

## AFRICA RISK CONSULTING

### DRC Monthly Briefing November 2023

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#### DRC Summary 16 November 2023

*Representatives of DRC's main opposition political parties begin discussions on 13 November to decide on a potential joint candidate to challenge President Félix Tshisekedi (2019-present) in the 20 December general elections. The International Monetary Fund (IMF) announces on 31 October it has reached a staff-level agreement with authorities on the 5<sup>th</sup> review of DRC's \$1.52 billion Extended Credit Facility (ECF) arrangement, with an expected \$200m disbursement in December. Notably, the IMF projects the economy will grow by more than 6% this year. United States (US) lawmakers on 14 November push for sanctions that would restrict all imports of cobalt mined by Chinese firms in the DRC. The European Union (EU) on 25 October confirms that it and the US will launch the groundwork for the strategic Lobito logistics corridor linking the DRC and Zambia to an export facility in Angola.*

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#### Opposition parties discuss coalition candidate

Representatives of the **Democratic Republic of Congo's (DRC)** main opposition political parties began discussions in **Pretoria (South Africa)** on 13 November to decide on a potential joint candidate to challenge President **Félix Tshisekedi** (2019-present) in the 20 December general elections.<sup>1</sup> The **Commission Electorale Nationale Indépendante (CENI)** (independent national electoral commission) has approved 25 candidates to face Tshisekedi, who is vying for a second five-year term, with campaigning set to begin on 20 November.<sup>2</sup> Formidable challengers include the **Nobel Peace Prize** winner Dr **Denis Mukwege**, former minister and member of parliament (MP) since 2006, **Delly Sessanga**, former prime minister **Matata Ponyo** and politician, businessman and soccer club owner, **Moise Katumbi**.<sup>3</sup>

Another key opposition candidate is **Martin Fayulu** who rejected the 2018 presidential election results after CENI and the highly respected Catholic church indicated that he was the likely winner.<sup>4</sup> Before the 2018 general election, Fayulu was selected as the joint opposition candidate in an agreement that at the time included Tshisekedi and the current vice prime minister and economy minister **Vital Kamerhe**.<sup>5</sup> However, Tshisekedi and Kamerhe exited the deal a day before it was agreed following what they said were protests from their supporters. Tshisekedi would go on to win the highly disputed vote after striking a deal with former president **Joseph Kabila** (2001-2019).<sup>6</sup>

Fayulu told the media on 15 November that the talks in South Africa were mainly to ensure that the December elections are transparent and that talks on the joint candidacy will be "*discussed in due course*" as the primary objective is to agree on ground rules for holding peaceful polls in December.<sup>7</sup> Katumbi's spokesperson **Herve Diakiese** said on 15 November that there is a need to bolster one opposition candidate, adding that "*without discriminating*" against other candidates, "*the three names that stand out are Denis Mukwege, Moise Katumbi and Martin Fayulu.*"<sup>8</sup> A unity candidate would

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<sup>1</sup> Al Jazeera, 15 Nov 2023

<sup>2</sup> Al Jazeera, 15 Nov 2023

<sup>3</sup> The East African, 15 Oct 2023

<sup>4</sup> Bloomberg, 2 Oct 2023

<sup>5</sup> Al Jazeera, 15 Nov 2023

<sup>6</sup> Al Jazeera, 15 Nov 2023

<sup>7</sup> Reuters, 15 Nov 2023

<sup>8</sup> Reuters, 15 Nov 2023

present a formidable challenge to Tshisekedi, especially in the DRC's single-round election that only requires a simple majority to win the polls.

