CONGO CHALLENGE
THE MONTHLY BULLETIN

EVOLUTION OF THE ECONOMIC AND POLITICAL SITUATION IN THE DEMOCRATIC REPUBLIC OF CONGO

Issue **72** | April **2023**

Poor governance of public finances, salary arrears of state employees and civil servants, rising prices and insecurity in the east of the country: what is the outlook for the Congolese economy ?

Kinshasa, DRC

CONGOCHALLENGE

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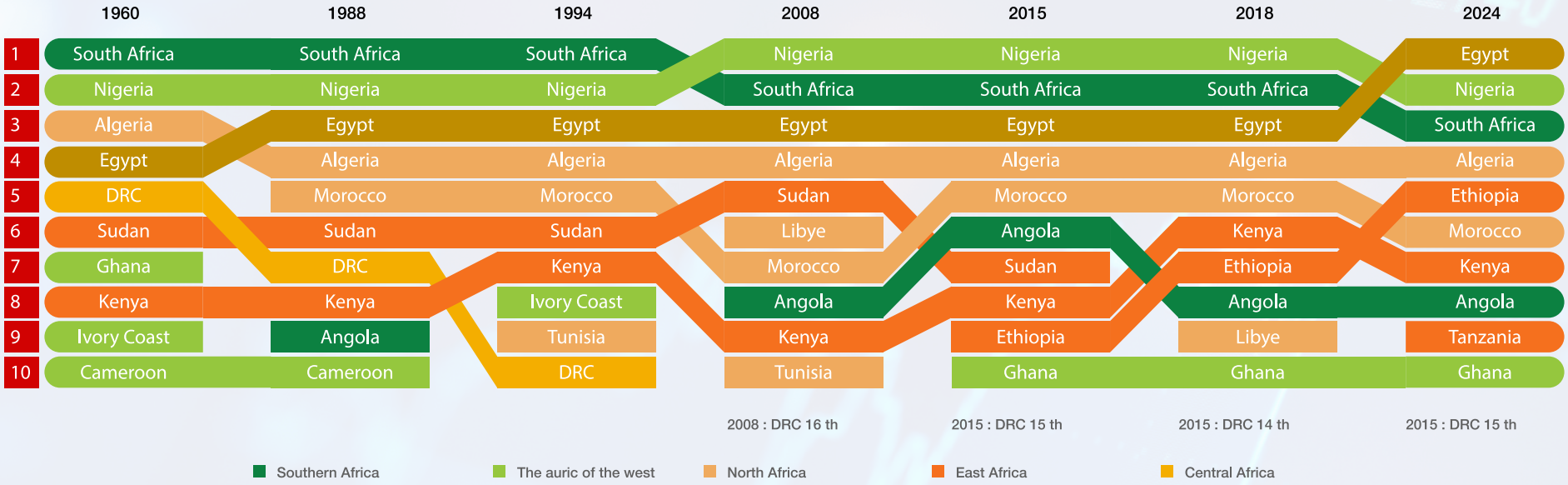
This monthly bulletin was translated by Congo Challenge staff. The original version is in French. Thus, the translated version may contain some shortcomings without altering the content of the original one.

Kinshasa, DRC

Africa's largest economies over time

Countries with the highest GDP in Africa in 1960, 1988, 1994, 2008, 2015, 2018, 2024.



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Matata Ponyo Mapon

What I think

What if history repeats itself after the December 2023 elections!

The same causes lead to the same effects.

I think that the political actors currently in power are using the same strategies as their predecessors to win the December 2023 elections: circumventing the constitution, laws and rules of the land. During the past term 2012-2016 extended to 2018, the electoral law was amended mainly to allow the government to obtain a majority in Parliament. The then opposition, the current government, protested. But the law was approved by Parliament and promulgated by the Head of State. The current leaders, yesterday's opponents, are doing the same thing. The electoral law has been amended and has incorporated only the proposals in their favor. The main proposals of the opposition to make the electoral process more secure and to guarantee the truth of the ballot box were deliberately rejected. The result: **frustration for the opposition and the population**. Under the previous political regime, the process of appointing the members of CENI and its president was openly contested by the opposition and the Catholic Church, a stakeholder in the process. Some members of the main opposition parties (UDPS, MLC and UNC) were poached to join CENI against the wishes of their respective parties. It was a question of the political leaders of the time demonstrating that CENI was inclusive, when in fact it was not. Today, it is the same thing: the appointment of the president of this citizen institution has been denounced by the opposition, the Catholic and Protestant churches and civil society. Also, some members of opposition political parties have been poached to join the current CENI. The opposition PPRD refused to participate in the current electoral process to protest against the systematic and flagrant violation of the laws and procedures relating to it. The result: **frustration on the part of the opposition and the population**. Finally, under President Kabila, the voter registration process was generally credible and accepted by all stakeholders. This is not the case today. The process is marred by countless irregularities designed to arithmetically favor the government. According to several experts, this process is chaotic. **As a result, the opposition and the population are frustrated. The result is an acute crisis of confidence** that alienates the government from the population in this process. The population realizes that the government wants to use **massive cheating and fraud** to win the elections, whatever the cost. They understand that the elections will be a masquerade. So, they think and organize themselves so that their victory is not stolen as it was in December 2018.

I think that the signing on April 5 of the charter of the Sacred Union for the Republic is reminiscent of the one that took place in June 2018 creating the Common Front for the Congo (FCC). An initiative of the then President of the Republic, the FCC was an electoral platform with the main mission of electing a President of the Republic from its ranks and obtaining a parliamentary majority. The FCC was made up not only of the parties of the presidential majority, but also of the republican and radical opposition. It even included members of the UDPS. When it was created, given its ideological heterogeneity, I predicted its ineffectiveness. In my opinion, the FCC had neither soul nor spirit and, from this point of view, could not achieve its objectives. Many did not believe me and called me politically inexperienced. Subsequently, substantial financial and logistical means were given to the FCC to succeed in its mission. The public services were put to work. The CENI and the Constitutional Court were instructed to this effect. Intelligent actions were taken to exclude from the electoral process all opposition candidates who could beat the FCC. The latter was more than sure

to be proclaimed President of the republic. In the end, the FCC had everything it needed, except the majority of the population who had to vote. The consequence was clear. The FCC candidate failed miserably. One of the two main opposition candidates was declared President of the Republic. In addition, dozens of the FCC's national and provincial deputy candidates, who were not elected, were declared winners. As a result, this grouping obtained a parliamentary majority that was in contradiction with the obvious failure of its presidential candidate. The majority was inherently fragile, and two years later it collapsed like a house of cards in favour of the current government. The prime minister, the president of the national assembly and the president of the senate from the FCC were deposed and replaced by candidates from the Union sacrée, the new presidential majority.

I think all things being equal, history is in dire danger of repeating itself. The pre-election socio-economic and political picture of 2023 does not seem to be far from that of 2018. Moreover, the socio-economic indicators have deteriorated further. Indeed, the inflation rate is higher than before. The rate of monetary depreciation is more accelerated than in 2018. In a heavily dollarized economy such as the DRC's, such monetary erosion reduces the purchasing power of the majority of the population whose meager monetary liquidity portfolio is held in national currency. In this regard, the population, during the official launch of the Sacred Union platform on April 29, demanded exchange rate stability. In addition, there have been delays in the payment of salaries to state employees, financial allocations to the provinces, and retrocessions from financial boards that mobilize public revenue, which has led to social unrest and strikes in several sectors of the public administration. From a security point of view, the situation is bleaker than it was in 2018. While the previous political regime succeeded in defeating the M23 rebels in November 2013 and returning them to Rwanda from where they came, the current government is unable to contain the territorial expansion of this rebellion, which has already caused many deaths and enormous socio-economic damage in North Kivu. From a political point of view, the picture seems to be a more or less exact photocopy of the one in 2018. For, in essence, the same actors and political strategists of the FCC are in the Sacred Union. The same ones who could not get elected as national or provincial deputies. The same ones who were sometimes ashamed and afraid to mention the name of their presidential candidate during the election campaign. The same ones who failed to get elected. So, how will they get elected as deputies this time with a more degraded socio-economic and political situation? How will they get their presidential candidate elected with this high level of public frustration and unprecedented crisis of confidence between the government and the people? In reality, all that remains is for the opposition to prepare well to defeat the ruling Union at all levels of the elections. The socio-political environment against the power lends itself better. As in 2018, the INEC could, in the face of the bitter failure of the candidates of the Sacred Union, find itself in a complex and inextricable situation that will not allow it to tamper with the results of the vote. ***Wait and see.***

Paris, April 25, 2023[1].

1. This text was written on April 25, 2023. An amended version was submitted on April 30, 2023.

Executive Summary

Economic situation

- **Internationally,** the economic outlook calls for a deceleration of global economic activity to 1.7 percent in 2023, the third lowest level in the past 30 years, behind the global recessions of 2009 and 2020. This slowdown is partly attributable to the adoption of restrictive macroeconomic policies. In the face of this situation, it is imperative to implement structural reforms to improve productivity, ease constraints on aggregate supply, and thereby sustain economic growth.
- With respect to inflation, the OECD forecasts that it will moderate to 6.6 percent in 2023, but will still remain above pre-pandemic levels. As a result, monetary policy should continue to aim for price stability, while fiscal policy should seek to mitigate cost-of-living pressures.
- During the month of April 2023, the stock markets showed upward trends. These gains in the stock markets were due to the depreciation of the U.S. dollar, which stimulated demand for stock assets.
- In the international foreign exchange market, the U.S. dollar continued to depreciate against the euro and the British pound during April 2023, due to the U.S. current account deficit and the ECB's aggressive monetary policy to contain inflation. In Asia, the Japanese yen and Chinese yuan also depreciated against the U.S. dollar.
- With regard to international trade, UNCTAD's outlook indicates that world trade growth should remain moderate in 2023, with a possible recovery in the second half of the year. However, the resurgence of the pandemic and trade tensions among major economies could jeopardize this recovery. It is therefore crucial that nations continue to cooperate to ensure global economic stability and growth.
- In terms of commodities, copper prices trended downward during April 2023, stabilizing around an average of $3,896 per metric ton, due to concerns about the global economic slowdown. In contrast, gold prices continued to rise in response to the weakening U.S. dollar. In the crude oil market, prices rose slightly, due to the easing of sanitary measures in China.
- **At the national level,** the macroeconomic framework deteriorated. Indeed, the national currency depreciated by 9.52% in the interbank market and by 0.73% in the parallel market. During the same month, the national economy recorded positive changes in inflation rates compared to the previous month. Weekly inflation increased by 57.02% to 0.38% in the fourth week of April 2023 from 0.24% a month earlier. Similarly, cumulative inflation rose by 18.70% to 6.78% in the fourth week of April 2023 from 5.71% in the previous month. However, year-on-year inflation and annualized inflation declined by 0.2% and 10.7% respectively between March and April 2023.
- On the public finance side, the Treasury recorded a surplus of 227,086.00 million CDF in the fourth week of April 2023. This surplus is the result of expenditures of 1,210,097.00 million CDF and revenues of 1,437,183.00 million CDF. This surplus is explained on the one hand by the fact that it was a tax deadline and on the other hand by the freeze in the payment of salaries to government employees.
- Finally, the economic news of April 2023 was marked by several notable events. More explicitly, these events are presented below: (i) the increase in the price of consumer goods on the various markets in Kinshasa; (ii) the announcement by the Council of Ministers of the postponement of the payment of USD 123 million intended for the salaries of public servants; (iii) the extension of the suspension of the collection of VAT by the government until December 31, 2023; and (iv) the Congolese government's announcement of the issuance of USD 280 million in bonds.

