

**CONGO CHALLENGE  
THE MONTHLY BULLETIN**



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

Issue 68 | December 2022

Kinshasa, DRC



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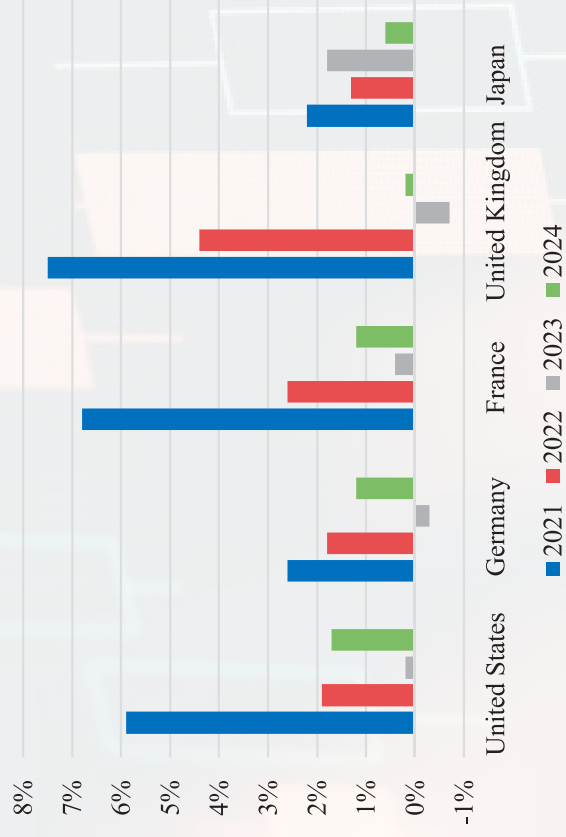
Issue **68** | December **2022**

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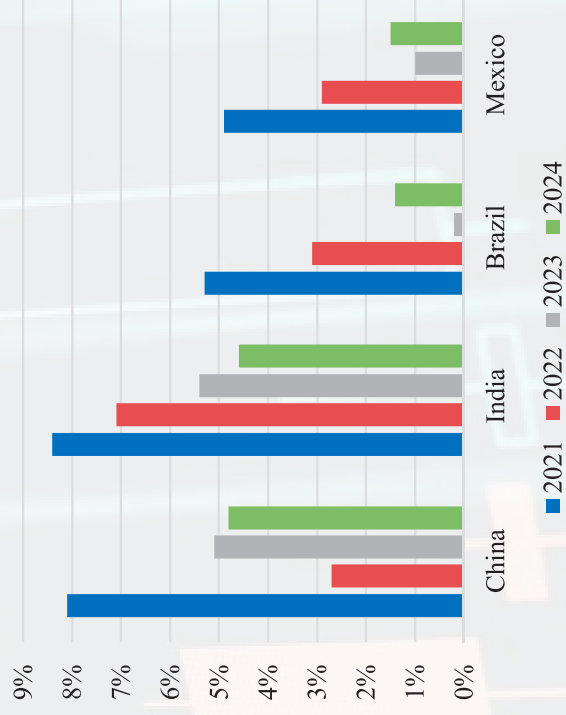
Kinshasa, DRC

## Global Economic Growth Projections

### Developed countries



### Developing countries



# Summary

<b>What I think</b>	<b>6</b>
<b>Executive Summary</b>	<b>9</b>
<b>International Context</b>	<b>11</b>
Economic growth	11
Inflation	12
Financial market	13
Foreign Exchange Market	15
Market for strategic products	17
International trad	18
<b>National context</b>	<b>25</b>
Evolution of the national economy	25
Economic activity	27
Price dynamics	29
Exchange rate and foreign exchange reserves	29
Public Finances	31
Evolution of the political situation	32
<b>Political and economic perspectives</b>	<b>39</b>



Matata Ponyo Mapon

# What I think

## A highly contested ruling by the Constitutional Court !

**I think that** never has a court decision been so contested in our country as is the decision R.Const. 1816 pronounced by the Constitutional Court on November 18, 2022. Wanting at all costs to judge Mr. Matata Ponyo Mapon, who has become a man to be shot politically before the elections of December 2023, the Constitutional Court has been led to twist the law. The aforementioned ruling declares that the Constitutional Court is competent to judge a former prime minister, which blatantly contradicts the decision that the same court pronounced on November 15, 2021 on the same case under ruling RP 0001. Faced with this unimaginable and unacceptable contradiction from a legal point of view, several voices were raised in protest. This is the case in particular of professors Banza Malela of the University of Lubumbashi, Augustin Mampuya and Jean-Paul Segihobe of the University of Kinshasa. All of them are surprised to see the Court pronounce a ruling in violation of the Constitution, of which it is the guardian. Indeed, Article 168 of the Constitution stipulates that "the decisions of the Constitutional Court are not subject to appeal and are immediately enforceable. They are obligatory and are binding on the public authorities, on all administrative and jurisdictional, civil and military authorities, as well as on individuals. The same situation has arisen in Parliament, where some deputies and senators have questioned the validity of this ruling. In support of their position, some senators, in accordance with the constitutional provisions, asked the Court to interpret the aforementioned article to demonstrate the nullity of the second ruling. A panic broke out at the Court where, incredibly, the staff tried to refuse to receive the letter of request for interpretation of the article signed

by twelve senators! The students of the faculty of law of the universities of Kinshasa and Lubumbashi addressed themselves to the President of the Republic to ask him to intervene and to make stop the judicial and shameful skid thus noted. The former students of the Faculty of Law of the University of Kinshasa, for their part, have asked that the judges of the Court teaching at the University be stripped of their title of professor. Civil society in the three provinces of South Kivu, North Kivu and Maniema also asked the President of the Republic to stop this parody of justice.

**I think that** this wave of indignation and protests clearly reflects the will of the population to denounce the obvious instrumentalization of the judiciary by the Executive, which violates the sacrosanct principle of the independence of institutions enshrined in our Constitution. Indeed, it turned out that several decisions taken at the level of the Constitutional and Cassation Courts were not in conformity with the Constitution and the laws of the Republic. For example, the Prosecutor at the Constitutional Court took the liberty of initiating proceedings against Senator Matata without the prior authorization of the Senate, which had even decided against his request. In order to re-launch the proceedings, the same Prosecutor General took the liberty of transmitting to the Prosecutor General's Office at the Court of Cassation a case already closed by the Constitutional Court. For the record, the Public Prosecutor's Office at the Court of Cassation had already declared itself incompetent to prosecute the Senator. The Prosecutor of the latter Court, after re-examining the case, asked the President of the Republic in an official letter to close the case. Under



political pressure, the Public Prosecutor was forced to transmit the said file to the Court of Cassation for fixation. The Judge President of the Court of Cassation, embarrassed and under pressure, was forced to transmit the case to the Constitutional Court in violation of the Constitution. Finally, the Constitutional Court took up the case itself in order to take a decision contrary to the one it had taken a year earlier. No one could have imagined the Court's jurisdictional reversal, especially since the majority of the judges who signed the second ruling were signatories to the first ruling on the same case. The unconstitutional and blatant nature of this second ruling has allowed the population to understand the high level of instrumentalization of our justice system, which has pushed back to the Greek calendar the agenda of establishing the rule of law in our country.

**I think that** the President of the Republic, as the supreme magistrate and guarantor of a fair justice in the country, is obliged to intervene to stop the historic judicial slippage that is taking place at the level of two largest jurisdictional institutions of our country, namely the Constitutional Court and the Court of Cassation. Especially since the execution of all judicial decisions is made in his name. For no one can understand that fundamental and universal principles that have been the pillar of criminal law for centuries should be trampled underfoot for political reasons. No one can imagine that such a systematic and blatant violation of the Constitution and the laws of the country, which has been widely publicized, could be carried out for almost two years without the Supreme Authority of the country being informed. Nobody can also understand how the authorities responsible for

these gross violations are not sanctioned. Not to act to stop this unconstitutional epic is a serious political error of judgement with inescapable and incalculable consequences on the long-term life of a nation. Indeed, this type of manifest bad governance at the top of the justice system breaks the social contract between the people and the power and sends very bad messages mainly to the economic sector whose dynamism conditions the creation of wealth and the improvement of the living conditions of the population, the first mission of every government. Development cannot be improvised. Nor can it be decreed. **One cannot seek one thing and its opposite at the same time.** Either one really wants the happiness of one's people and one promotes equitable and sustainable justice, or one does not want it, so one allows the instrumentalization of justice and the institutionalization of injustice as they are unfortunately and dramatically observed today.