Despite major concerns about whether the polls will proceed given the violence in the eastern DRC, CENI head **Denis Kadima** confirmed on 12 October that the December elections will proceed as planned despite the armed conflict that has limited voter registration and led to ongoing intimidation of electoral advisers.<sup>9</sup> In addition to issues of violence, election organisers also face several challenges that could impact the polls as was the case five years ago when logistical problems, delays and allegations of widespread fraud severely undermined the credibility of the votes.<sup>10</sup> Despite CENI validating 25,000 candidates for the 500 seats in the national assembly, the final lists have not yet been published.<sup>11</sup>

CENI is also facing challenges in delivering voting materials, the majority of which have been ordered from the **South Korean** company **Miru Systems**.<sup>12</sup> Kadima has, however, assured the public that manufacturing has been completed, and CENI will soon dispatch the materials throughout the country.<sup>13</sup> CENI also vowed to resolve issues linked to printing defects that have rendered some voting cards unusable. Lastly, CENI is yet to receive the full \$1.1 billion earmarked for organising the elections.<sup>14</sup> It has only received \$800m thus far. The legitimacy of the December polls could be called into question if these major issues are not resolved by election day as was the case in 2019.

### IMF announces staff-level agreement

The **International Monetary Fund (IMF)** announced on 31 October that it reached a staff-level agreement with authorities on the 5<sup>th</sup> review of its \$1.52 billion **Extended Credit Facility (ECF)** arrangement, with an expected \$200m disbursement to be made available in December. In its announcement, the IMF noted that the economy is projected to grow by more than 6% this year despite a slump in prices of cobalt and continuing violence in the east, stating that the mining sector remains “*dynamic*” despite revenues falling short of expectations.<sup>15</sup>

The mining sector has largely anchored the economy which has struggled this year due to the conflict in the east. IMF deputy managing director **Kenji Okamura** said on 28 July that the ongoing conflict in the eastern DRC and the upcoming December elections had created increased uncertainty, pushed up spending, lowered government revenue collection to below expectations, and limited expenditure on priority areas.<sup>16</sup> The IMF also noted that the projected income shortfall meant that the country's spending has been adjusted to prioritise security and preparations for the upcoming December elections and other current expenditures over the repayments of arrears.<sup>17</sup> The IMF also indicated that the DRC's reserves stood at \$5 billion and annual inflation slowed from 23.3% in July to 22% in October.<sup>18</sup> To help further contain inflationary pressures, **Banque Centrale du Congo's (BCC)** (central bank) **Monetary Policy Committee (MPC)** announced on 9 August that it would more than double its benchmark interest rate from 11% to 25% in a bold move to halt the weakening of the Congolese franc.<sup>19</sup>

Should the country's revenue shortfalls and increased spending continue, it will exacerbate the deterioration of the external balance, exchange rate depreciation, excess domestic currency liquidity, and persistent inflation.

<sup>9</sup> Bloomberg, 2 Oct 2023

<sup>10</sup> France24, 16 Nov 2023

<sup>11</sup> France24, 16 Nov 2023

<sup>12</sup> France24, 16 Nov 2023

<sup>13</sup> France24, 16 Nov 2023

<sup>14</sup> France24, 16 Nov 2023

<sup>15</sup> International Monetary Fund, 31 Oct 2023

<sup>16</sup> International Monetary Fund, 28 Jun 2023

<sup>17</sup> Bloomberg, 31 Oct 2023

<sup>18</sup> International Monetary Fund, 31 Oct 2023

<sup>19</sup> Banque Centrale du Congo, 9 Aug 2023

## US legislators again bid to enforce sanctions on Chinese miners

**United States (US)** lawmakers are pushing for much more stringent measures to counter **Chinese** dominance of the global cobalt chain, including sanctions that would restrict all imports of the precious metal mined by Chinese firms in the DRC.<sup>20</sup> A bipartisan group of legislators from both the US house of representatives and senate on the **Congressional-Executive Commission on China** held a public hearing on 14 November that mainly blamed Chinese firms for the reportedly extensive and well-documented human rights violations that are common in the DRC mining sector.<sup>21</sup> The law proposed at the hearing by **New Jersey** state republican representative **Chris Smith** is aimed at pressuring mining companies, particularly Chinese ones, that buy cobalt from Congolese artisan mines where the use of child labour is reportedly pervasive.<sup>22</sup>