Political situation

The political environment has been characterized by great maneuvers in the various headquarters of political parties and groupings eight months before the elections scheduled for December 2023. Indeed, if on the side of the majority in power, it is the signature of the charter of the Sacred Union of the Nation as well as its official exit in Kinshasa, for a mobilization in

the direction of the conservation of the power, on the side of the opposition, four leaders met in Lubumbashi to also polish their strategies to thwart what they qualify as planning of the electoral fraud. In addition, the announcement of the end of the identification and voter registration operation gave INEC the opportunity to take stock of the numbers reached and the continuation of the operations planned for the effective organization of the polls according to the indicated schedule.

During the month of April, Paul Kagame's comments caused controversy and led to harsh exchanges between Rwandan and Congolese authorities through statements made by others. Indeed, on the sidelines of his trip to Benin, Rwandan President Paul Kagame claimed that the current security crisis in eastern DRC has its origins in the establishment of borders during the colonial era, which meant that the current Congo had received part of Rwanda. These remarks, described as irresponsible, were unanimously condemned by the Congolese, both from the majority and the opposition.

Finally, while the Congolese side expects to see the East African Community force tracking down M23 elements and facilitating the occupation of the localities liberated by the DRC Armed Forces, it is a great surprise to note the inaction of this force, which seems to give the impression of being on the side of the aggressors. It is as a result of the above that voices are increasingly being raised for a clarification of the said mission.

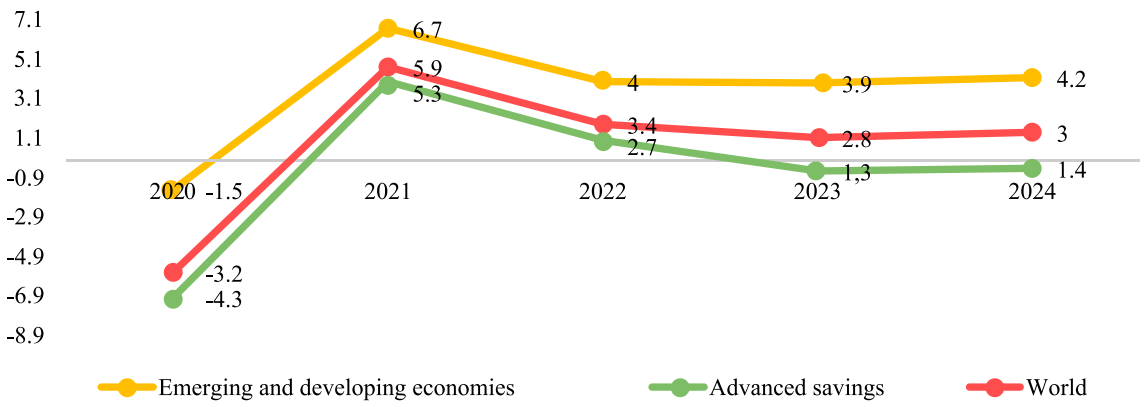
1. International context

I.1. Economic growth

According to the World Bank's global economic projections, global economic growth will decline significantly in 2023, reaching only 1.7 percent. This marks the third lowest level in nearly three decades, exceeded only by the global recessions of 2009 and 2020. This slowdown is largely attributable to restrictive macroeconomic policies put in place to control high inflation.

In this fragile economic environment, any additional adverse events, such as higher-than-expected inflation or a sudden increase in interest rates to contain it, could exacerbate the downside risks to the economic outlook throughout 2023 (see Figure 1).

Figure 1 ›› World Economic Growth Projections



Source: International Monetary Fund.

Figure 1 highlights that growth in advanced economies is expected to decline to 1.3 percent in 2023 from 2.7 percent in the previous year, while growth in emerging and developing economies is expected to decline to 3.9 percent in 2023 due to the risk of tighter financial conditions combined with high inflation, currency devaluations, the unfolding of the war in Ukraine, and growth prospects in China.

In the face of this widespread deceleration in economic activity, global economic recovery will depend on effective coordination of monetary and fiscal policies, maintaining the anchoring of inflation expectations, and preserving the resilience of financial systems. However, the implementation of comprehensive investment reforms will also help to stimulate strong and sustainable economic growth worldwide.

Specifically for Africa, the World Bank's latest outlook in the 27th volume of Africa's Pulse highlights a continued slowdown in economic activity in sub-Saharan Africa, with growth forecast at 3.1 percent in 2023. This estimate represents a downward revision of 0.4 percentage points from the previous Africa's Pulse projection in October 2022. Among the determinants of the region's economic fragility are the continued weakness of the global economy, persistently high inflation rates despite their downward trend, and difficult financial conditions at both the global and national levels, in a context of high debt levels.

Growth is expected to reach 3.7 per cent in 2024 and 3.9 per cent in 2025, suggesting that the slowdown in growth should bottom out this year. This pickup in growth will be fueled by a rebound in the global

economy at the end of the year, the easing of austerity measures and more accommodative monetary policy, aided by lower inflation. These key factors will help boost growth in the medium-term outlook.

In some regions, such as South Africa, economic activity is expected to deteriorate further in 2023, with annual growth limited to 0.5 percent, due to the worsening energy crisis. As for Nigeria, the recovery of growth in 2023 (2.8 percent) remains fragile due to still moderate oil production. Real gross domestic product (GDP) growth in the West and Central Africa subregion is expected to decline to 3.4 percent in 2023 from 3.7 percent in 2022, while that of Eastern and Southern Africa is projected to decline to 3.0 percent in 2023 from 3.5 percent in 2022.

Debt distress risks remain high, affecting 22 countries in the region. This is mainly due to unfavorable global financial conditions, which have resulted in higher borrowing costs and debt service in Africa. In addition, a detour of resources away from critical development investments has impacted on macro-fiscal stability.

Inflation remains high while investment growth remains low in the African region. Inflation is expected to reach 7.5 percent in 2023, while investment growth in sub-Saharan Africa has declined from 6.8 percent during 2010-2013 to 1.6 percent in 2021. The Democratic Republic of Congo (DRC) is among the most resilient African countries in the face of the current crises, with a growth rate of 8.6 percent in 2022. Its economic activity is mainly based on the mining sector, which is experiencing a recovery in global demand.

In the face of this uncertain situation, African policymakers must rely on their own policy space to restore macroeconomic stability. It is imperative to deepen structural reforms to foster inclusive growth and implement policies that seize the opportunities offered by the transition to a low-carbon economy. This strategic approach will help address current economic challenges and build a sustainable future for the African region.

Box 1. IMF Reforms[2]: African Ministers Call for "an IMF Fit for the 21st Century

African Ministers of Finance, Planning and Economic Development have expressed the need for significant reforms to strengthen the International Monetary Fund's (IMF) operations, lending instruments and governance structure. These reforms are essential to enable the IMF to deal more effectively with exogenous global shocks, such as the Covid-19 pandemic, the war in Ukraine, and the ongoing climate crisis.

The call for these reforms was made at a meeting of the High-Level African Working Group on the Global Financial Architecture, held on the sidelines of the 2023 Spring Meetings hosted by the World Bank Group (WBG) and the International Monetary Fund (IMF) in Washington, D.C.

The High Level Working Group, coordinated by the Economic Commission for Africa (ECA), brings together African Ministers of Finance, Planning and Economic Development, as well as representatives from the African Union, the African Development Bank, Afreximbank and the World Bank. IMF Executive Directors and staff also participate in these discussions. The Working Group plays a crucial role as a forum for formulating proposals for reform of the global financial architecture and strengthening Africa's voice on the international stage.

In this context, Ms. Hanan Morsy, Deputy Executive Secretary and Chief Economist of the ECA, emphasized the need to present concrete and achievable demands that could be implemented quickly, while addressing structural imbalances that require a longer-term reform approach. This approach would address current challenges while laying the foundation for a more equitable and resilient global financial architecture.

It is essential that these IMF reforms take into account Africa's specificities and needs to ensure adequate representation and balanced decision making within the institution. This includes revising lending criteria and conditionalities attached to financial assistance, as well as promoting greater transparency and coordination among the various international financial institutions.

More specifically, the appeal made to the IMF by the African ministers touches on the following aspects :

1. Ensure availability of loans

Ministers expressed deep concern about the inadequate resources of the IMF's Poverty Reduction and Growth Trust (PRGT), which provides concessional loans to low-income countries. They called for immediate action to increase funding commitments to the PRGT to ensure its long-term sustainability. In addition, calls were made to end the reimbursement of PRGT administrative costs and to proceed with a partial sale of the IMF's medium-term gold reserves to increase the availability of financing.

Ministers emphasized the need to review access limits as resources become available. Specifically, they called for an increase in the annual PRGT access limit to 200% of quota and the cumulative access limit to 600% of quota, consistent with recent increases agreed to for the General Resource Account (GRA) access limits.

The Group also noted the significant use of the IMF's emergency lending facilities, such as the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), by countries responding to the Covid-19 pandemic. The temporary doubling of annual access limits to these facilities between April 2020 and December 2021 has freed up considerable liquidity. In the context of the current multiple crises, Ministers urged the IMF to increase annual access limits for the RCF and RFI from 50 percent to 100 percent of quota, while maintaining higher cumulative access limits at 150 percent of quota, at least through 2024.

These measures would more effectively address the immediate needs of crisis-affected countries and strengthen the IMF's ability to provide adequate financial support. It is imperative to ensure that PRGT resources are sufficient and sustainable to support economic development in low-income countries and to effectively reduce poverty. At the same time, the adjustment of access limits to emergency lending facilities reflects the need to adapt the IMF's tools to the current exceptional circumstances and ensure an adequate response to the liquidity needs of countries facing multiple crises.

2. Improve loan conditions

Countries face significant long-term investment needs to achieve the Sustainable Development Goals (SDGs) and address climate change, requiring low-interest, long-term lending. In this light, the Group recognized the importance of the IMF's Resilience and Sustainability Trust Fund as a longer-term financing mechanism. However, increases in global interest rates have led to an increase in the SDR interest rate, which translates into higher interest charges on IMF loans accessed through the RST. The Group therefore called for a cap on the SDR interest rate under the RST, particularly for low-income countries, and for additional resources to be mobilized for the RST.

The Group also expressed concern about IMF surcharges, which are additional interest payments due on large outstanding GRA loans. Many African countries are facing these surcharges at a time when they are facing difficult economic conditions in the context of global shocks. Ministers therefore called for the suspension or elimination of surcharges for a period of two to three years.

These measures aim to facilitate countries' access to the financing needed to promote economic resilience, achieve the SDGs and address climate challenges.

3. Addressing systemic imbalances

Ministers stressed the importance of addressing quota imbalances in the IMF. They noted that the current quota formula results in an under-allocation to low- and middle-income countries, which reduces their representation in decision-making processes and weakens the effectiveness of the Special Drawing Rights (SDR) system. For example, despite a population of over 1.4 billion, Africa has a smaller quota than Germany, which has only 83 million people. The ministers therefore called for a reform of the quota formula, including reducing the emphasis on the current categories of "openness" and "reserves" and introducing a new category reflecting "exposure" or "vulnerability. The IMF's planned quota review in 2023 offers an opportunity to address these imbalances.

In addition, ministers urged the IMF to expand its advocacy and policy work on global imbalances. This includes promoting policy adjustments in countries with current account surpluses, as well as strengthening Capital Flow

2. IMF reforms: African ministers call for "an IMF fit for the 21st century" (afrimag.net).

Management/Macroprudential Measures (CFM/MPM) guidelines for deficit countries. Further analysis would also be useful to assess the potential applicability of measures such as a market access fee, a Tobin tax, or other fiscal remedies to limit unproductive cross-border trade.

4. Call to action

Ministers stressed the importance of 2023 being a year of action while highlighting the many good ideas that exist but need to be implemented. They cited upcoming events, including the Summit for a New Global Financial Deal in June, the Climate Action Summit, the Climate Ambition Summit, and the MDG Summit in September, as crucial opportunities to collectively achieve change and build a sustainable and prosperous future for Africa and the world.