Kindu, December 23, 2022.





# Executive Summary

## Economic situation

- **At the international level**, global economic growth will be around 3.3 % in 2022 and is expected to decline to 2.1 % in 2023. Faced with this deceleration in economic activity, it is essential to implement policies capable of stimulating labor productivity and relieving constraints on supply chains.
- OECD projections for inflation show that it will reach 8.9 % in 2022 and then decline to 6.2 % in 2023. With these levels well above central bank targets, monetary policy will need to work to restore price stability and fiscal policy will be called upon to ease cost of living pressures.
- During the month of December 2022, the stock market indexes ended with downward trends. These losses in the stock markets are explained by the rate hike policies in the bond markets implemented by most central banks in the world.
- In the international foreign exchange market, the U.S. dollar depreciated against the euro and the British pound during the month of December 2022, due to the slight improvement in economic health in Europe and the aggressive monetary policy of the ECB. In Asia, the Japanese yen and Chinese yuan also appreciated against the greenback.
- In terms of commodities, copper prices stagnated around an average of USD 8,400 per metric ton. Gold prices have risen as a result of the depreciation of the US currency. In the crude oil market, prices are expected to continue to fall until 2023, given the deteriorating global economic outlook and the resurgence of Covid-19 in China.
- Throughout 2022, international trade has lost significant momentum, particularly as a result of the depressing consequences of the Russian-Ukrainian conflict. If the East Asian economies are not very resilient to the concerns of the global recession, the trade outlook is likely to be bleaker in 2023.
- **At the national level**, as in the previous month, the macroeconomic framework remained broadly stable. Indeed, the dynamics of the exchange rate remained broadly stable in December 2022. Compared to its level at the end of November 2022, the exchange rate depreciated slightly by 0.05 % on the interbank market and by 1.39 % on the parallel market. In the goods and services market, the weekly inflation rate was 0.31 % in the third week of December 2022. This resulted in a cumulative inflation rate of 12.42 % compared to 11.55 % at the close of the previous month. The year-on-year inflation rate stood at 12.98% in the third week of December 2022. Thus, annualized inflation stood at 12.84% in the third week of the month against 5.28 % achieved in December 2021, an acceleration in prices of 143.18 % between the two years. However, it should be noted that these data relate to the third week of December 2022, it is possible that they evolve with the potential price changes during the holiday period (Christmas and New Year).
- On the public finance side, the Treasury recorded a deficit of 365,799.00 million CDF in the third week of December 2022. This deficit is the result of a level of expenditure of 1,246,401 million CDF compared to revenue of 880,602.00 million CDF. However, it should be noted that the available data refer to the third week of the month and could change at the end of the month, particularly with the continuation of the civil service payroll operation.
- Finally, the economic news of December 2022 was marked by several notable events. More explicitly, these facts are presented below: (i) the exhortation of the President of the Republic to a synergy between the central government and the provincial governments for the success of the 145 territories program; (ii) the instability of fuel prices in North Kivu: oil companies and national/provincial economic services divided; (iii) the collapse of a section of the RN1 and difficulties in supplying Kinshasa; (iv) the significant increase in the price of maize in Kananga.



## Political situation

The month of December 2022 was particularly marked by the following political facts (i) the evolution of the security situation in North Kivu occupied by the M23 at the instigation of Rwanda and its exactions on the population, as well as the irrefutable evidence of Rwandan involvement ; (ii) the debate surrounding the preparations for the December 2023 elections, fueled by a controversial start to voter registration; (iii) the reconfiguration of the Congolese political environment following the departure of the President of the Ensemble pour la République from the Union Sacrée.

The consequences of the Rwandan-backed M23's occupation of the territories of North Kivu included the massacre of civilians in Kishishe, the debate in the Security Council, and the beginning of the deployment of EAC forces in application of the resolutions of the Nairobi talks. This massacre, which resulted in the death of about one hundred people, caused outrage in both the national and international communities.

With regard to preparations for the December 2023 elections, the publication of the electoral calendar on November 26, 2022, directly led CENI to launch the start of voter registration in operational area 1. These operations, which began on December 24, 2022, have given rise to a lively debate about both compliance with the 30-day deadline and the reliability and

transparency of the operation. Three political and civil society leaders did not fail to express their views on the danger that the country faces, if corrective measures are not taken.

Moreover, as we had announced at the time, in one of the publications of Congo Challenge, the month of December 2022 was the occasion for Moïse Katumbi to announce his departure from the Sacred Union of the Nation, certainly opening the way to a recomposition of the political environment with probable new alliances in the electoral perspective in 2023.

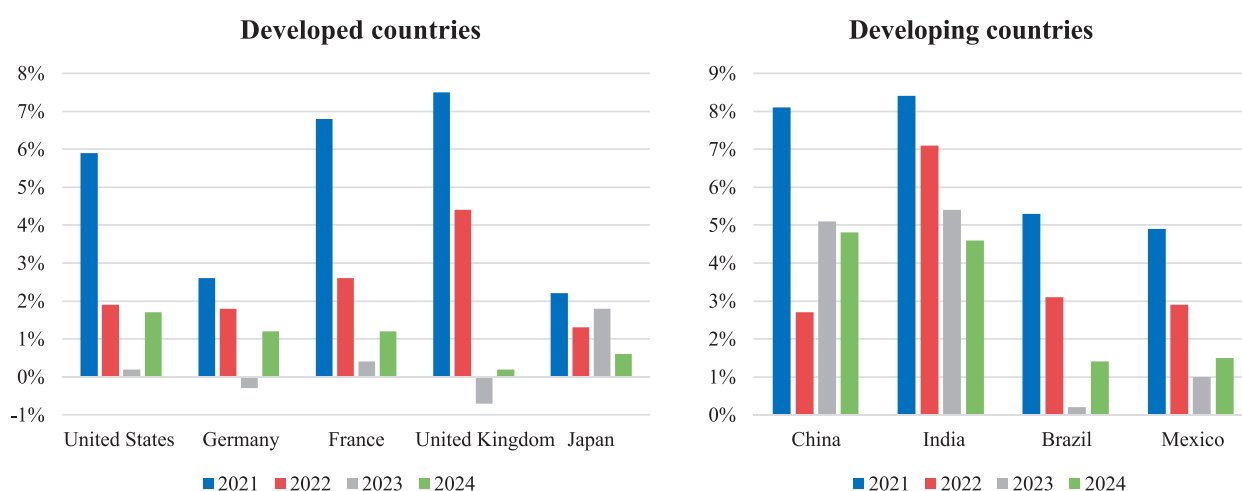
# 1. International context

## I.1. Economic growth

The year 2022 has been characterized by a significant slowdown in the level of economic activity, with global growth falling from 5.7% in 2021 to 3.3% according to World Bank projections published in December 2022. In addition, the forecasts of this UN institution reveal that the economic activity in the world should

continue to slow down until 2023, the growth rate for the said year being estimated at 2.1%. After the advent of the Russian-Ukrainian war, it would take a few more years for the world economy to recover its pre-Covid trends.

Figure 1 » GLOBAL ECONOMIC GROWTH PROJECTIONS



Source : World Bank.