Four witnesses testifying before the committee encouraged legislators to classify the use of child labour to mine cobalt in the DRC as a crime against humanity and level criminal charges against any firms or individuals that use child miners.<sup>23</sup> One of the witnesses, **Milos Ivkovic**, who is an adjunct professor at the **Washington University School of Law**, testified that these violations and potentially lethal use of child labour had been ongoing for more than a decade and “continue to provide sufficient basis under both domestic and international law for the U.S. and its allies to impose sanctions.”<sup>24</sup>

While Chinese mining companies in the DRC account for the bulk of cobalt exported from the country and China refines approximately 80% of the cobalt, US legislators overlooked the fact that the **Swiss** mining giant **Glencore** remains the largest producer in the world.<sup>25</sup> China expert **Eric Olander** noted that these types of hearings and conversations have been had by the same US lawmakers and witnesses for years in Congress, but nothing has changed.<sup>26</sup> Olander also said that there is “virtually no chance” that Smith’s proposed legislation to restrict import of Chinese mined and refined cobalt will ever become law in the US:

*“The powerful technology and automotive lobbies in Washington [US] will move quickly to bury the law that would force up the cost of their cars, computers, and other devices that inflation-weary consumers would no doubt reject.”<sup>27</sup>*

## EU’s global Gateway moves forward on DRC-Angola Corridor...

The **European Union (EU)** and the US will launch the groundwork for the strategic **Lobito** logistics corridor linking the DRC and **Zambia** to an export facility in **Angola**, as both allies compete with China to control the critical minerals supply chain.<sup>28</sup> This was one of the key announcements made during the second day of the EU’s **Global Gateway Forum** in **Brussels (Belgium)** on 25 October, as the European bloc positions its \$317 billion infrastructure rollout as a counter to China’s signature infrastructure plan, the \$1 trillion **Belt and Road Initiative (BRI)**.<sup>29</sup> While she did not mention China by name, the **European Commission** president **Ursula von der Leyen** in her speech on 25 October directed several veiled swipes at China by saying that the Global Gateway provides “a better choice”:

*“Sometimes it is the environment that pays the price. Sometimes it is workers, who are stripped of their rights. Sometimes foreign workers are brought in. And sometimes national sovereignty is compromised.”<sup>30</sup>*

<sup>20</sup> China Global South Project, 15 Nov 2023

<sup>21</sup> China Global South Project, 15 Nov 2023

<sup>22</sup> Congressional-Executive Commission on China, 14 Nov 2023

<sup>23</sup> China Global South Project, 15 Nov 2023; Congressional-Executive Commission on China, 14 Nov 2023

<sup>24</sup> Congressional-Executive Commission on China, 14 Nov 2023

<sup>25</sup> China Global South Project, 15 Nov 2023

<sup>26</sup> China Global South Project, 15 Nov 2023

<sup>27</sup> China Global South Project, 15 Nov 2023

<sup>28</sup> Bloomberg, 25 Oct 2023

<sup>29</sup> European Union, 25 Oct 2023; China Global South Project, 26 Oct 2023

<sup>30</sup> European Union, 25 Oct 2023

However, early developments indicate that it is going to be difficult to persuade Western mining firms in the region to back the key infrastructure project.<sup>31</sup> Thus far, only **Canada**-headquartered **Ivanhoe Mines** has announced its plans to use the Lobito rail corridor (*see ARC Briefing DRC Aug 2023*).<sup>32</sup> China's BRI on the other hand has de-risked investment for private firms through state-backed insurance and financing models that depended on Chinese banks funding deals in direct collaboration with Chinese firms.<sup>33</sup> Getting private European companies to invest in the Lobito corridor is dependent on the EU somehow de-risking DRC, Zambia and Angola, which Africa-China expert **Cobus van Staden** says "*could be a long shot*".<sup>34</sup>