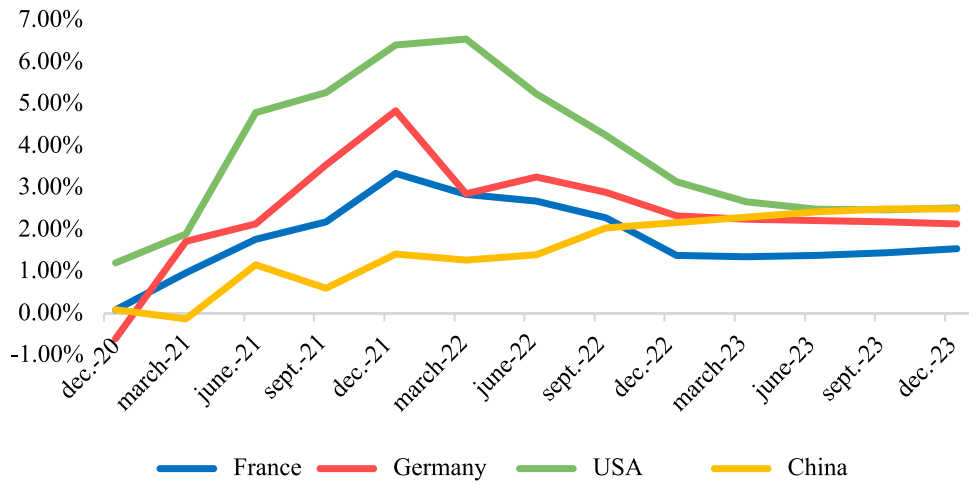
In conclusion, the calls by African Ministers of Finance, Planning and Economic Development for IMF reforms reflect the need to adapt the global financial architecture to current realities. Such reforms would enable the IMF to better respond to global challenges and contribute more meaningfully to Africa's economic and social development.

I.2. Inflation

After peaking in 2022, inflation is projected to have downward momentum, reaching 6.6 percent in 2023 and 4.3 percent in 2024, levels still well above pre-pandemic levels. This expectation of disinflation may be explained by an expected decrease in demand for manufactured goods and efforts to improve global supply chains.

In this context, it is imperative to stress the importance of implementing structural reforms that will greatly contribute to fighting inflation by improving productivity and alleviating supply constraints. In this way, the adverse effects of inflation can be mitigated, thereby reducing economic and social inequalities. In sum, a comprehensive and coherent approach is crucial to maintaining economic stability and ensuring long-term prosperity.

Figure 2 ›› INFLATION RATE FORECAST IN SOME ADVANCED COUNTRIES



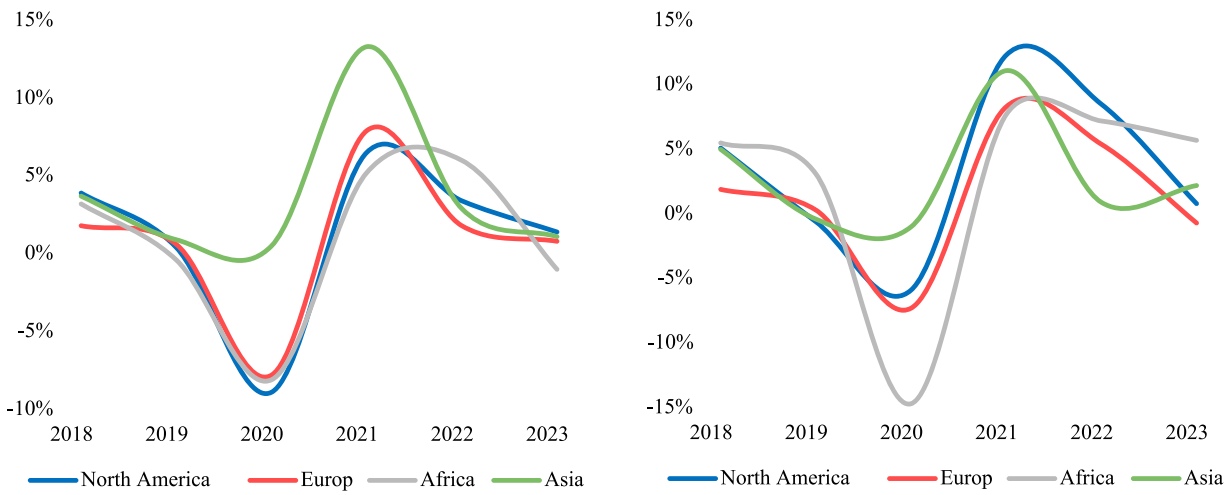
Source : OECD.

With respect to the upward trends observed between 2021 and 2022, Figure 2 indicates that these price pressures are expected to ease from 2023 onward, although they remain well above the targets set by central banks. Ceteris paribus, rate-raising policies will continue to increase the cost of borrowing for firms and deplete the financial resources of households. From this perspective, it is therefore necessary for monetary policy to continue to aim at overall price stability, while fiscal policy should seek to alleviate the cost-of-living pressures faced by the most vulnerable populations due to deteriorating purchasing power.

I.3. International trade

The outlook for international trade in 2023 is marked by a high degree of uncertainty, brought on by a variety of factors such as continuing geopolitical tensions, inflation concerns, high commodity prices such as energy, food and metals, and the combined risks of high interest rates and government debt. According to the United Nations Conference on Trade and Development (UNCTAD) assessments, world trade growth is expected to remain moderate in 2023, with the possibility of recovery in the second half of the year.

Figure 3 ›› Merchandise Trade Growth



Source : WTO.

Analysis of Figure 8 reveals that import demand is expected to weaken as a result of the slowdown in major economies. In Europe, higher energy prices resulting from the Russian-Ukrainian conflict will lead to a contraction in household spending and higher costs in the manufacturing sector. In North America, tightening monetary policy will impact interest rate sensitive spending on housing, automobiles and fixed capital investment. In Asia, the resurgence of Covid-19 will lead to a decrease in demand for strategic minerals, as this industry is a global leader. Finally, rising food import bills in Africa and Latin America could lead to food insecurity and debt overhang in these developing economies. If these inhibiting factors strengthen throughout 2023, the World Trade Organization's (WTO) pessimistic forecasts could be revised upward midway through the year, due to the uncertainty surrounding monetary policy developments in advanced economies, as well as the unpredictable nature of Russia's actions in the conflict with Ukraine.

I.4. Financial market

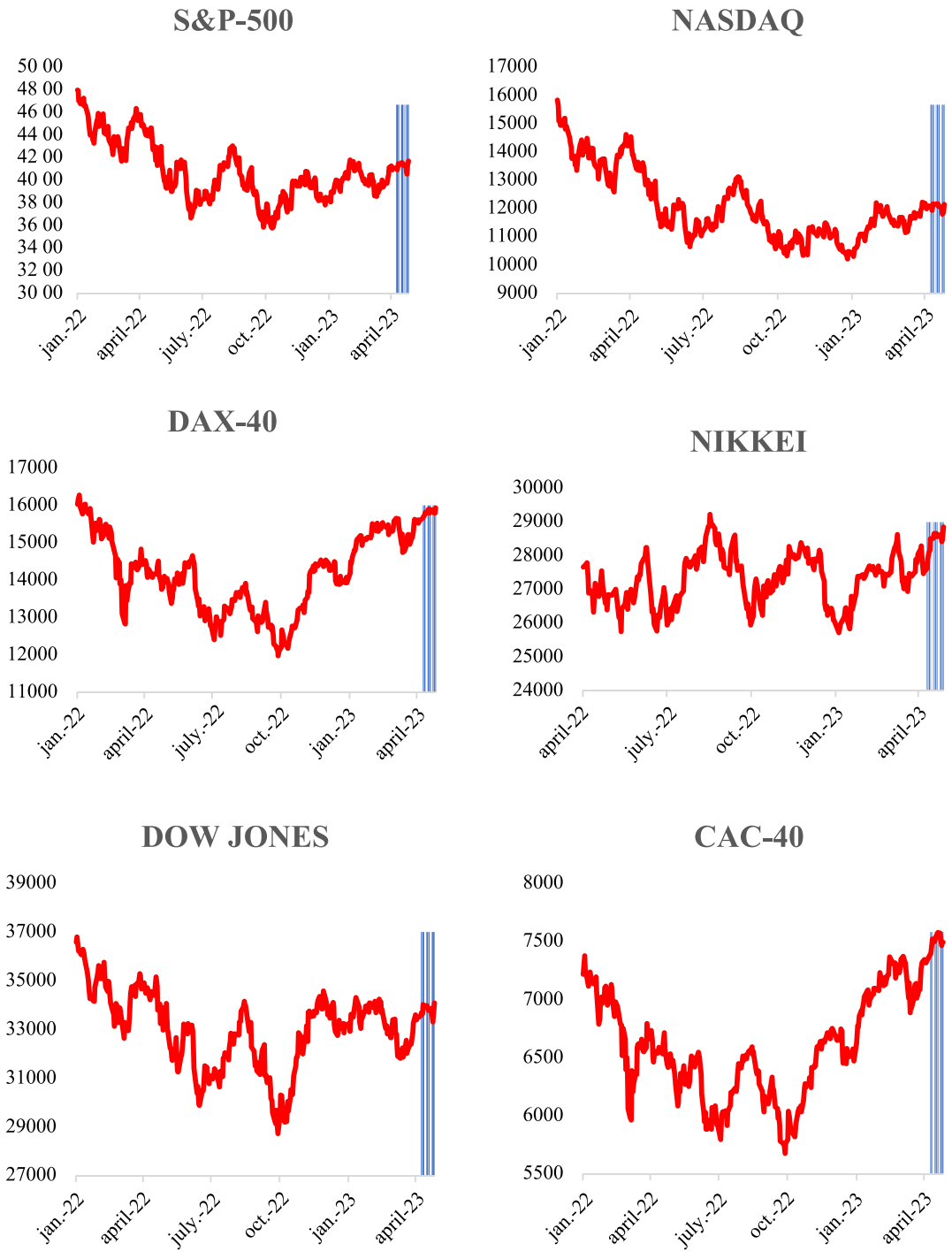
The month of April saw a remarkable upward trajectory in the financial markets, with broad-based bullish momentum. On Wall Street, the major stock market indices - the Dow Jones, the S&P 500 and the Nasdaq - reached record highs of 34,098 points, 4,169 points and 12,142 points respectively at the close of April 2023. A similar trend was evident in the European stock markets.

On the Paris stock market, the CAC-40 index rose by 1%, from 7,322 points in March 2023 to 7,491 points at the end of April 2023. In Germany, the DAX-40 index appreciated even more, reaching 15,628 points at the end of April 2023. The Tokyo Stock Exchange also followed this upward trend, rising from 28,041 points in March 2023 to 28,856 points at the end of April 2023.

These gains in the stock market indices are attributable to the downward pressure on the U.S. dollar. The depreciation of the U.S. currency is pushing private investors to seek safe haven assets in order to preserve the value of their capital in the face of currency depreciation. Among these alternatives, stock market assets occupy a prominent place. Thus, the demand on the financial markets has increased due to the speculations of the operators to protect their purchasing power.

However, with other variables remaining stable, as long as the dollar continues to depreciate, it is reasonable to expect considerable returns in the equity markets. Investors will likely continue to seek alternative investment opportunities to preserve the value of their capital in the face of currency depreciation.

Figure 4 ›› Daily trends of the main stock market indices



Source : Macrotrends.

