliefWeb*. **European Investment Bank** invests \$10m for fibre-optic cable that is expected to benefit more than 2.5 million people living in remote eastern regions of DRC through digital connectivity;

9 Nov 2022 **Kinshasa (DRC)** *Bloomberg*. Government expels **French** journalist **Sonia Rolley** – who recently joined **Reuters** news agency to oversee its coverage in the DRC – without giving reasons for her expulsion after declining to grant her accreditation;

8 Nov 2022 **Kinshasa (DRC)** *Aljazeera*. DRC fighter jets bomb rebel targets in the country's embattled east, escalating the country's fight against the **M23** rebels, who have seized territory in recent weeks;

8 Nov 2022 **Kinshasa (DRC)** *The East African*. **Rwanda** and DRC pledge to *maintain "political dialogue"* as clashes between the **M23** and Congolese army in **North Kivu** escalate;

8 Nov 2022 **Kinshasa (DRC)** *ReliefWeb*. Tens of thousands of people seek safety in informal camps in **Kanyaruchinya** and the surrounding areas, 10 km north of **Goma**, after fleeing renewed fighting between **M23** and the Congolese army in the region of **Rutshuru**;

7 Nov 2022 **Kigali (Rwanda)** *Aljazeera*. **Rwanda** accuses **DRC** of provocation after a Congolese fighter jet entered Rwandan airspace, which DRC claims was a mistake;

7 Nov 2022 **Kampala (Uganda)** *Bloomberg*. **Uganda's** President **Yoweri Museveni** says his country's air force has attacked and destroyed a camp in neighbouring DRC that was housing **Islamic State**-linked **Allied Democratic Forces (ADF)**;

7 Nov 2022 **Kinshasa (DRC)** *The Africa Report*. **Assemblée nationale** (national assembly) votes for a resolution recommending that the government not allow elements from rebel groups to join the army, the police, or the security services;

7 Nov 2022 **Kinshasa (DRC)** *United States Embassy in Kinshasa*. **United States (US)** embassy in DRC announces it has received reports of potential civil society demonstrations between 8 and 12 November;

4 Nov 2022 **Kinshasa (DRC)** *The East African*. **M23** rebels welcome **Kenya's** role in seeking peace in the eastern DRC but blame the DRC government for the violence in the region;

4 Nov 2022 **Bujumbura (Burundi)** *The East African*. Former **Kenyan** president **Uhuru Kenyatta** arrives in **Bujumbura** to meet President **Evariste Ndayishimiye**, chairman of the **East African Community (EAC)** heads of state summit, for talks on the crisis in the eastern DRC;

4 Nov 2022 **Kinshasa (DRC)** *The East African*. Several parliamentarians and civil society activists petition President **Felix Tshisekedi** to sever diplomatic relations with **Uganda**, accusing it of supporting advancing **M23** rebels;

3 Nov 2022 **Kinshasa (DRC)** *EWN*. President **Felix Tshisekedi** calls for young people to form “vigilance groups” in the face of **M23** rebel activity in the east of the country and repeats that the **M23** operates with “the support of **Rwanda**”;

2 Nov 2022 **Kinshasa (DRC)** *Joint United Nations Programme on HIV/AIDS*. Joint **United Nations Programme on HIV/AIDS (UNAIDS)** says it is alarmed that fighting between government forces and rebels in the eastern DRC is causing serious disruption and harm to treatment, prevention and care services for people living with and affected by HIV;

1 Nov 2022 **Kinshasa (DRC)** *The East African*. **Senegal's** President **Macky Sall**, who is chairperson of the **African Union (AU)**, together with AU Commission chairperson **Moussa Faki Mahamat**, express their deep concern about the deteriorating security situation in the eastern DRC;

31 Oct 2022 **Addis Ababa (Ethiopia)** *Bloomberg*. The **African Union (AU)** calls for a cease-fire in the **DRC's** fight against the **M23** rebel movement before peace talks scheduled for the week;

31 Oct 2022 **Geneva (Switzerland)** *United Nations News*. **United Nations (UN)** secretary-general **Antonio Guterres** expresses deep concern over the uptick in fighting between government troops and **M23** rebels in eastern **DRC**, which in the past ten days has seen multiple civilians killed or displaced, and four peacekeepers from the **UN Stabilization Mission (MONUSCO)** injured;

29 Oct 2022 **Kampala (Uganda)** *The East African*. **Uganda's** President **Yoweri Museveni** says an integrated approach to tackling the **East African Community (EAC)**'s strategic security and economic woes would make the process faster and that court decisions should focus on this, too;

26 Oct 2022 **Kinshasa (DRC)** *Bloomberg*. Tensions between **Rwanda** and DRC intensify as the two countries continue to blame each other for renewed fighting near the border, raising concerns the clashes may trigger a wider conflict;

26 Oct 2022 **Vatican City (Vatican)** *Vatican News*. **Pope Francis** condemns the surge in violence in **DRC** and prays for all those affected, following an attack by **Islamic State**-aligned gunmen on a Catholic mission hospital in DRC that saw seven killed, including a Catholic nun;

20 Oct 2022 **Kinshasa (DRC)** *The East African*. President **Félix Tshisekedi** names a dead commander to a new role in the ongoing military reforms, causing confusion;

19 Oct 2022 **Kinshasa (DRC)** *Africa News*. Five defendants accused of involvement in the 2021 murder of **Italy's** ambassador to DRC, **Luca Attanasio**, request bail during a military court hearing in **Kinshasa**;

19 Oct 2022 **Kinshasa (DRC)** *Financial Times*. President **Félix Tshisekedi** rules out deploying **Russian** mercenaries to quell rebels in DRC's war-ravaged eastern region, saying the country will rely on its army to fight militia and pledging to push ahead with economic plans.

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