The 1,300-kilometre Lobito Corridor connects DRC's mining regions in **Katanga** province and Zambia's **Copperbelt** to Angola, presenting a strategic alternative route to export markets for both countries and offering the shortest route linking their key mining regions to the sea.<sup>35</sup> Policymakers and mining executives in DRC, Angola and Zambia intend to develop new logistics routes in **Southern Africa's** cobalt and copper belts beyond the traditional export point, **Port of Durban** (South Africa), which has become increasingly difficult to access due to labour strife, social unrest, vandalism, disrepair and extreme weather.<sup>36</sup> DRC, Zambia and Angola established the **Lobito Corridor Management Institution** on 27 January in preparation for additional investment for the project.<sup>37</sup> Tshisekedi said that when fully operational, the Lobito Corridor will ensure the opening up of mines in the DRC and Zambia, in addition to "*access to and circulation of inputs essential to both the mining and agricultural industries*".<sup>38</sup>

## Planner

18 Nov 2023 **(DRC)** The **Cour Constitutionnelle** ( is to unveil the final list of candidates allowed to contest in the 20 December 20 presidential election;

20 Nov 2023 **(DRC)** Campaigning for the December election begins;

8 Dec 2023 **(DRC)** End of the **East African Community Regional Force (EACRF)** mandate in the DRC;

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

20 Dec 2023 Kinshasa **(DRC)** End date of peacekeeping mission **Mission de l'Organisation des Nations Unies pour la stabilisation en République démocratique du Congo (MONUSCO)**;

## Chronology

14 Nov 2023 **Kinshasa (DRC)** *Bloomberg*. A truckers' strike in the DRC that blocked some exports of copper and cobalt has reportedly been resolved;

14 Nov 2023 **Kishishe (DRC)** *Africanews*. **M23** rebels have reportedly retaken the village of Kishishe in eastern DRC, where the group is accused of having committed a massacre at the end of November 2022;

<sup>31</sup> China Global South Project, 26 Oct 2023

<sup>32</sup> Bloomberg, 27 Feb 2023; China Global South Project, 19 Apr 2023

<sup>33</sup> China Global South Project, 26 Oct 2023

<sup>34</sup> China Global South Project, 26 Oct 2023

<sup>35</sup> China Lusophone Brief, 7 Feb 2023

<sup>36</sup> China Global South Project, 5 Jun 2023

<sup>37</sup> China Global South Project, 9 Feb 2023; China Lusophone Brief, 7 Feb 2023

<sup>38</sup> Bloomberg, 5 Jul 2023

14 Nov 2023 **Kinshasa (DRC)** *AP News*. Internal documents show that the **World Health Organization (WHO)** paid \$250 each to at least 104 women in DRC who say they were sexually abused or exploited by officials working to stop **Ebola**;

14 Nov 2023 **Kinshasa (DRC)** *Africa News*. President **Felix Tshisekedi** defends his record in a two-hour **State of the Nation** address ahead of the December elections;

13 Nov 2023 **Kinshasa (DRC)** *La Prosperité*. **M23** rebel group releases a statement saying that **Burundian** soldiers deployed in eastern DRC with the **East African Community Regional Force (EACRF)** are collaborating with armed groups that are being supported by **Rwanda**, citing great concern that Burundi is violating the current ceasefire;

9 Nov 2023 **Kinshasa (DRC)** *Africanews*. **French** judges conclude they have enough evidence to charge and prosecute former militia leader **Roger Lumbala** for complicity in crimes against humanity committed in **Ituri** and **North Kivu** provinces between 2002 and 2003;

8 Nov 2023 **Kinshasa (DRC)** *The East African*. **United Nations Peacekeepers** and the **DRC** armed forces are launching a joint operation to secure the Eastern cities of **Goma** and **Sake** from the M23 Militia;