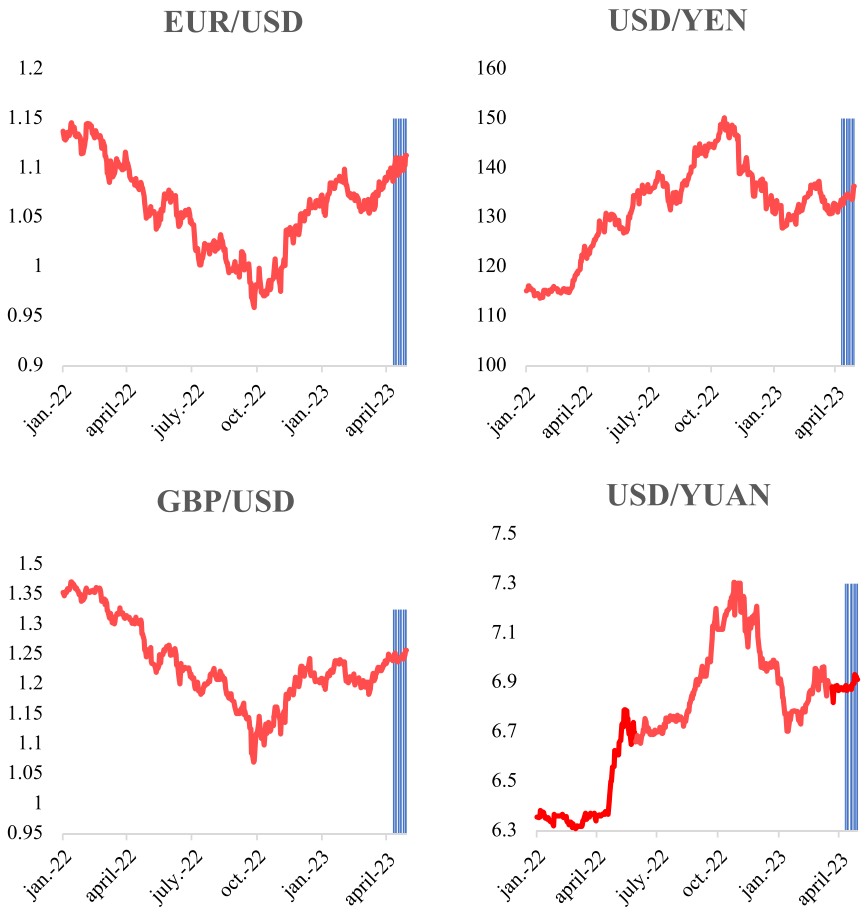
I.5. Foreign exchange market

Following the remarkable rise of the major stock market indices, the greenback, the US dollar, found itself facing a substantial devaluation against the euro and the British pound during the month of April 2023. At the monthly close, the euro appreciated sharply to 1.1127 USD/EUR, while the British pound climbed to nearly 1.2569 USD/GBP. Indeed, this erosion of the dollar can be attributed to at least two major exogenous factors: (i) the U.S. current account deficit, reflecting the deteriorating economic health of the U.S.; and (ii) the European Central Bank's belligerent attitude toward bond yields, adopted in an effort to control inflation.

As for the trajectory traced by the Japanese yen, the upward trend observed during this period reflects its own depreciation against the US dollar. In China, more specifically in Beijing, the Chinese currency has deteriorated against the greenback. This decline in the Chinese yuan could be amplified by the threat of recession in the global economy.

It should also be noted that the nature of the monetary policy implemented by the Federal Reserve (Fed) has had a significant impact on the value of the U.S. dollar, while also impacting the economies of emerging countries. Nations that rely heavily on exports of raw materials or manufactured goods to the U.S. may find themselves particularly vulnerable to fluctuations in the dollar.

Figure 5 ›› DAILY EVOLUTION OF THE MAIN EXCHANGE RATES



Source : Macrotrends.

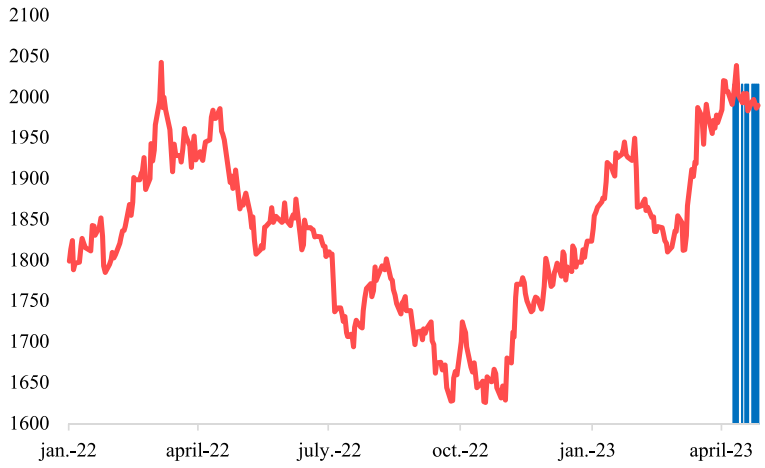
I.6. Market for strategic products

- Gold

During the month of April, gold prices continued their upward trend, extending the momentum seen in the previous month. At the close of the month, the price of gold peaked at USD 1,990 per ounce. This increase can be mainly attributed to the depreciation of the U.S. dollar in the foreign exchange market. Indeed, the devaluation of the greenback is creating considerable appeal for gold as a safe haven, as investors turn to this precious metal as a hedge against currency fluctuations and economic uncertainties. Nevertheless, this situation remains subject to the monetary policy actions that the U.S. Federal Reserve (Fed) will decide to take.

It is important to note that the Fed's monetary policy decisions have a significant impact on gold prices. Expansionary measures, such as lowering interest rates, can increase the value of gold by reducing the opportunity cost of holding it relative to other financial assets. On the other hand, a restrictive monetary policy, characterized by an increase in interest rates, can lead to a decline in gold prices due to a decrease in demand for safe-haven assets.

Figure 6 ›› Daily evolution of gold prices (in USD per ounce)



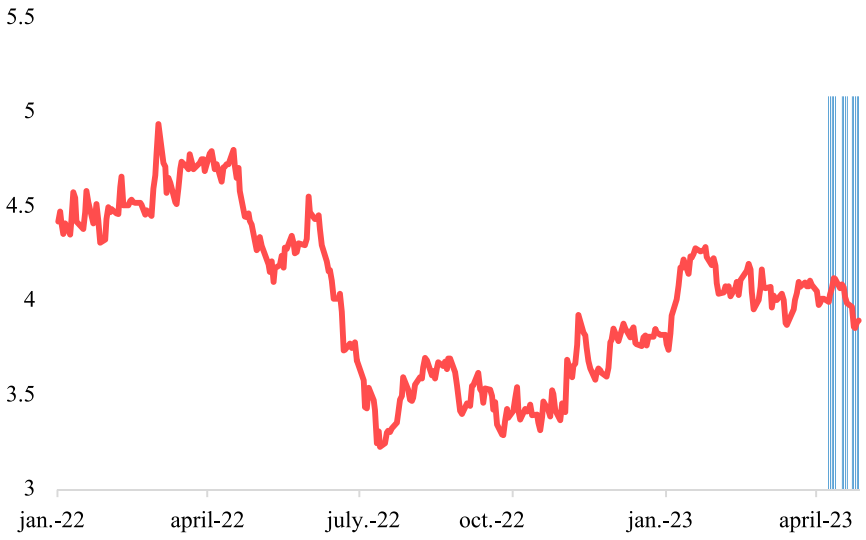
Source : Macrotrends.

- Copper

The copper market is of paramount importance as a reliable indicator of the health of the global economy. The commodity plays a key role in many sectors, such as construction, transportation and battery manufacturing. Thus, after recording an upward trend in the previous month, copper prices experienced a decline during April 2023, averaging around USD 3,896 per metric ton. This development can be attributed to the risks of recession that continue to weigh on the global economy, but above all to the announcement by the Chinese company CATL (Contemporary Amperex Technology), a world leader in the production of electric batteries for automobiles. Indeed, CATL has revealed its intention to develop sodium batteries to replace lithium, cobalt and copper. According to this Chinese company, the sodium battery has many advantages. It is less flammable than the lithium battery and sodium is far more abundant than lithium in the earth's crust, with a ratio of 500 to 1. This innovation also explains why the cost of electric vehicles could decrease.

However, it is crucial to note that copper prices are also influenced by geopolitical factors such as trade conflicts and changes in central bank monetary policy. For example, an increase in interest rates can have a negative impact on the demand for copper in user industries.

Figure 7 ›› Daily evolution of copper prices (in thousands of USD per ton)



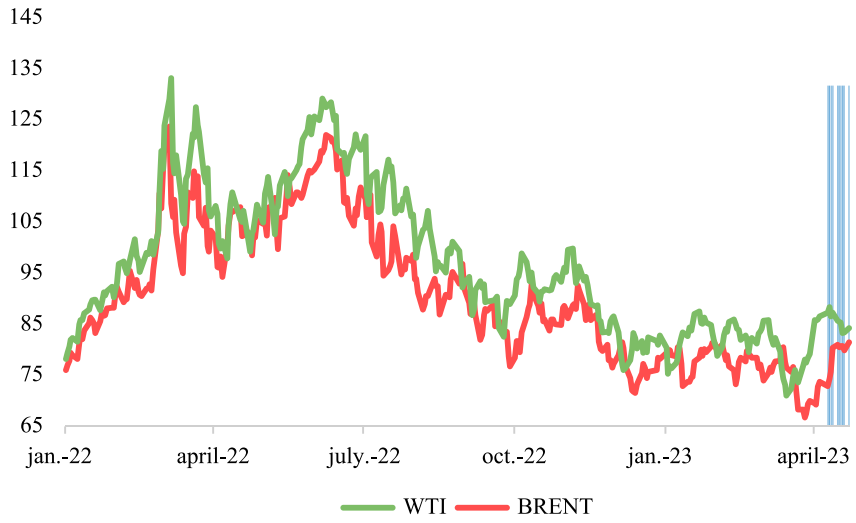
Source : Macrotrends.

- Petroleum

April 2023 saw a slight acceleration in crude oil prices in both the US (WTI) and European (Brent) markets. At the close of the month, Brent settled at USD 81.47 per barrel, while WTI reached USD 84.23 per barrel. This rise is attributed to the prospects of a significant increase in oil demand in China, following the relaxation of its Covid-19 policy. However, it is necessary to wait for the next OPEC+ meeting to clarify the long-term dynamics in the market, especially with regard to the policy of limiting oil supply.

Indeed, the oil market is subject to uncertainties related to the global geopolitical and economic situation, as well as OPEC+ oil production policy. In this context, decisions taken by OPEC+ regarding oil production, as well as economic stimulus measures implemented by governments, could have a significant impact on future oil market developments. It is crucial to closely monitor developments in these areas, as they will influence oil demand and supply, and consequently, market prices.

Figure 8 ›› DAILY EVOLUTION OF OIL PRICES (IN USD PER BARREL)



Source : Macrotrends.

2. National context

II.1. Evolution of the national economy

The economic news of April 2023 was marked by several notable events. These were: (i) the increase in the prices of consumer goods on the various markets in Kinshasa; (ii) the announcement by the Council of Ministers on the postponement of the payment of 123 million USD intended for the pay of public agents; (iii) the extension of the suspension of the collection of VAT by the government until December 31, 2023; and (iv) the announcement by the Congolese government on the issuance of 280 million USD bonds.

More explicitly, these facts are presented as follows :

1. Increase in the price of consumer goods in the various markets of Kinshasa

According to a survey conducted by the ACP, the prices of consumer goods have increased in the various markets of the city of Kinshasa in the Democratic Republic of Congo (DRC) for the period from March 7 to April 7, 2023. According to several economic operators interviewed, this increase is linked to the depreciation of the Congolese franc against the US dollar.

This increase has a negative impact on the purchasing power of households, particularly on the household basket, where we can see an increase in the price of products such as horse mackerel, sugar, vegetable oil, sardines, cereals, etc.