Figure 1 shows a fairly deep recession in the United States and in some European countries (Germany, United Kingdom, France, etc.), reflecting the aggressiveness of central banks regarding record inflation. In Asia, the Chinese economy has been shaken by major challenges related mainly to the re-emergence of Covid-19. The health restrictions implemented there have slowed growth in 2022, but the easing of these policies should contribute to a recovery in economic activity in 2023. This improvement in the economic outlook for next year is also seen in Japan. However, in emerging Latin America, economic conditions remain mixed. These

economies depend to a considerable extent on trade with North America and on the export of raw materials, the prices of which have fallen due to the risks of a global recession. In the face of this almost generalized deceleration in economic activity, the recovery of the world economy will depend on a good calibration of monetary and fiscal policies, the progress of the war in Ukraine, as well as the growth prospects in China.

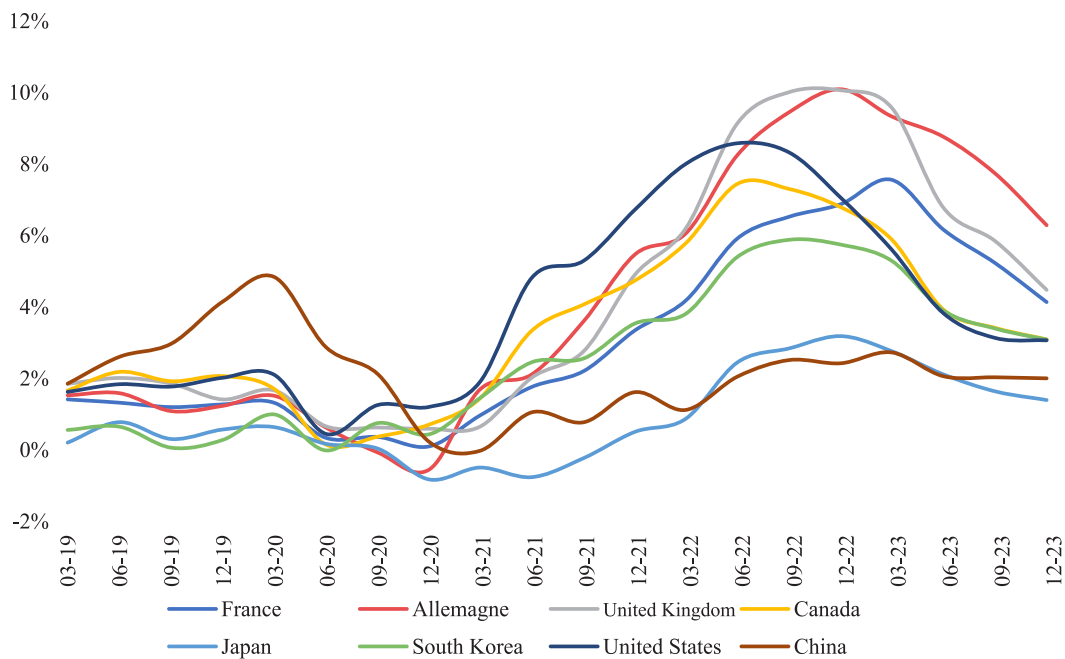


## I.2. Inflation

Against the backdrop of the Ukraine-Russia conflict, the year 2022 has seen a remarkable rise in price levels. These inflationary pressures are expected to abate from the first quarter of 2023 onwards, due in part to lower

demand for manufactured goods and improved global supply chains. According to OECD forecasts, global inflation is expected to reach 8.9% in 2022 and then fall to 6.2% in 2023.

Figure 2 » QUARTERLY FORECASTS OF INFLATION RATE IN THE WORLD



Source : OECD.

Between the first quarter of 2021 and the last quarter of 2022, the inflation rate in most countries showed an overall upward trend. However, OECD statistics indicate that these upward pressures are expected to subside during 2023, although the price level will remain higher than in the pre-pandemic period. Policies to raise interest rates in response to this

level of above-target inflation will increase the cost of borrowing for businesses and drain the financial resources of households for other purchases. There is therefore a need for monetary policy to continue to focus on restoring price stability and for fiscal policy to focus on relieving cost of living pressures.



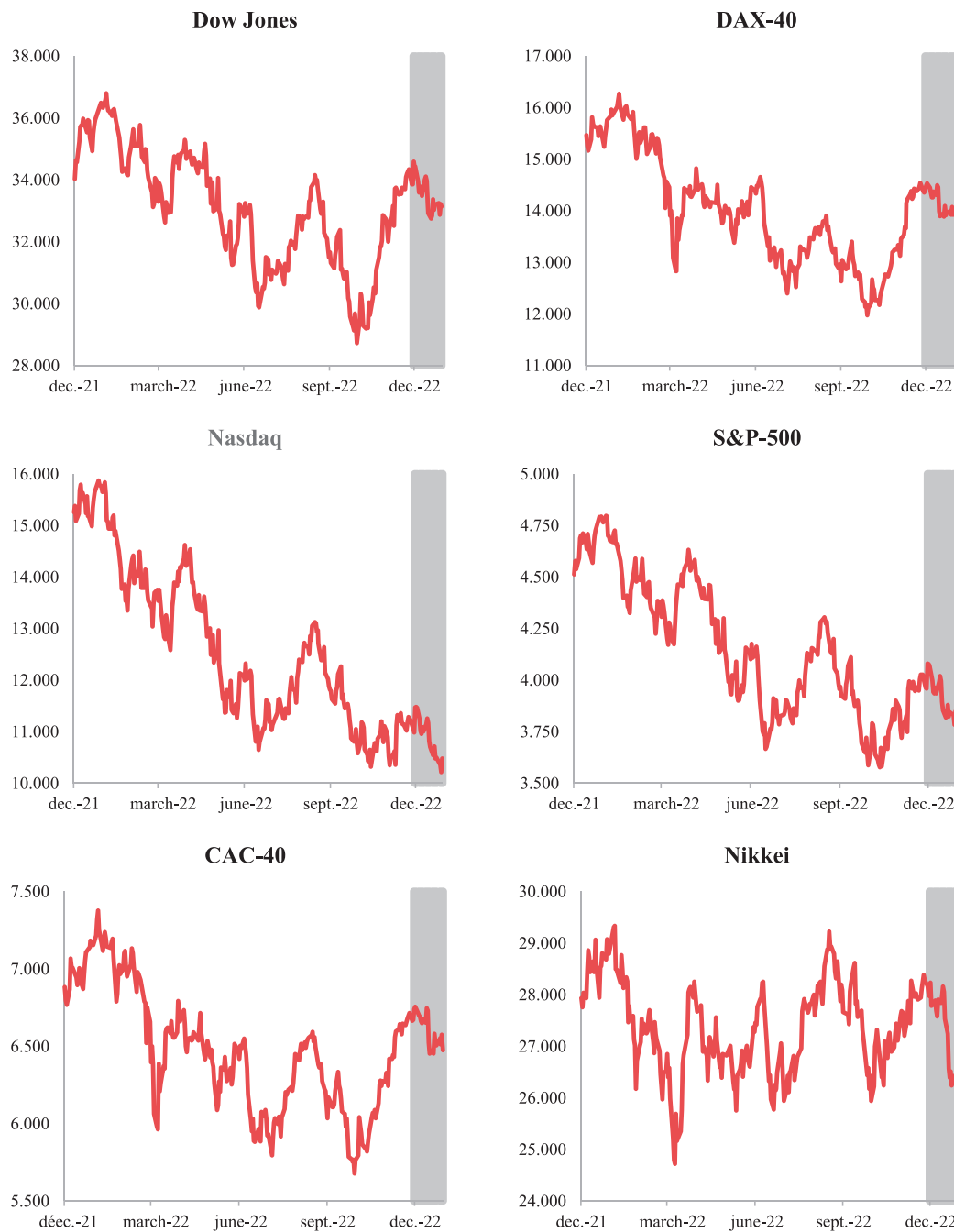
### I.3. Financial market

After the remarkable rise displayed during the previous two months, the stock markets started a fall during this month of December 2022. On Wall Street, the Dow Jones, the S&P-500 and the Nasdaq reached levels of 32,875 points, 3,780 points and 10,210 points respectively in the fourth week of December 2022. The situation is similar on the European continent. On the Paris stock exchange, the CAC-40 was close to a low of almost 6,450 points; and on the Frankfurt stock exchange, the low was around 13,880 points for the DAX-40 index. The Tokyo Stock Exchange was also characterized by this same bearish dynamic, with the Japanese Nikkei index falling to a level of nearly 26,090 points at the end of December 2022.