7 Nov 2023 **Kinshasa (DRC)** *Reuters*. A trucker's strike is blocking exports of copper and cobalt mined by producers **United Kingdom**-headquartered **Glencore Plc** and **China**-headquartered **CMOC Group Ltd**, with the drivers demanding that logistics firms pay an additional \$700 risk allowance fee;

6 Nov 2023 **Kinshasa (DRC)** *Bloomberg*. **KoBold Metals**, a mining start-up backed by **United States (US)** billionaire **Bill Gates** that is developing a copper project in **Zambia**, is getting closer to investing in the neighbouring DRC;

6 Nov 2023 **Washington (DRC)** *United States State Department*. **United States (US)** secretary of state **Antony Blinken** speaks separately with President **Félix Tshisekedi** and **Rwandan** President **Paul Kagame** to discuss volatile situation and worsening humanitarian crisis along the border between Rwanda and the DRC;

5 Nov 2023 **Kinshasa (DRC)** *The East African*. Information and communication minister **Patrick Muyaya** calls on the leaders of the **East African Community (EAC)** to cooperate and capitalise on DRC's unique position with its rich mineral deposits to drive the green agenda in **Africa**;

3 Nov 2023 **Kinshasa (DRC)** *China Global South Project*. Prime Minister **Sama Lukonde** cuts the ribbon on a new data centre financed by **China** and built by Chinese technology giant **Huawei**. Lukonde says the centre will improve data management and national financial performance;

1 Nov 2023 **Kinshasa (DRC)** *China Global South Project*. Unknown assailants kill three people and injures five others in an attack on a **Chinese** mining operation in the **Nganja** district in **South Kivu** province on 27 October. Reports on Chinese community **WeChat** sites says the victims were all Congolese, including one of the attackers;

1 Nov 2023 **Kinshasa (DRC)** *Bloomberg*. Oil ministry once again delays the deadline for bids on four oil blocks in its eastern region, including one that overlaps with a famous gorilla habitat;

30 Oct 2023 **Kinshasa (DRC)** *Reuters*. **Australian**-headquartered **AVZ Minerals** announces its intention to file an emergency arbitration application seeking injunctive relief against **Cominiere**, forbidding any transaction related to the disputed **Manono** lithium mine. **China's Zijiin Mining** has been granted rights over the northeast tenement of the mine, rights that were previously owned by AVZ Minerals;

26 Oct 2023 **Kinshasa (DRC)** *Bloomberg*. **Singaporean** commodity trader **Trafigura Group** places its **Chemaf Resources** up for sale after a slump in the cobalt price left it struggling to finish key projects;

25 Oct 2023 **Goma (DRC)** *The Citizen*. Fighting between **M23 rebels** and armed forces intensifies near Goma, with the **United Nations Office for the Coordination of Humanitarian Affairs (OCHA)** reporting that over 200,000 people have been displaced from the region since the beginning of October;

23 Oct 2023 **Kinshasa (DRC)** *The East African*. Mines ministry grants **Manono Lithium**, a joint venture between a subsidiary of **China**-headquartered **Zijin Mining Group** and DRC company **La Congolaise d'Exploitation Minière**, an exploration licence and gives the company the rights to refurbish and operate the decommissioned **Mpiana-Mwwage** hydropower station to help ensure a low-carbon project;

22 Oct 2023 **Kinshasa (DRC)** *Africanews*. A military reshuffle sees former aide **Eddy Kapend**, who was convicted of involvement in the assassination of then-president **Laurent-Désiré Kabila**, promoted to the rank of general. Kapend has maintained his innocence and was pardoned by President **Felix Tshisekedi** in 2021;

22 Oct 2023 **Kinshasa (DRC)** *Africanews*. **Kenya's** President **William Ruto** and his **Angolan** counterpart, **João Lourenço**, call on **M23** rebels, active in eastern DRC, to join a military garrison, stating that while there has been progress, the M23 cantonment still needs to be carried out;

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