However, some products such as salted fish and cassava chips have seen a drop in price. The prices of other consumer products such as tomatoes, iodized salt, soap, light bulbs, baby diapers, corn seeds, cans, tea, candles, etc., have remained stable.

This increase in the prices of consumer products is detrimental to the population of Kinshasa, especially for the poorest households, who are the most affected by this situation. It is therefore recommended that economic policies be put in place to stabilize the prices of basic necessities, in particular by strengthening the stability of the Congolese currency and by combating speculation in the markets of Kinshasa.

2. Announcement of the Council of Ministers on the postponement of the payment of 123 million USD intended for the payment of public agents

The Government of the Democratic Republic of Congo recently announced the postponement of the March 2023 salary payments to public employees until April 2023. According to the Minister of Finance, Nicolas Kazadi, these salary arrears amount to nearly 250 billion CDF (123 million USD) and have been caused by low revenue mobilization since January 2023.

It is important to note that salaries represent a significant portion of the Congolese state budget, with projected appropriations amounting to CDF 7,253.90 billion (USD 3.5 billion) for the year 2023. This implies that the government must disburse a monthly average of 639 billion CDF ($316 million) to guarantee the payment of salaries to its civil servants and agents.

However, this raises questions about the government's financial sustainability and its ability to meet its wage obligations. The deferral of salary payments may have adverse consequences for the social and economic stability of the country.

3. Extension of the suspension of VAT collection by the government until December 31, 2023

National Chief Executive Jean-Michel Sama Lukonde recently announced an extension of the suspension of VAT collection until December 31, 2023, in a decree issued on April 15, 2023. The decision comes as the country seeks to address soaring inflation and a persistent economic crisis, particularly in the context of the war in the east. Although the main objective of this measure is to control the prices of essential goods and commodities in order to protect the population, it could have undesirable economic consequences.

On the one hand, the suspension of the VAT could result in a loss of tax revenue for the government. According to previous estimates, the VAT was expected to generate about 12 per cent of total tax revenues in 2023. This drop in revenue could, in turn, compromise the government's ability to finance priority projects and public policies.

On the other hand, the extension of this measure could also have a negative impact on the finances of businesses, especially small and medium-sized enterprises, which do not have much financial leeway. Although the measure is aimed at controlling prices, it could have the indirect effect of increasing production costs for companies that will no longer be able to recover the VAT on their purchases, which could have an impact on their profitability and their ability to maintain jobs.

As a result, it would be important for the government to put in place compensation measures for businesses affected by the VAT suspension, in order to minimize potential losses. In addition, it would be wise for the government to explore other means of raising tax revenue, such as taxing financial transactions or reducing tax loopholes.

Ultimately, extending the suspension of VAT in the DRC is a complex measure that requires a balanced approach to achieve the objectives of price control while minimizing losses to businesses and government tax revenues. The challenge for the government will be to find a balance between these different objectives, while taking into account the economic dynamics and political realities of the country.

4. Congolese government announces USD 280 million bond issue

The government of the Democratic Republic of Congo plans to initiate a major financing strategy in the second quarter of 2023, by issuing indexed Treasury bills and indexed Treasury bonds, with the aim of raising a substantial amount of CDF 660 billion, or the equivalent of US$280 million.

This decision stems from an urgent need to remedy the weakness of revenue mobilization by the Congolese government's financial authorities. It should be recalled that this move stems from an initiative put in place in October 2019, aimed at diversifying sources of financing and meeting the still considerable public expenditures incurred by the Government.

The issuance of these financial instruments will be carried out in several stages. In April, a first tranche of 320 billion CDF (equivalent to $158.3 million) was issued, followed by a second tranche in May, amounting to 200 billion CDF (equivalent to $100 million). Finally, in June, a final tranche of CDF 140 billion (equivalent to $70 million) will be issued, using the parallel exchange rate as of April 24, 2023.

The current financial situation in the Democratic Republic of Congo is one of persistent public deficits and difficulties in paying public officials, particularly civil servants. According to data from the Central Bank of Congo, as of April 14, 2023, the government's financial operations balance shows a cumulative

deficit of CDF 711.0 billion (or $351.8 million). This is the result of a revenue level of CDF 3,794.0 billion (or $1.8 billion), while expenditures amount to CDF 4,505.1 billion (or $2.2 billion).

In this context, it is essential that the government implement an emergency plan to ensure the payment of public expenditures, which are expected to reach an amount of $3 billion during the period from April to June 2023.

To ensure better governance of public finances, it is essential that the Democratic Republic of Congo strengthen its revenue mobilization efforts by adopting effective measures to increase the state's financial resources. In addition, it is recommended that more rigorous control mechanisms be put in place to optimize public spending, paying particular attention to prioritizing investments and improving the management of public funds.

Box 2. Luxury hotel boom in Kinshasa: a double face

The hospitality market[3] in Kinshasa is characterized by an insufficient supply that does not meet the growing demand for housing and space for activities related to this sector. This situation is largely explained by the housing deficit in the city, which has encouraged the development of housing, hotels, restaurants and cafés, but above all by the investment of Indo-Pakistani, Lebanese and Chinese capital.

Despite the high demand for housing and space for hospitality-related activities, the supply of basic infrastructure such as roads, bridges, and railroads is inadequate, limiting the growth of this sector. Indeed, this inadequacy hinders the economic growth of Kinshasa, which is expanding rapidly with increased commercial activities and investments. However, this situation also presents an opportunity for investors. Indeed, Kinshasa's economic growth has led to an increase in demand for hotel services, particularly from business travelers and tourists. Investments in infrastructure, including housing, have made Kinshasa more accessible to travelers and business people, creating a strong demand for hotels to accommodate international and/or domestic visitors and to facilitate business travel.

There are several factors, direct and indirect, that could explain the boom in the hotel sector in Kinshasa. These factors include :

a. Direct factors :

- ***Economic growth :*** Increased business activity and investment in the city of Kinshasa has led to increased demand for hotel services, particularly from business travelers and tourists.
- ***Infrastructure investments :*** Investments in housing may have made Kinshasa more accessible to travelers and business people, resulting in increased demand for hotels to accommodate international and domestic visitors and to facilitate business travel.

b. Indirect factors :

- ***Tourism development :*** Although Kinshasa is not the best tourist destination in the country, some people may visit some of the tourist sites in the city of Kinshasa, located in its eastern part. In this sense, the developing tourism could stimulate the demand for hotel accommodation to accommodate travelers.

It is unlikely that any government policy can be associated with this boom. Tax incentives, relaxed regulations and support measures for the development of the hotel sector have not been put in place to stimulate investment and growth in the sector.

However, the advent of luxury hotels in the DRC could contribute positively to the country's economy in several ways :

3. HORECA: Hotels, restaurants and cafés.

- ***Revenue generation :*** Luxury hotels attract international and domestic tourists, which generates revenue for the country through visitor expenditures, such as lodging, food, transportation, entertainment, etc.

- ***Job creation :*** Luxury hotels offer direct and indirect employment opportunities in the hotel, restaurant, administration, transportation, etc., thus contributing to income generation and reducing unemployment.

- ***Promotion of the country's image :*** Luxury hotels offer world-class services and infrastructure, which improves the country's image on the international scene and can attract further foreign investment.

However, these luxury hotels will also face challenges and incidents that will impact their business. These include :

- ***Insecurity :*** The city of Kinshasa is facing an upsurge in insecurity in several neighborhoods of its communes, and even the commune of Gombe, where the country's institutions and business center are located, is not spared by this scourge. Malicious people, commonly known as "Shegués", roam the streets of Gombe, stealing and snatching passengers' belongings. If not addressed, this could affect the safety of tourists and the perception of the city as a safe tourist destination, which could lead to a decrease in the number of visitors and, consequently, a decrease in the revenue generated by luxury hotels.

- ***Limited infrastructure :*** Although the luxury hotels offer modern infrastructure, the transportation infrastructure in Kinshasa is deficient. It is very difficult to connect the East and West without wasting hours in traffic due to the massive traffic jams and lack of secondary roads. The roads that are passable are full of potholes and the urban trains do not operate. This could affect the quality of services offered by luxury hotels and influence visitor satisfaction, which can impact hotel occupancy and revenues.

In this perspective, it is recommended that local authorities put in place public policies that promote investment in basic infrastructure, such as roads, bridges and railroads. These policies could also include incentives to encourage investors to invest in the hospitality sector, particularly in the construction of housing and space for hospitality-related activities. This would help meet the high demand for housing and hospitality space, while stimulating economic growth in Kinshasa.

Comparative price estimation

It should also be noted that prices can vary considerably depending on the tourist season. For example, during the high season, prices may be higher due to high demand, while during the low season, prices may be lower to attract visitors. Special events such as conferences and festivals may also result in higher prices for hotel rooms.In addition, competition in the hotel industry in Kinshasa may also have an impact on hotel room prices.

With the opening of new luxury hotels, existing hotels may be forced to adjust their prices to remain competitive in the market.In summary, hotel room rates in Kinshasa vary depending on several factors, including the level of luxury of the hotel, the season, demand, special events and competition in the market.

Rates for new luxury hotels can vary depending on their location, comfort level, amenities and services offered.

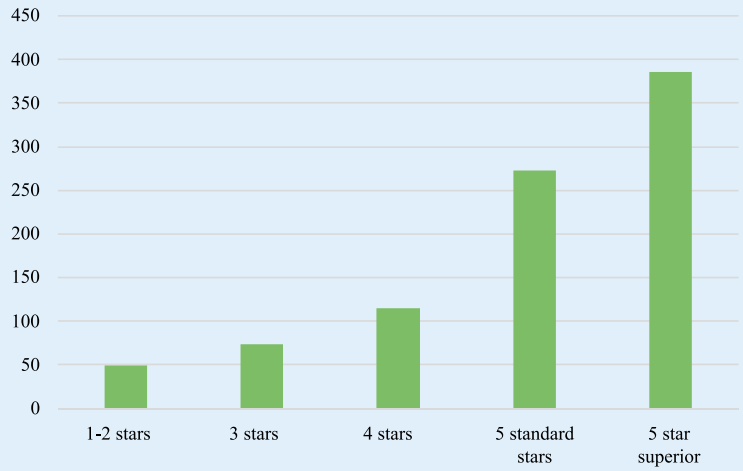
Table 1 ›› Prix estimatif de chambre d'hôtels de Kinshasa

Hotel	Average room rate (in USD)	Average price of the suite (in USD)	Star rating
Pullman	300-400	450-750	5
Fleuve Congo Blazon Hotel	350-500	650-1600	5
Sultani	220-300	350-650	5
Béatrice Hôtel	150-200	200-300	4
Hôtel Royale	200-300	350-400	4
Rotana Hotel	150-200	200-400	4

Source : The prices were collected on the different sites of the hotels.

More customer-focused marketing strategies could help existing hotels stand out from the new competition. This could include implementing targeted advertising campaigns, promoting their unique competitive advantages or strengthening their online presence to attract potential customers.

Figure 9 ›› Average price in Euros excluding taxes of hotels outside DRC (in France)



Source : Statista 20023, taken from the internet https://fr.statista.com/statistiques/508202/prix-moyen-hotels-par-categorie-france.

Average room and suite rates are for informational purposes only and may vary due to competition, tax policy and other factors that may affect operations.

II.1.2. Price dynamics

During April 2023, prices moved upward overall compared to March 2023. As shown in Table 1, the inflation rates (weekly and cumulative) indicate that prices have increased. This could be mainly explained by developments in the prices of basic consumer goods. In addition, the continuing Russian invasion of Ukraine and ineffective government policies are factors that exacerbate this price slippage.

As for the weekly inflation rate, it stood at 0.38% in the fourth week of April 2023, an increase of 57.02% compared to that recorded at the close of March 2023 when it stood at 0.24%.