This collapse of stock market indices is explained by the rise in Treasury yields. Indeed, these policies of interest rate hikes by central banks are likely to squeeze the demand for financial assets, and thus lead to a decline in their prices. This monetary tightening is likely to continue throughout the first quarter of 2023, as inflation expectations remain well above pre-Covid levels (see subsection 1.2). The evolution of the bond markets has therefore notoriously impacted stock market dynamics throughout the month of December 2022. As long as these aggressive tightening measures remain in place, poor stock market performance should be expected.



**Figure 3 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES**



Source : Macrotrends.

# 2020

# 2021

SELL

SELL



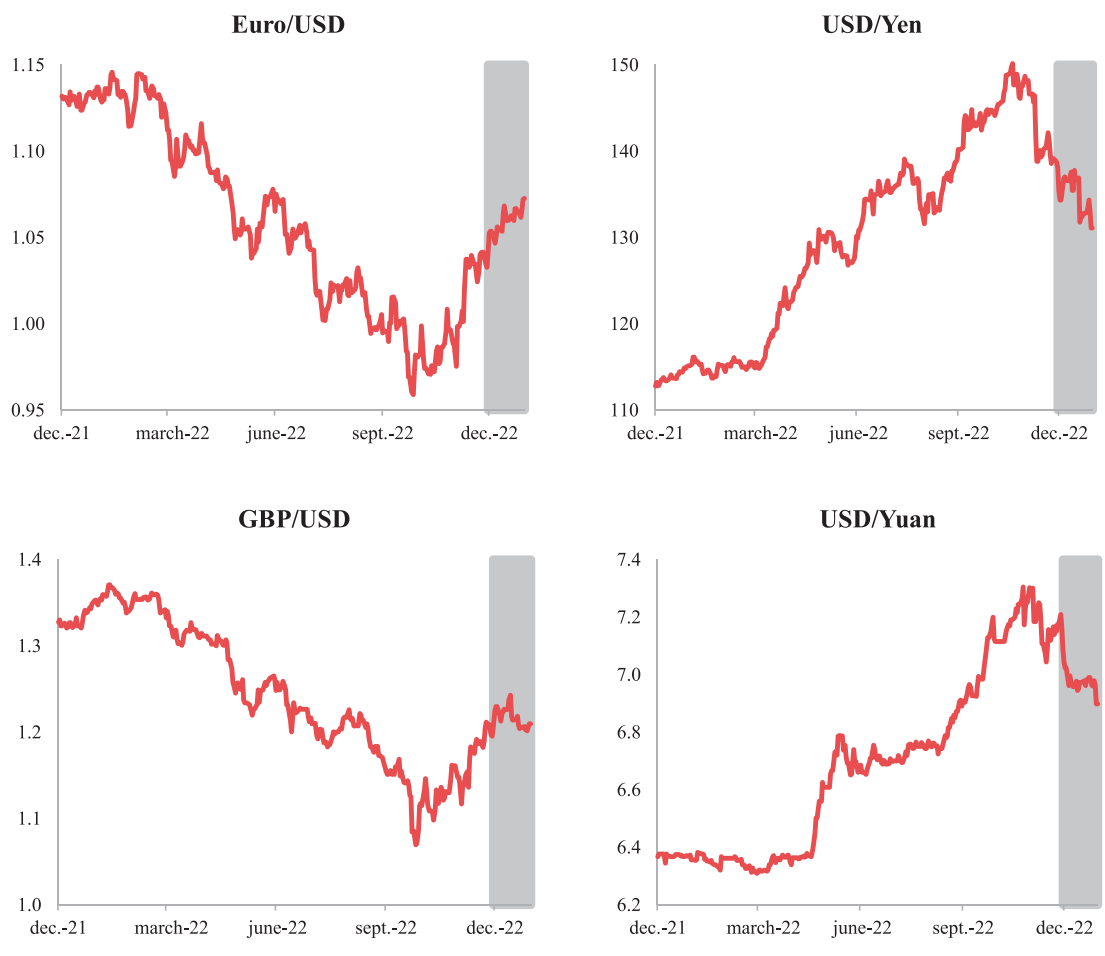
## I.4. Foreign exchange market

As in the previous two months, this December 2022 was marked by the depreciation of the U.S. dollar against the euro and the British pound. At the close of the month, the European currency was valued at 1.07 EUR/USD, while the British currency reached a high of 1.24 GBP/USD. At least two factors can explain this collapse of the greenback: (i) improving economic data in the Eurozone as 2022 comes to a close; and (ii) the hawkish behavior of the European Central Bank with respect to bond yields.

On the Asian continent, the Japanese yen appreciated considerably against the U.S. dollar, following the upward adjustment of bond rates by the Bank of Japan. This change in policy would have attracted foreign capital and thus stimulated demand for the Japanese currency, which in turn had a negative effect on the US currency. At the same time, the Chinese yuan has also strengthened its position against the US dollar. With the lifting of health restrictions, it is expected that manufacturing activity in China will pick up, which will have a big impact on China's exports and the Chinese currency.



**Figure 4 » DAILY EVOLUTION OF THE MAIN EXCHANGE RATES**



Source : Macrotrends.





## I.5. Market for strategic products

### - Copper

After last month's increase, copper prices have stagnated at an average of USD 8,400 per metric ton during December 2022. The recessionary risks that continue to plague the global economy are expected to cause a significant decline in red metal prices through the first quarter of 2023. However, the recovery of manufacturing activity in China should limit the decline in copper prices, as this sector will boost Chinese demand for raw materials.

**Figure 5 » DAILY EVOLUTION OF COPPER PRICES (IN USD PER TON)**



Source : Macrotrends.

### - Gold

The rise in gold prices, which began in November, has continued during the month of December 2022. At the close of the month, the yellow metal was valued at nearly USD 1,820 per ounce. The depreciation of the U.S. currency is believed to be the reason for this price rise. The collapse of the greenback has increased the opportunity cost of owning gold bullion, and therefore boosted the attractiveness of the yellow

metal. By virtue of the negative correlation between the US dollar and the yellow metal, there has been a resurgence in gold's appeal as a safe haven.

**Figure 6 » DAILY EVOLUTION OF GOLD PRICES (IN USD PER OUNCE)**



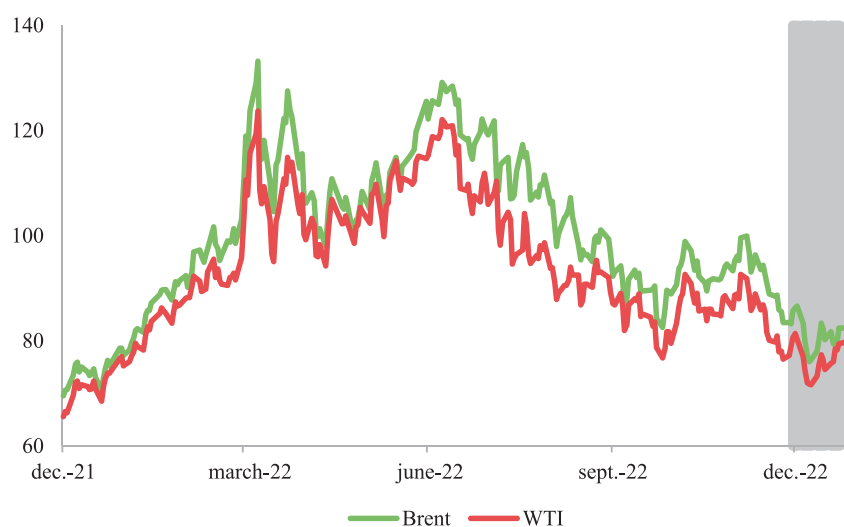
Source : Macrotrends.