As for the cumulative inflation rate, it stood at 6.78% in the fourth week of April 2023 against 5.71% achieved a month earlier.

Year-on-year inflation stood at 16.87% in the fourth week of April 2023 compared with 16.89% a month earlier. At this rate, inflation is expected to reach 22.22% by the end of 2023, compared with 13.13% a year earlier (2022).

Table 2 ›› Evolution of inflation (April 2023)

	Weekly inflation	Accumulated inflation	Year-on-year inflation	Annualized inflation
Week 1	0.28	6.00	16.70	24.18
Week 2	0.15	6.16	16.64	23.02
Week 3	0.20	6.37	16.64	22.24
Week 4	0.38	6.78	16.87	22.22

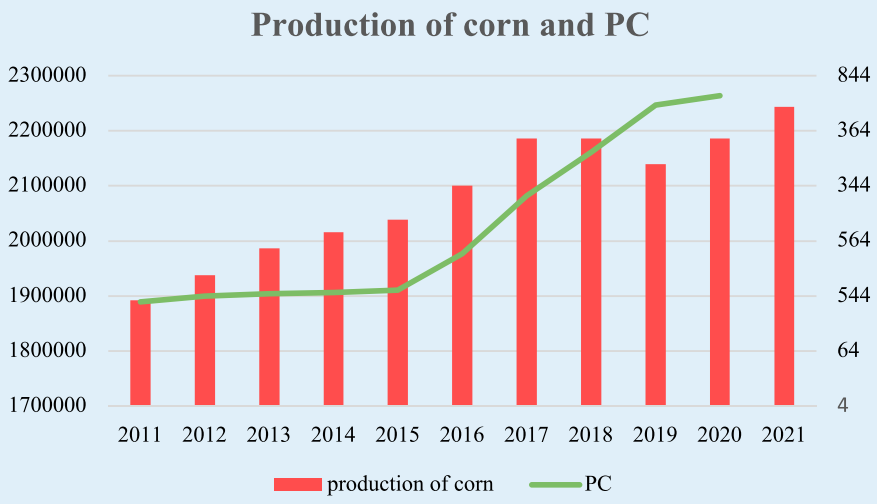
Source : CCO, April 2023.

In addition, it should be noted that other important developments could further compromise the macroeconomic framework. These include: (i) the continued depreciation of the national currency; (ii) rising prices in several sectors; (iii) the accumulation of salary arrears among government employees, with the risk of widespread strikes; (iv) the expenses to be incurred during the current electoral year for the organization of elections (iv) the expenses to be incurred during the current electoral year for the organization of the polls; (v) the political tensions that could arise during this electoral year; (vi) the constant insecurity in the east of the country; and (vii) the continuing Russian invasion of Ukraine with its consequences on the dynamics of agricultural and energy prices.

Box 3. Shortage of maize flour in the markets of Greater Katanga and Greater Kasai

The Democratic Republic of Congo is among the major importers of maize and maize flour to meet its food aid needs. Grand Katanga and Grand Kasai are the parts of the country where maize is considered a staple food along with cassava. Local production of this foodstuff remains low, which means that the country is turning to neighboring countries, mainly Zambia and South Africa. For several months, the DRC has been experiencing an increase in maize prices due to low local production and other exogenous causes, mainly the decrease in Zambian supply due to the increase in internal demand, the drought that is affecting certain sub-Saharan African countries, and the high cost of imports of this commodity.

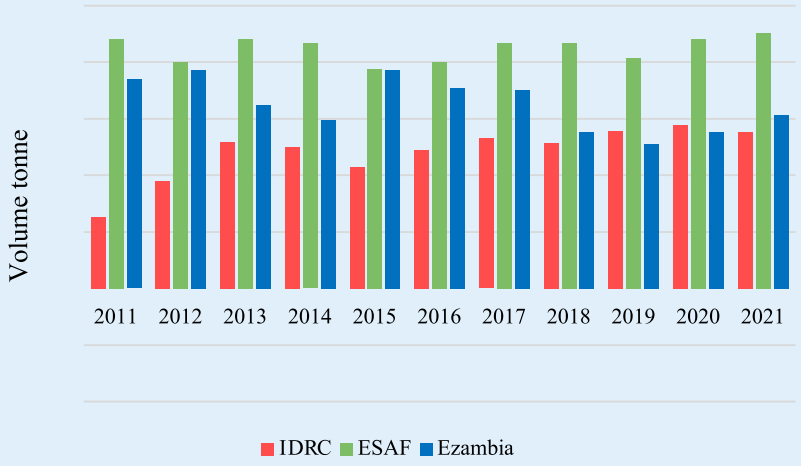
Figure 10 ›› Evolution of Maize Production (in tons) and CPI (in CDF) in DRC from 2011 to 2021



Source : FAO Statistics.

The graph above shows that between 2015 and 2019, corn production increased. However, the changes observed from one period to the next (especially from 2019 to 2021) are not very significant. At the same time, the CPI has moved up significantly over the period under analysis. This situation is explained by the country's inability to meet local demand for corn and the increasing reliance on imports of this high-consumption product, which is used in the production of several food and non-food products.

Figure 11 ›› Comparison of DRC maize imports with maize exports from Zambia and South Africa



Source :FAO Statistics.

This graph highlights the significant increase in maize imports from the DRC in recent years. This increase is due to a growing demand for maize in the Congolese market due to increased food needs. Zambia's maize exports have been on a downward trend during the study period between 2011 and 2014, and since 2017. Production of some crops in Zambia was negatively affected for a period of time by drought and the invasion of armyworms and corn borer caterpillars attacking maize fields. While South Africa's maize exports have shown an almost stable trend, despite the drought in some areas. A large quantity of maize imported and consumed in the DRC comes from these two countries.

In recent months, there has been a shortage of maize in the markets of Grand Katanga and Grand Kasai. During the month of April 2023, the price of a 25-kg bag of maize flour was negotiated at **100,000 FC**. A few months earlier, it was trading at 25,000 CFA. This shortage is caused primarily by domestic market factors that would likely have contributed to much of the price variation, given that most of the DRC's maize is produced and consumed in the southeast of the country and is not closely linked to international maize markets - a deficit in local production.

According to the WFP/DRC report (2022), maize and wheat have experienced a decline in the level of availability on Congolese markets and have led to increased volatility in various commodity chains characterized by continued price increases on the markets.

The DRC should also urgently put in place strategies and take appropriate measures to stabilize the prices of agricultural products, particularly maize, and allow all Congolese access to this basic foodstuff. The immediate solution would be to develop an emergency program to support the cultivation of corn through subsidies and the distribution of quality seeds and inputs. This program would reinforce the agricultural component of the local development program for 145 territories (PDL-145T), which is currently being implemented. In the medium term, the DRC could modernize and professionalize agriculture by promoting and developing agribusiness to attract young people into agriculture. To do this, the DRC could consider the creation of agricultural processing factories to promote the creation of the agricultural value chain for maize. Also, the memorandum of understanding that was signed with the Zambian government to facilitate trade for the import of large quantities of maize should be renewed.

II.1.3 Exchange rate and foreign exchange reserves

During April 2023, the exchange rate deteriorated on the interbank market where it stood at 2 230.64 in the fourth week of April 2023 against 2 036.70 at the end of March 2023, i.e. a depreciation of 9.50%.

The same applies to the parallel market where the exchange rate stood at 2,338.50 in the fourth week of April 2023 compared to 2,321.60 one month earlier, i.e. a depreciation of 0.70%.

Table 3 ›› **Exchange rate developments**

	Clossing march 2022	April 2023				Variation march-april 2023
		Week 1	Week 2	Week 3	Week 4	
Interbank market	2 036.70	2 037.38	2 037.78	2 115.36	2 230.64	9.5%
Parallel market	2 321.60	2 320.00	2 321.25	2 327.63	2 338.50	0.7%

Source : BCC.

With regard to foreign exchange reserves, they have increased slightly. They stood at USD 4.10 billion in the fourth week of April 2023, an increase of 1.70% compared to the end of March 2023, when they stood at USD 4.03 billion. In terms of the number of months of imports, the Congolese economy has seen an insignificant increase in its capacity at the end of March 2023. Import coverage by foreign exchange reserves fell from 2.18 months to 2.22 months between the end of March 2023 and the fourth week of April 2023, a decline of 1.8 percent.

Table 4 ›› **Évolution des réserves de change**

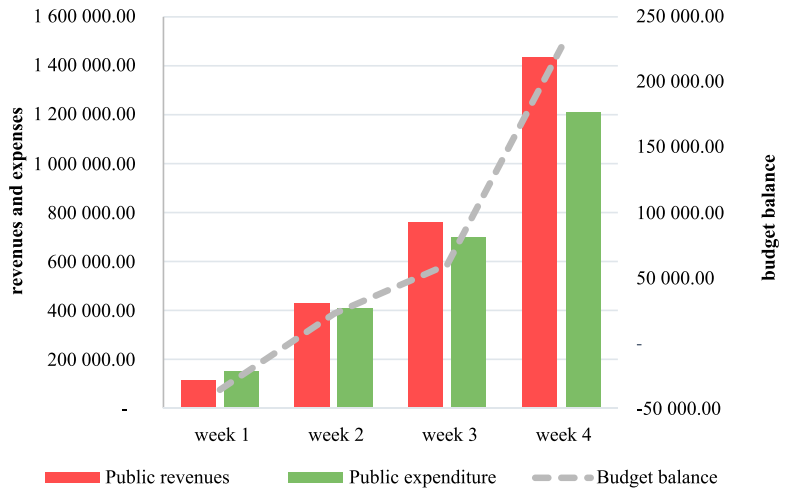
	Clossing march 2022	April 2023				Variation march-april 2023
		Week 1	Week 2	Week 3	Week 4	
In billions of USD	4.03	4.06	4.06	4.10	4.10	4.10
In months of imports	2.18	2.18	2.20	2.22	2.22	2.232

Source : BCC.

II.1.4 Public finances

During the month of April 2023, the balance of operations showed a surplus, except for the first week, amounting to a considerable 227,086 million CDF. This surplus situation is the result of a level of revenues reaching CDF 1,437,183 million, compared to expenditures amounting to CDF 1,210,097 million.

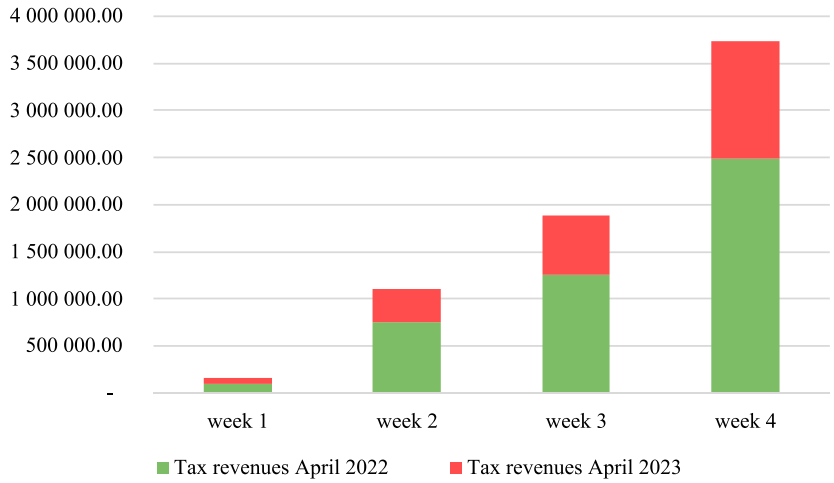
Figure 12 ›› Public Sector Aggregates as of April 2023 (in millions of CDF)



Public spending continues to focus primarily on the payment of civil servants' salaries, while funds allocated to the operation of public institutions remain the second priority. Capital investment spending remains relatively small in relation to total spending.