### - Oil

The first half of December 2022 was characterized by a continued fall in crude oil prices, which had begun in the previous November due in part to the resurgence of the Covid-19 epidemic in China. In the second week of December, Brent and WTI reached lows of USD 76.3 and USD 71.6 per barrel respectively. However, during the last half of the month, black gold prices showed a slight upward trend. But this rebound is expected to be only transitory, given the worsening global economic environment that may contract demand in the market.



**Figure 7 » DAILY EVOLUTION OF OIL PRICES (IN USD PER BARREL)**



Source : Macrotrends.



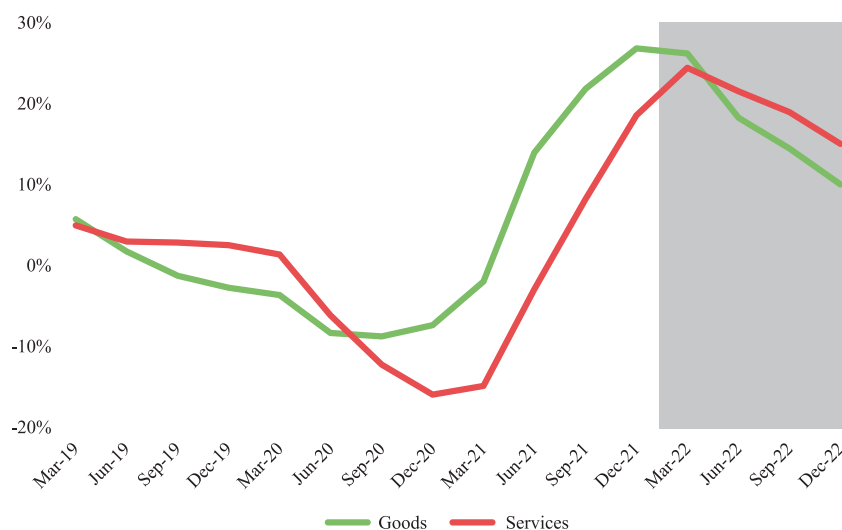
## I.6. International trade

After the post-Covid recovery in 2021, world trade loses momentum through 2022. Factors highlighted to explain this decline in international trade include weaker economic growth expected through 2023, given high energy prices, tighter financial conditions,

persistent inflation above central bank targets, and the depressing impact of geopolitical tensions in Ukraine. Together, these negative factors cloud the business outlook for 2023.



**Figure 8 » QUARTERLY TRADE GROWTH**



Source : WTO.

In order to boost trade volumes, there are some positive factors that should be exploited to alleviate the bottlenecks facing international trade. Following the Covid-19 pandemic, ports and shipping lines have adapted to the supply constraints caused by this crisis, with new ships coming on stream and port congestion largely resolved. In addition to this logistical reinforcement, it should also be noted

that recently signed trade agreements - such as the Asia-Pacific Regional Comprehensive Economic Partnership (RCEP) and the African Continental Free Trade Area (AfCFTA) - are expected to materialize and give further impetus to global trade. Nevertheless, the actual recovery of international trade will remain dependent on the recovery of global economic activity, and particularly on the resilience of Asian economies.

## Box 1. Energy transition and environmental issues

### 0. Introduction

It is undeniable that ecology has won the battle of the spirit and of courage. However, as it manifests itself today in developed countries, as is the case with certain socialists, or in solidarity movements and radical movements (animalists, anti-speciesists, vegetarians, zadists), it is engaged in a massive, furious and murderous enterprise of deconstruction of our society. The challenge facing the world is to change behaviors and mentalities, to transform souls and reshape the imaginations and dreams of humans rather than to conserve what can and must be conserved. In light of this situation, the world is caught up in the intoxication of the regeneration of humanity !

Renewable energies (clean energies) play a central role in this transition, with the battery as the key element. Thus, the problem lies in the ecological impact of the battery. With the carbon footprint of batteries and their impact on the environment (cars, smartphones, watches, bicycles, solar, etc.), a central question emerges: will new electricity production models reduce carbon footprints ?

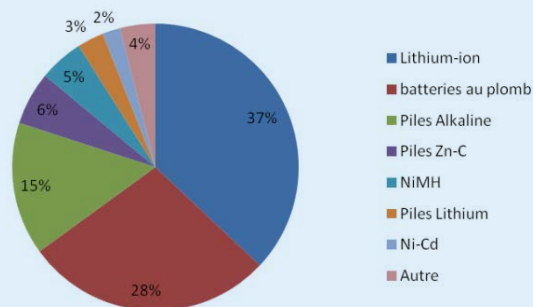
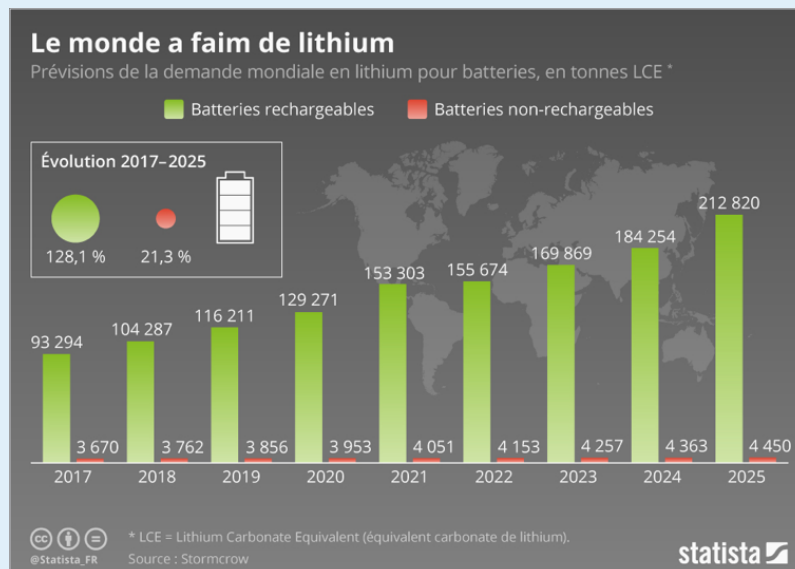


It should be noted that these new models are used to store and restore the energy produced and exist as batteries in electric cars, telephones, wind farms and solar panel power plants, and even in lighting fixtures etc. They are batteries, lead or lithium ionic versions. Depending on their use and their nature, their impact on the environment is very variable, especially since they can be recycled, which recycling is still insufficient and occurs only in developed countries.

### 1. Different types of batteries and their environmental impact

Currently the battery market is largely covered by two types of batteries, namely: (i) lead-acid batteries, and (ii) lithium-ion.

**Figure 9 » WORLD LITHIUM DEMAND FORECASTS AND BATTERY TYPES**



Source : Accumulators: the future of energy storage, Degrandcourt thomas, new technologies, July 20, 2016.

On one side is a lead-acid battery consisting of two electrodes immersed in a sulfuric acid solution. This is an older technology that is durable, efficient and recyclable. Minus: its weight. Typically, this type of battery is found in some thermal vehicles or computers.



On the other side, the lithium-ion battery, of more recent origin, based on the reversible exchange of the lithium ion between an effective electrode (a lithium transition metal oxide) and a negative graphite electrode. Its advantage: the large energy that it can deploy. Its weakness: a high cost that has long confined it to small systems, such as watches or cell phones. Today, however, it is used in laptops and electric vehicles.

## 2. Environmental impact of a lead battery

The higher the quality of a lead-acid **battery**, the purer lead it contains. And this is not without consequences for the planet. Faced with the war in Ukraine, the West is obliged to accelerate its energy transition by using renewable energies such as photovoltaics, which means an increase in the production of solar panels and batteries, a choice that appears to be the most ecological yet has serious collateral damage.

A study published in 2011<sup>1</sup> in the scientific journal *Energy Policy* reveals that, at the time, the Chinese and Indian solar energy industries had already released nearly 2.4 million tons of lead into the environment, or about a third of its global production. At the same time, China had to close 583 lead battery factories due to poisoning in neighboring communities. While lead has a significant environmental impact, it also affects health.

Here are some consequences of lead exposure<sup>2</sup> :

- Memory loss ;
- Degradation of the cardiovascular system ;
- In pregnant women, it can cause miscarriages and premature deliveries.

## 3. Environmental impact of a lithium battery

**Lithium batteries** are present in most mass consumption products around the world. For the countries exporting this metal, mainly Australia, Chile, Argentina, Bolivia, Tibet and Afghanistan, and the DR Congo, the economic stake is more than attractive... However, the extraction of lithium, which requires a lot of water, causes many problems, such as soil pollution and the plundering of water reserves. Lithium batteries are present in most mass consumption products around the world. For the countries exporting this metal, mainly Australia, Chile, Argentina, Bolivia, Tibet and Afghanistan, and the DR Congo, the economic stake is more than attractive... However, the extraction of lithium, which requires a lot of water, causes many problems, such as soil pollution and the plundering of water reserves.

Indeed, 17% of the world's lithium is located there, buried in the depths, in defiance of all forms of regulation or respect for nature, the mines are proliferating like mushrooms. Poisoned of course<sup>3</sup>. The DR Congo claims to have the largest untapped hard rock lithium reserves in the world. It wishes to exploit them, but at what price?

## 4. Carbon footprint of lead-acid and lithium-ion batteries

However, even in a perspective of ecological transition, we cannot (yet) imagine doing without batteries...

- **Batteries, a necessary evil**

Despite their considerable environmental impact, batteries are for the moment a necessary evil. Indeed, the flaw of the energy generated by solar and wind power is that it is not continuously available. As such, batteries are vital to conserve and store the energy produced for later use.

- **The carbon footprint of batteries**

The **Swedish Environmental Research Agency** has attempted to calculate the carbon footprint of a lithium-ion battery by compiling the results of some 40 studies conducted internationally.

According to the agency, each kWh of batteries produced would generate the equivalent of 150 to 200 kilograms of CO<sub>2</sub>, a figure based on the world's predominantly fossil fuel energy mix (50 to 70% of electricity produced).

1. <https://www.greenly.earth/blog-en/carbon-footprint-battery>, 2022, 15 oct, 100 PM.  
 2. According to the site *Our-Planet.info*  
 3. *National Geographic*, February 2019.



According to this estimate, the production of a 30-kWh battery would generate about 5 tons of CO<sub>2</sub>, while that of a Tesla would exceed 17 tons.

- **Battery recycling**

To what extent can we reduce the ecological footprint of batteries by recycling their components ?

- **Recycling a lead-acid battery**

To date, 99% of lead-acid batteries are recyclable (the most widely used batteries). How does it work ?

The lead is recovered, as well as the plastic tray of the battery, once the latter is shredded into pieces. As for the electrolyte, the liquid at the bottom of the battery composed of acid and water, it can be recovered and reused as such by part of the industry, or decomposed by removing the water so that only the acid is finally used. One last point, all the more important as we know the importance of the carbon footprint of transport: the recovery of old batteries to be recycled is coupled with the delivery of new batteries. This should be taken into account by developing countries such as the DRC.

- **Recycling a lithium-ion battery**

Although recycling of lithium-ion batteries is technically possible, it is still only implemented on an anecdotal basis. Unlike cobalt, lithium is not - or almost not - recycled. This is dramatic when you consider that an electric car battery has a high carbon footprint (for 1-kWh of battery storage capacity, 113 grams of lithium are needed, or 600 grams of lithium carbonate. For a car equipped with a 24kWh battery, 2.7 Kg of lithium are needed).

- **Tips for reducing and offsetting your carbon footprint**

As with all the other products we consume with a large carbon footprint (smartphone, computer, etc.), we should try to make the batteries last as long as possible to reduce our carbon footprint.

According to a study published by the Fuel Institute<sup>4</sup>, an electric car needs to be driven 30,000 kilometers before it becomes more environmentally friendly than an equivalent internal combustion car. In addition, a car battery has an average life of 5 years. Nevertheless, its life span varies according to many criteria, the first being its purchase date. When used immediately after leaving the factory, a battery's performance is at its best. This is why an original battery always lasts longer than a replacement battery or a battery that has been stored for a long time in a store.

It is therefore necessary to take good care of the battery, by not exposing it to extreme temperatures for example. Finally, the most efficient way is still to minimize the use of products relying on batteries, notably by not using the car for those who can.

## 5. Conclusion

In view of the analysis made above, the finding that emerges indicates that the energy transition is generating greater problems. The analysis has taken into account the weighting element of this transition which is the battery as well as the most common types namely: the lead battery and the lithium battery. To this, we add, the production of solar panels, the exploitation of minerals such as: rare earths, cobalt whose consequences are not negligible.

Furthermore, developing countries such as the DR Congo should have an effective policy not only to limit illegal exploitation but also to protect indigenous populations from the adverse health effects of mining these minerals.

Nevertheless, it should be noted that a promising solution is on the horizon, that of sodium-ion batteries. These batteries do not contain any toxic chemicals or heavy metals. They have a lifespan of about 10 years and are certified "Cradle to Cradle".

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4. Fuel institute, Life Cycle Analysis Comparison, JANUARY 2022 ELECTRIC AND INTERNAL COMBUSTION ENGINE VEHICLES EXECUTIVE SUMMARY.







## 2. National context

### II.1. Evolution of the national economy

The economic news of December 2022 was marked by several notable events. More explicitly, these facts are presented as follows: (i) the exhortation of the President of the Republic for a synergy between the central government and the provincial governments for the success of the 145 territories program; (ii) the instability of fuel prices in North Kivu: oil companies and national/provincial economic services divided; (iii) the collapse of a section of the RN1 and difficulties in supplying Kinshasa; (iv) the significant increase in the price of maize in Kananga.

#### 1. Exhortation of the President of the Republic to a synergy between the central and provincial governments for the success of the 145 territories program

During his stay in Mbandaka, the President of the Republic urged the involvement of the governors of the different provinces in the implementation of the Program for the Development of 145 Territories (PDL 145T), which he considers to be an indispensable tool for the restoration of the authority of the State.

Indeed, in his opening speech and general orientations of the conference under the theme: "PDL-145 territories: strengthening the authority of the State to revive the economy of the provinces", the President of the Republic stated that, once achieved, the PDL 145T will produce two major impacts, namely to promote the restoration of the authority of the State in all corners of each of the provinces, and to encourage the development of the economic and social ecosystem of the territories.

To this end, he indicated that the implementation of the LDP 145T requires the participation of all, at all levels, to initiate the development of the country. It is within this framework that he urged the various heads of provincial executives to get involved in this program by working in synergy with the central government

in order to maximize the chances of success of this program in order to revive the local economies. He also invited them to fully play the role of Administrative Police Officers in the coordination of the LDP 145T.

In addition, he said that, beyond the fact that the law requires him to maintain close and necessary collaboration with the authorities and provincial administrations to ensure proper coordination of the program, the provincial governor, as a member of the PDL 145T monitoring committee, must also ensure that his province takes full advantage of the funds allocated to it, and he is obliged to provide assistance to the provider companies.

He said that the PDL 145 T has entered the phase of effective implementation of 2200 projects for the construction of administrative buildings, schools and health in all territories of the country.

In addition, during his speech, the President of the Republic returned to the issue of the national equalization fund, the regulation of taxes at the provincial level and the need for financial decentralization, asking the government to support the efforts of the provinces in these areas. He also said that he has recently appointed the animators of the National Equalization Fund. The main mission of the latter is to ensure national solidarity and to correct imbalances between the provinces on the one hand and between the latter and other decentralized territorial entities on the other.