The government is not doing enough to reverse this trend by giving greater priority to capital spending, which runs counter to the aspirations of the Congolese people to reduce the cost of living of institutions.

Figure 13 ›› Comparison of tax revenue levels



It should be noted that April is marked by a tax deadline during which companies must pay 20% of the Corporate Income Tax (IBP) to the General Tax Directorate (DGI). As a result, government revenues reached 1,437,183 million CDF, compared to 3,442,626 million CDF recorded during April 2022. In fact, there was a significant decrease of 58.25% in government revenue compared to the same period of the previous year. This decline is mainly due to the low mobilization of tax revenues, which amounted to 1,256,429 million CDF, in contrast to the amount of tax revenues collected in April 2022, which amounted to 3,150,187 million CDF.

II.2 Political developments

During the month of April, three events attracted particular attention and led to debate and controversy. These were (i) the major maneuvers in the run-up to the general elections; (ii) the reactions to statements by Rwandan President Paul Kagame on the crisis in the East; and (iii) the controversy surrounding the agenda of the EAC force.

1. The big maneuvers in the run-up to the December 2023 elections

As noted above, the major maneuvers that took place in April foreshadowed the establishment of a new government on the part of both the majority and the opposition, eight months before the December 2023 elections.

Indeed, the signing of the Charter of the Sacred Union and its official release, the meeting of opposition leaders in Lubumbashi, and the end of the identification and enrolment of voters, followed by the announcement of the cleaning of the electoral file, are the major facts indicative of these major maneuvers.

1.1. *The signing of the charter of the Sacred Union of the Nation*

Created in 2021, by the President of the Republic Félix Antoine Tshisekedi Tshilombo, the Sacred Union of the Nation adopted on Wednesday, April 5, 2023, a charter of structuring and mutation towards an electoral platform, eight months before the general elections.

Adopted and signed by the members of the presidium as personalities and the presidents of political parties of the Union sacred of the nation, the establishment of this charter aims to make re-elect Felix Tshisekedi, its "High political authority" and offer him at the same time a comfortable majority in parliament. To do this, the chain of command set up devotes three other bodies, namely: the Congress, the Presidium and the Conference of Presidents. The Presidium, an organ that comes just after the High Political Authority, with six personalities: Sama Lukonde, Christophe Mboso, Bahati Lukwebo, Vital Kamerhe, Jean-Pierre Bemba and Augustin Kabuya.

The statutes of the Sacred Union give the high political authority the power to co-opt a personality as a member of the presidium.

In his speech for the occasion, Christophe Mboso called on the signatories of the said charter to respect the prescribed rules, letting them know that they have the pleasant duty to respect and conduct themselves in accordance with the rules of the charter, and to expect from the Sacred Union a vision based on results in the higher interest of the Nation.

Intervening in turn on behalf of the Union for Democracy and Social Progress (UDPS), Augustin Kabuya, its secretary general, urged the members of the Sacred Union to privilege dialogue and forgiveness.

As for the organizational chart, the Sacred Union will be structured with the following organs: (1) the Congress; (2) the high political authority; (3) the presidium; (4) the conference of the presidents of the parties, political groupings and personalities designated by the high political authority.

In reaction to this action taken by the members of this electoral platform, the deputy Christian Mwando of the Ensemble pour la République (opposition party), described the Union Sacrée as a thousand-headed monster that sails at a loss, a real mishmash that has lost its pioneers, its soul, its ideal and the sense of values.

1.2. Meeting of opposition leaders in Lubumbashi

Meeting in Lubumbashi on Friday, April 14, 2023, in a joint action, Moïse Katumbi of Ensemble pour la République, Martin Fayulu of Ecide, Delly Sesanga of Envol and Matata Ponyo of LGD, all four, in their joint declaration read out on the occasion, committed themselves to federate their efforts and to carry out joint actions in unity, in order to bring to a successful conclusion the struggle of the Congolese people for a true State of law.

These actors say they are joining forces to reject any revision of the Constitution, and are demanding: (a) the recomposition of the Constitutional Court, (b) the revision of the electoral law, (c) the consensual designation of the leaders of the bodies of the CENI, and (d) the urgent conduct of an external audit of the identification and enrolment operations underway with a view to the production of a complete electoral file that should reflect the demographic realities of each electoral district.

In addition, the four political leaders drew a bleak picture of the management of the country by the current government, and on occasion, denounced in passing the instrumentalization of institutions, insecurity and the desire of the authorities to dismiss some declared candidates for the next presidential election.

For Delly Sesanga, for some time, the regime in place has accustomed the Congolese to govern the country in contempt of the laws and in non-compliance with procedures.

For his part, Moise Katumbi justified his commitment by the need to offer another life to the Congolese, the current one becoming more and more expensive. Particular case of that of the civil servants of the State who are paid at the rate of 900 francs (for 1 dollar).

As for Martin Fayulu, the country is on the verge of collapse, the suffering of the Congolese is no longer to be demonstrated, and in the eastern part of the country, there is no longer any life.

Finally, Matata Ponyo Mapon emphasized that he was counting on the good faith of everyone so that this commitment would bring hope and would also be the materialization of a noble and patriotic conviction.

While denouncing several other ills that plague the country, the four leaders called on their activists and supporters to take part in general mobilization activities, including a first joint demonstration to demand a transparent and fair electoral process, has been planned for May 13 in Kinshasa.

Among the reactions recorded, we note that of Emmanuel Ramazani Shadari, permanent secretary of the People's Party for Reconstruction and Democracy (PPRD), who said he was "completely in agreement" with the position taken by these 4 leaders from Lubumbashi.

1.3. Of the official exit of the Sacred Union of the nation

It is on Saturday, April 29, 2023 that the Sacred Union of the Nation made its official exit at the Martyrs stadium in Kinshasa, with the stated objective of Felix Tshisekedi's allies to offer him a second term with a comfortable majority in Parliament.

All the groups, parties and political personalities were there to mark in a particular way the event, in the presence of the members of the presidium of this platform who, in turn, took the floor to call all the Congolese to unity and their militants to support the Head of State Felix Antoine Tshisekedi.

For Christophe Mboso, the DRC needs more unity at this precise moment. He has, on the occasion, detailed the main idea of the Sacred Union which is supposed to bring a new wind, a new dynamic to build a strong Congo, a united Congo, a sovereign and free Congo, a prosperous Congo, where will reign peace, truth, justice and hope to live together, the hope to straighten this country, the hope to integrate the youth in the institutions of the country.

For him, the Sacred Union also gathers Congolese united for the defense of the fatherland, for a new governance based on a new conception of results responding to the interests of the people.

Christophe Mboso affirmed, contrary to the words of Paul Kagame, that it is rather Rwanda which owes the DRC land. This is before insisting on the awakening of the conscience of the youth, on the permanent conspiracy against the Republic, hammering that Rwanda has nothing to ask to the Congo, of which he asks the generation not to be distracted in order not to make lose some territories of the Congo, promising that Fatshi-Beton is going to fight until the end so that no centimeter of the Congo will go to Rwanda.

For his part, while stressing that the DRC is the victim of an international plot, MLC leader Jean-Pierre Bemba asked all Congolese to remain united, because it is this unity that will send the message far and wide that the Congo is one and that no one can divide it. The unity, sovereignty and territorial integrity of the Congo are, for him, non-negotiable. If the Congolese are not united, the enemy will easily infiltrate. Also, he called on the opposition to remain united at this time and to be all behind Felix Tshisekedi whom he knows very well and who has love for the Congo.

In his turn, Vital Kamerhe (president of the UNC) began by praising the mobilization of the Congolese people in defense of the country in the face of Rwandan aggression. He then explained, in a few words, the purpose of the sacred union by underlining that "they initiated this sacred union to better manage the country and also to prepare the next presidential, national and provincial legislative elections". Finally, he noted that the country was facing several crises, including the economic crisis. And for him, it is important to combine efforts to increase local agricultural production, to fight against this crisis.

According to Prince Epenge, one of the communicators of the opposition, the Sacred Union will have difficulty in offering a second mandate to Felix Tshisekedi "because its members do not embody intrinsic values worthy of statesmen.

1.4. Update on the status of the constitution of the electoral register

In a press release issued on Saturday, April 22, 2023, the Independent National Electoral Commission (CENI) announced the start of work to finalize the consolidation and processing of data collected during the updating of the Electoral Register, including the detection of duplicates at the national level and the internal audit of the Electoral Register.

Prior to this operation, INEC has planned to organize open days from April 25 to May 4, 2023, an opportunity for political parties to better understand the operations that will allow the cleaning of the Electoral Register, a key element of the elections.

In response to this invitation, the opposition bloc boycotted the open house initiated by INEC, which denounced the lightness with which it is conducting the electoral process.

To this end, in a statement signed on Friday, April 28, Moïse Katumbi, Delly Sesanga, Martin Fayulu and Augustin Matata Ponyo said "NO" to the above-mentioned days. For them, the members of the CENI do not have the right to work with so much lightness the electoral process which remains the only constitutional way to endow the country with legitimate Institutions and Leaders.

On the occasion, they accused INEC of deliberately trying to confuse the public as to the understanding of the term "stakeholders" in an electoral process and of persisting in its willingness and commitment to orchestrate and execute "the electoral fraud plan" in favor of Felix Tshisekedi.

INEC cannot be turned into a fair where visitors are expected to admire the prowess of its members in the preparations for the obvious organization of electoral chaos.

On the other hand, they continued, INEC should, for the sake of transparency, provide the public and all stakeholders with clear explanations of, among other things, the real number of electoral kits ordered; the exact content of the tender specifications; the name and modalities of the choice of the printing house that produced the voter cards; the publication of the final mapping of the registration centers by operational area and by province; the breakdown of the gross figures of 46. 857,697 enrolled by constituency and province to be posted on the CENI website and in each enrollment center, to name a few.

These leaders called on the Congolese people to remain vigilant to prevent "electoral fraud" by confiscating their legitimate right recognized to every people in the world to freely choose their leaders, through transparent, inclusive, democratic, free and peaceful elections.

Also, reaffirming their unwavering determination to defeat any electoral fraud, whatever subterfuges the CENI and the political regime may use, the bloc of four leaders reminded the population of Kinshasa in particular of the imperative need to respond massively to their call for a big march planned for May 13, in order to denounce the growing insecurity in the country, the high cost of living and the misery of the people as well as the chaotic electoral process.

2. Reactions to President Paul Kagame's statements on the war in the East

During a press conference held on the sidelines of his visit to Benin in April, Rwandan President Paul Kagame, who is visiting Benin at the invitation of his counterpart Patrice Talon, spoke about the conflict between the Democratic Republic of Congo and the M23, which is occupying part of Congolese territory.

On this occasion, he said that this crisis is the result of several unresolved problems for decades before Tshisekedi became president, and that the problem of Congo, the problem of the region or the problem of Rwanda is not the M23.

Indeed, Paul Kagame further argued that part of the land belonging to Rwanda was ceded to the Democratic Republic of Congo, and that as far as the M23 and all the people linked to the M23 are concerned, the Congolese who have benefited from the Rwandan heritage, the borders that were built during the colonial period have affected and divided the two peoples. According to him, part of Rwanda was given to the Congo, the south to Uganda, etc., and that there was already cooperation in

these areas, supported by the links that exist between the peoples, going back in history.

This statement caused many political, civil and scientific personalities to react.

Intervening on behalf of the Congolese Government, Patrick Muyaya, its spokesman, considered that his words were a provocation too many. He reaffirmed the determination of the government to defend every square inch of the national territory, reminding President Kagame to respect his commitments under the Luanda roadmap, to stop supporting the M23, which has been demonstrated worldwide, and to withdraw his hands from the DRC as the Pope has stated.

For the government, Kagame has transgressed history and has deliberately chosen to distort it. Indeed, what he has not said, which he should have said, is that it is he who is at the root and cause of all the problems experienced in the East of the Democratic Republic of Congo for over 20 years and that it is he who created the RCD, the CNDP, the M23, providing arms and ammunition to those who destabilize the East of the DRC.

For François Nzekuye, President of the PPRD parliamentary group, Paul Kagame's comments are a dream and a distraction insofar as any border problem has been settled since independence. This position violates the principle of the intangibility of borders in Africa, according to which "all member states undertake to respect the borders existing at the time they gained independence. All African countries have cross-border peoples with the same culture and language. Also, to want to remake the cultural unity in the same State will involve the questioning of the national borders on all the extent of the African continent. This will generate a generalized instability, whose consequences are worse than the hoped-for benefit. Moreover, he continued, "Concerning the Hutu, Tutsi and Twa peoples, they are found in the DRC, Uganda, Tanzania, Rwanda and Burundi, to name but a few. The Bakongo are found in Angola, Congo Brazzaville and the DRC. Which of these countries can accept to be annexed to another because they speak the same language or have the same culture ?

For his part, the deputy Delly Sesanga maintained that this speech "perverts history and casts more doubt on the sincerity of cooperation within the EAC of which Rwanda is a member". For him, Paul Kagame's remarks would be a way for him to justify his instrumentation of the M23 rebel forces and furthermore to promote his selfish initiative to balkanize the Democratic Republic of Congo. Sessanga said that with more than 450 ethnic groups, the DRC shares a common cultural and political history with other peoples, especially those living around the country's borders. "This does not make them non-indigenous populations. Also, by these remarks, Rwanda insults the ancient efforts to perpetuate peace between African states by going against the principle adopted since 1964 delimiting the different borders.

Moreover, paraphrasing the author during the symbolic presentation on Friday, April 21, 2023 in Kinshasa, of the "scientific work" of the writer Charles Onana, the political scientist Freddy Mulumba Kabuayi, maintained that "if women are raped in the East of the DRC, and that one remains silent, if civilian populations are massacred, if children are used in the coltan and diamond mines, it is because Rwanda is conducting incursions. To do this, Westerners or Africans who take Rwanda as a model, should clearly ask where its resources come from.

In this work, Charles Onana stressed, moreover, that all the aids to Kagame are brought in order to obtain the resources of the DRC, notably the mines, the coltan and the diamond, before pointing out that the partners

of Kagame are rewarded by the wealth of the Congo. "That is why the DRC is living a terrible situation by exceeding the number of the entire population that died in 1994, nearly 6 million", and that to date, the DRC has nearly 10 million dead and 500,000 women raped; a situation that is not addressed at all levels, so we should talk about it and thus question the role and action of Kagame and Rwanda on Congolese territory.

For his part, addressing the heads of the television and radio stations, Martin Fayulu Madidi, president of the Commitment for Citizenship and Development (ECIDE), described the language of the Rwandan president as irresponsible, which only contributes to aggravating an already unacceptable situation in the east of the DRC, which he declares to be one and indivisible. Also, he urged them to devote at least thirty minutes (30) of programming each day on the history and geography of the DR. Congo, a way to counter the revisionism of the Rwandan President Paul Kagame.

Moreover, in a letter addressed to the Rwandan president, Thomas Luhaka informed him that "If there is a country that must complain today about having lost territories, it is the DRC and not Rwanda".

For former Prime Minister Adolphe Muzito, the stabilization of the eastern part of the Democratic Republic of Congo should go through "the war that must be waged against Rwanda. That is why he pleaded for the rebuilding of the state and the constitution of a real army that should protect our sovereignty and our people.

For Nzanga Mobutu, the Rwandan President's remarks are unacceptable. Indeed, the Congolese will never accept that the principle of the intangibility of our borders be called into question, regardless of what some people say.

Deploring Kagame's remarks, Ferdinand Kambere, deputy permanent secretary of the People's Party for Reconstruction and Democracy (PPRD), said that this statement is a joke. Because, in Kabila's time, he could not make it. Because, even if it was difficult, he at least knew how to recondition the army, to provide it with the necessary means to win the war. The Congolese are proud of our army, our sovereignty and our land. No one will have the courage, without any historical documentation, to start saying that he has land to claim in Congo. Kambere concluded by noting that Kagame is taking advantage of the weakness of the current regime.

Finally, for the national deputy Christian Mwando, no worthy Son of the Congo (DRC) can tolerate the remarks made by Paul Kagame in Benin to justify the aggression of our country by Rwanda by falsifying history.

It is as much to say that the fatal and chimerical dream nourished by the regime of Kigali, that to draw again the delimitations inherited from the colonization, will meet unconditionally the fierce resistance of all the worthy sons of Congo. And in such a terrain, there is neither majority nor opposition. Because, there is only Congo which counts and which, remains and will remain One and indivisible.

3. Controversies around the mission of the EAC force

In the formerly occupied territories, the Congolese authorities accuse the M23 of reinforcing some of its positions when it was supposed to disengage gradually, according to the timetable set by the mediation.

The EAC regional force was supposed to fight these negative forces and give the FARDC the opportunity to recapture the areas occupied by the rebels, but it seems to be doing the opposite.

The head of Kenyan diplomacy, who intervened a few days before the EAC regional force was not deployed to the DRC to fight the armed groups, said that the FARDC was not going to be able to use the force.

Also, in a clarification at the end of the meeting between the Congolese government and the EAC delegation on Thursday, April 27, Deputy Prime Minister and Minister of Foreign Affairs Christophe Lutundula, who took issue with the allegations, said that "the DRC does not agree with his statement, which in fact is contrary to the one made on April 21, a year ago. It is the one that gave birth to the entire Nairobi process, including the military component. It is also contrary to the Luanda peace plan, the famous roadmap of November 23, 2022, accepted by the African Union and supported by the United Nations Security Council. Finally, it is contrary to what needs to be done in order for the regional force to restore its image. It is counterproductive. Lutundula has thus alerted the public to the fact that what was said was not that.

In addition, the head of Congolese diplomacy said that the Congolese government maintains its membership in the EAC, while several political figures and civil society have called in recent days, the government to withdraw the DRC from this community. He said the DRC government will not give the impression that we are opportunists and that we joined the EAC only because there was a war on the horizon. Our membership is more than just an economic situation. So the situation is difficult, but let us not lose our footing, let us not lose hope.

Finally, the resignation of Kenyan Major General Jeff Nyagah, commander of the EAC force, on April 28, 2023, revealed major differences of opinion on the force's mission between the authorities in Kinshasa and the regional force. Indeed, for reasons likely related to the management of the agenda for the withdrawal of M23 troops, this commander is said to have repeatedly refused to confront the M23 directly as the DRC intended. This has led to political pressure and physical threats from mercenaries.

Moreover, the appointment of General Alphaxard Muthuri Kiugu, chosen by Kenyan President William Ruto to replace the resigning president at the head of the regional force, surprised the entourage of the Congolese Head of State.

In this regard, Kinshasa maintains that it was not consulted beforehand, contrary to what had been done at the time with the formalization of the appointment of General Jeff Nyagah, who resigned. A member of the head of state's cabinet even stated on RFI that the appointment of this replacement commander was somewhat cavalier.

The Congolese authorities do not wish to resort to confrontation and prefer a classic diplomatic approach to smooth out the differences and ultimately obtain a much more effective regional force. For example, the Congolese authorities are proposing that the coordination of this force should rotate and not remain the exclusive responsibility of Kenya.

Kinshasa would also like the status of the areas to be taken over by the regional force to be clarified in terms of respect for the sovereignty of the DRC. To this end, it has been suggested that the Status of Foreign Forces Agreement (SOFA) be quickly revised before any extension of the mandate. It remains to find an arrangement between the various stakeholders to allow the evaluation meeting to take place and to consider the future of the force.

3. Political and economic perspectives

On the political front

The way in which the next eight months are managed and approached will determine and demonstrate the capacity of the DRC's leaders to ensure an electoral process that will lead to the organization of free, democratic, transparent and peaceful elections.

Indeed, (1) the resignation of Kenyan General Jeff Nyagah from the command of the East African Community (EAC) force, combined with the warmongering and hegemonic intentions detected in the thunderous statements of Paul Kagame, (2) the request for an audit of the electoral file by the International Organization of the Francophonie (OIF) led by Rwandan Louise Mishikwabo (3) the implementation of the strategy of the Sacred Union for the re-election of Felix Tshisekedi, (4) the government's response to the social discontent, (5) the ability of the opposition leaders to demand that their wishes contained in the Lubumbashi declaration be taken into account, are all questions that will certainly be in the news in the coming months.

In addition, the differences of opinion on the mission of the EAC force, which is only the basis for the resignation of the Kenyan commander, and the audit requested by the International Organization of the Francophonie (OIF), seem to bring to light the hegemonic ambitions targeting the Democratic Republic of Congo, whose tentacles cover the northern hemisphere of the planet.

And yet, the EAC had sent an expeditionary force to the DRC, the most recent member, in order to impose peace, which had been seriously disrupted for nearly three decades by recurrent incursions by Rwandan forces and the subsequent metastatic outbreak of irregular armed groups. What a surprise it was to hear, first from the head of Kenyan diplomacy and then from the commander of this force, himself a Kenyan national, that there was no question of the EAC force on the ground fighting armed groups, including the M23! This means that there are major challenges that the DRC must meet on this issue.

As for the electoral process, the CENI seems to be ignoring the opposition. Even the boycott of the open days on the operation to clean up the electoral file did not move the electoral center, which in the near future will begin cleaning up the electoral file, against the background of suspicions of electoral fraud, alerted by the coalition of a fringe of the opposition which met recently in Lubumbashi.

On the economic level

The Democratic Republic of Congo (DRC) faces several socio-economic challenges that could compromise the stability of the macroeconomic framework. First, the country is facing the depreciation of its currency, the Congolese franc, which has important implications for the prices of everyday consumer goods. Indeed, currency depreciation can lead to imported inflation, which in turn could affect local prices.

In addition, even though the month ended with a budget surplus, the DRC is facing the accumulation of public deficits, which may affect the government's ability to invest in infrastructure and social services. This may also have implications for the country's economic stability, as public deficits may lead to an increase in public debt, which in turn may affect investor confidence in the context of an IMF program. And therefore risk suspension of the program.

Rising prices in several sectors, particularly in the food sector, could also have important implications for the economic stability of the DRC. Political tensions that may arise in this election year could also affect investor confidence, which in turn could affect economic growth.

In addition, the accumulation of salary arrears among government employees, with the risk of widespread strikes, could also have important implications for the economic and social stability of the DRC. The expenses to be incurred during the election year for the organization of the polls in the face of limited financial resources could contribute to the deterioration of public finances.

Finally, the persistence of insecurity in the east of the country with repeated incursions by rebels (M23, etc.) as well as the continuing Russian invasion of Ukraine with its consequences on the dynamics of agricultural and energy prices could lead to a sharp deterioration in the social situation (unsustainable cost of living) leading to an erosion of social cohesion, a de facto partition of the country and, as a result, difficult political governance that could lead to major disruptions in the economic and political management of the country in the coming months.

Overall, the DRC's economic outlook is uncertain and will depend on the government's ability to manage the current socio-economic and political challenges. To do so, it is necessary to put in place sound economic policies that aim to reduce public deficits, stabilize the currency, control inflation; in short, to improve the governance of public finances. It is also essential to strengthen security in the east of the country and to promote peace and political stability in order to foster the economic growth necessary to maintain the fundamental balances in all respects.

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EVOLUTION OF THE ECONOMIC AND POLITICAL SITUATION IN THE DEMOCRATIC REPUBLIC OF CONGO

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