He also emphasized that resource mobilization at the provincial level remains a challenge for provincial empowerment. However, despite the exclusive fiscal powers granted to the provinces under the Constitution, the level of own-source revenue collection in the provinces remains far below the fiscal potential. He therefore called on the government to



support the provinces' efforts in this area, also with a view to improving intergovernmental fiscal relations.

Following this, the collective of governors exposed to the President of the Republic some persistent concerns in terms of governance of the provinces, collaboration with the central government, retrocessions and infrastructure needs. As a result, the said collective formulated some pleas, notably the operationalization of the national equalization fund; the consistent, equitable and regular allocation of investment credits; the regular payment of retrocession and operating costs; the allocation of carts to the governorates as well as the reinforcement of measures to fight against insecurity, urban banditry, obstacles to the PDL 145 territories.

## 2. Fuel price instability in North Kivu

Oil companies and economic services divided about this instability. During December 2022, the eastern part of the country experienced instability in fuel prices. Indeed, the cities and territories of North Kivu, Beni and Butembo and Beni and Lubero respectively, were the most affected by this situation. This situation has had a negative impact on the price of other essential products, including foodstuffs and transportation.

On the ground, fuel prices ranged from 3,500 CDF to 4,000 CDF at stallholders and gas stations. This price structure is out of step with the Ministry of the Economy's decree setting the price of a liter of gasoline at 3,400 CDF and 3,450 CDF for diesel in the eastern zone.

This increase in fuel prices has negatively impacted other sectors such as transportation. The price of a motorcycle ride has doubled or even tripled. Similarly, on the market, several food products have galloped. This is the case for the price of a can of vegetable oil, which used to cost US\$33, but is now traded at US\$34 or even US\$35 in the city of Butembo.

For their part, the economic operators, while understanding the complexity of the situation, justify the increase in fuel prices for three reasons, namely: the abrupt change in the price structure by the Congolese Ministry of the Economy from the end of November 2022; the lack of fuel stock following the vacation of suppliers at the end of the year and the collapse of the Lume bridge which does not allow the renewal of stock of economic operators whose products were halfway to supply Beni, hence the mismatch between demand and supply of fuel.

However, explains Luc Machara, president of the Beni petroleum corporation, after a meeting with the fuel sellers, they opted to transfer the fuel at the collapsed Lume bridge in order to find a solution to this problem, but this would increase the risk of losses that would be passed on to the final consumer.

## 3. Collapse of the RN1 and supply difficulties in Kinshasa

Following the damage caused by the rains in December 2022, users of the National Road No. 1 (RN1), drivers of vehicles and motorcycle cabs, and even merchants, are experiencing enormous difficulties in carrying out their economic activities since the collapse, Tuesday, December 13, 2022, of this road.

Several heavy vehicles, most of which contain essential goods from Central Kongo, are blocked on the other side of the road and some people, notably traders living in the Mitendi and Mbenseke neighborhoods, are braving the erosion to cross to the other side of the road. This is also the case for those who go the other way, especially to bury their dead.

Some traders were forced to pay extra money (more than 5,000 CDF) to porters/handlers for transporting their goods (on foot) to avoid financial losses (especially for perishable goods).

However, it should be noted that some vehicles were able to cross on the evening of Wednesday, December 14, 2022, after the filling, but the road was cut off again after a new rain that drenched this part of the city of Kinshasa on the same Wednesday. On site, machines from the Roads Office (OR) are continuing work to allow traffic to resume.

All of these elements point to poor governance and a lack of appropriate infrastructure policy. It is absurd to note that, while Kongo Central is the main supplier of several food products to Kinshasa, there is only one road and one means of transport linking Kongo Central to Kinshasa. Furthermore, given that the road in question is located in an erosion zone, measures should be taken to ensure that the road can be used even during heavy rainfall.

#### **4. Significant increase in the price of maize in Kananga**

In recent months, the population of the city of Kananga (capital of Kasai-Central province) has experienced a significant increase in the price of maize. On the various markets, the 3 kg measure commonly known as corn, which was sold last May at 2,000 to 2,200 CFA francs and last October at 4,000 to 4,500 CFA francs, is now traded at around 10,000 to 15,000 CFA francs.

This situation has accentuated the misery in this part of the country. Following this, motorcyclists demonstrated their discontent on Friday, December 2, 2022 in the streets of the city of Kananga to denounce this increase in the price of corn. They pointed their finger at the World Food Program (WFP), a humanitarian organization which, according to them, is behind the soaring price of maize on the market and in the provinces.

To demonstrate their anger, the demonstrators ransacked the WFP office in Kananga, demanding that this humanitarian organization close its doors to the

entire province. To this end, they threw stones at the WFP office and warehouse in the Azda locality and Malandji district before falling on the headquarters of the Provincial Assembly where they insisted on the departure of the WFP. In addition to this demand, the demonstrators asked the provincial and national authorities to take adequate measures to alleviate this problem.

It should be noted that the same situation exists in Mbuji-Mayi in Kasai-Oriental where a bar that used to sell for 4,000 CDF is currently trading at 7,000 or even 8,000 CDF, and in Mwene-Ditu in the province of Lomami, a bar has gone from 3,800 to 4,500 or even 5,000 CDF.

These elements indicate a situation of disparities within the population and point to poor economic governance. The government should therefore take appropriate and sustainable measures to resolve this type of situation which can lead to uprisings among the population and further degrade the economic fabric.

#### **II.1.1. Economic activity**

In its December 21, 2022 communiqué, the International Monetary Fund informed the public that its Executive Board concluded the third review of the Extended Fund Facility agreement with the DRC. This decision allows the Congolese government to receive SDR 152.3 million, or about USD 203 million, to meet its balance of payments needs. To date, the DRC has already received 609.2 million SDRs, which is equivalent to approximately USD 812.4 million.

This disbursement is aimed at strengthening international reserves, given the downside risks to the domestic and global economic outlook. The IMF-supported program continues to support the authorities' medium-term reforms to promote macroeconomic stability and sustainable development

by accelerating domestic revenue mobilization, improving governance, and strengthening monetary policy.

According to the IMF, the DRC's macroeconomic situation is resilient despite the impact of the war in Ukraine and the deteriorating global economic environment. The economic growth rate is projected at 6.6% in 2022. This growth is supported by higher-than-expected mining production and inflation is expected to exceed 12% by the end of the year amidst the uncertainty of rising global food and fuel prices, exacerbated by the war in Ukraine and supply chain bottlenecks. Gross international reserves reached 2.4 months of imports, well above the target set at the beginning of the CEF agreement. The domestic fiscal balance (cash basis) is projected at 1.1% of GDP, in line with program commitments. Higher budgetary revenues, thanks to favorable developments in the mining sector, have helped address expenditure pressures resulting from the escalation of the conflict in the East, increased spending in ministries and public institutions, and the repayment of arrears to fuel distributors, financed by an unexpected increase in tax revenues mainly due to favorable mining developments.

The DRC government has made satisfactory progress under the program. All quantitative achievement criteria as of end-June 2022 have been met, as well as all indicative targets (IOs) with the exception of two: the one related to health expenditures due to delays in procurement; and the one related to central bank guarantees for domestic loans to the central government due to monitoring deficiencies and despite the fact that no new guarantees have been issued. Efforts to achieve social spending under the IO will require close monitoring of their implementation. Four of the six structural benchmarks were also met, and a fifth was met with a slight delay.

IMF analysis indicates that the fiscal deficit is expected to narrow by 2023. Sustained revenue mobilization and control of current spending on goods, services, and subsidies should leave room for social spending, investment in infrastructure and human capital, and clearance of arrears. Saving revenue overperformance would support efforts to build fiscal buffers. Phasing out fuel subsidies and implementing targeted social transfers are important measures to strengthen social safety nets to protect the vulnerable. Strengthening fiscal credibility should help the budget serve as a fiscal anchor for the program. Melting down the fiscal framework to manage resource wealth, strengthening the public investment framework, and accelerating public financial management reforms are necessary to improve efficiency and transparency of spending.

On monetary policy, the IMF is supportive of the readiness to tighten monetary policy to bring inflation back to the 7 percent target, and efforts to strengthen the monetary policy framework will support price stability. Continued reserve accumulation, while strengthening the role of the exchange rate as a shock absorber, is essential for external resilience. Passage of the new banking law is critical to strengthening financial sector regulation and supervision.

It should be noted that the government is called upon to implement structural and governance reforms for economic diversification and private sector-led growth. The IMF emphasizes that improving anti-corruption and **AML/CFT** frameworks, and improving the business environment would support private sector development and competitiveness. Engaging in specific reforms related to climate challenges is also important to catalyze financing for green investments."

Congo Challenge believes that, even if the figures point to a positive evolution of the DRC's economic situation, the country faces major challenges that limit its performance in the medium and long term.

These include: (i) the weak internal financing capacity through optimal mobilization of public revenues and the narrowness of the tax base; (ii) the power of the state materialized by repeated incursions of armed groups in the eastern part of the country; (iii) the lack of diversification of the economy; and (iv) the weakness/shortage of infrastructure essential to boosting growth potential.

### II.1.2 Price dynamics

During December 2022, prices moved upward overall compared to November 2022. As shown in Table 3, the inflation rates (weekly, cumulative, year-on-year, and annualized) indicate that prices increased. This could be explained by developments in fuel and food prices. The continued Russian invasion of Ukraine and ineffective government policies may be supporting this price slippage.

As for the year-on-year inflation rate, it stood at 12.98% in the third week of December 2022, an increase of 3.41% compared to that recorded at the close of November 2022, when it stood at 12.55%.

As for the annualized inflation rate, it stood at 12.84% in the third week of December 2022. This level is higher than that of the previous month, when annualized inflation stood at 12.30%, a slight negative variation of 4.39%. At the same time, this forecast is higher than that made at the end of 2021, when the rate was 5.28%.

The table below shows the evolution of inflation in December 2022.

**Table 1 » Inflation trends (December 2022)**

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.24	11.82	12.68	12.86
Week 2	0.23	12.07	12.79	12.85
Week 3	0.31	12.42	12.98	12.84

Source : CCO, December 2022.

In addition, it should be noted that other important developments could further compromise the macroeconomic framework. These include: (i) the insecurity in the east of the country, which has led to massive population displacements and disruptions to economic activity in areas affected by clashes; (ii) the continuing rise in fuel and food prices; (iii) the risk of a resurgence of the Covid-19 pandemic with the new rise in the pandemic in China (iv) the costs of holding elections in 2023; (v) the tensions that may arise during an electoral process that is highly contested by a large part of the opposition; and (vi) the continuing Russian invasion of Ukraine with its consequences for the dynamics of agricultural and energy prices

### II.1.3 Exchange rates and foreign exchange reserves

Throughout December 2022, the time profile of the exchange rate remained stable, as it has been since the beginning of the year, both on the interbank market and on the parallel market. However, compared to its level at the end of November 2022, the exchange

rate experienced a slight depreciation of 0.05% on the interbank market where it fell from 2 013.98 at the end of November 2022 to 2 014.94 in the third week of December 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of November 2022 and the third week of December 2022 from 2,097.50 to 2,126.67 (a positive variation of 1.39%).

**Table 2 » Exchange rates trends**

	Closing november 2022	December 2022			Variation november-december2022
		Week 1	Week 2	Week 3	
Interbank market	2 013,98	2 014.00	2 014.00	2 104.94	0.05%
Parallel market	2 097,50	2 105.00	2 116.67	2 126.67	1.39%

Source : CCO.

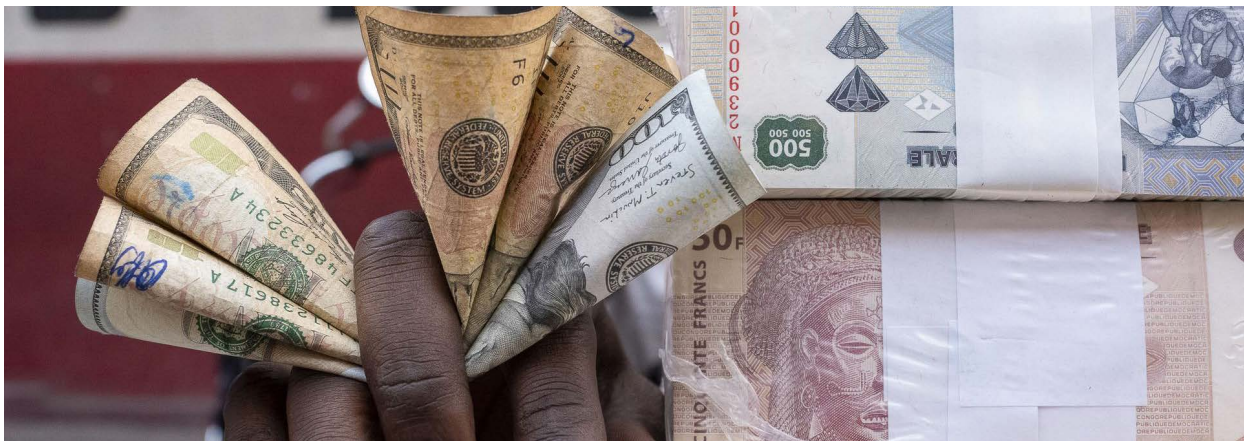
With regard to foreign exchange reserves, they were at a slightly higher level than at the end of November 2022. They stood at USD 4.01 billion in the third week of December 2022, an increase of 0.75% compared to the end of November 2022. In terms of the number of months of imports, the Congolese economy

experienced a very slight increase in its capacity at the end of November 2022. The coverage of imports by foreign exchange reserves rose from 2.39 months to 2.41 months between the end of November 2022 and the third week of December 2022, an increase of 0.84%.

**Table 3 » Foreign exchange reserves trends**

	Closing november 2022	December 2022			Variation november-december 2022
		Week 1	Week 2	Week 3	
In billions of USD	3.98	3.99	4.00	4.01	0.75%
In months of imports	2.39	2.40	2.40	2.41	0.84%

Source : CCO.

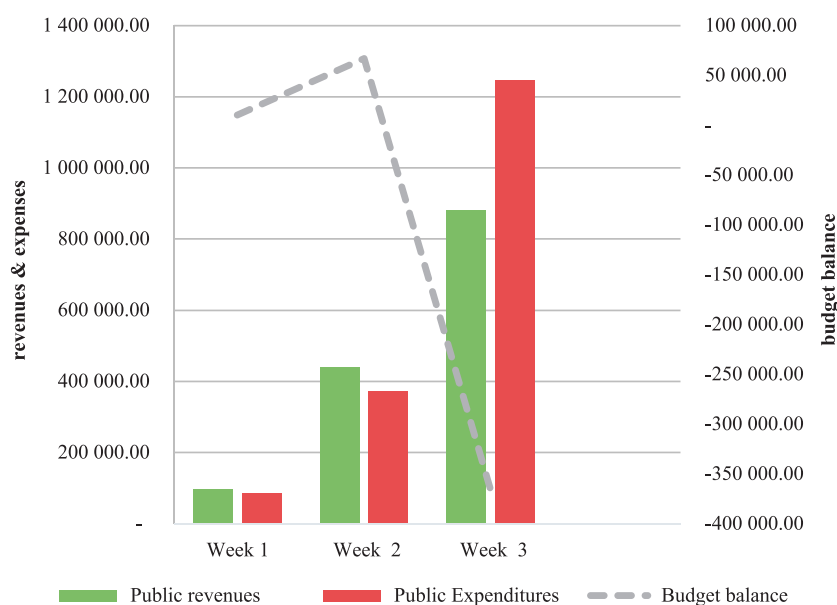


## II.1.4 Public finance

CTR (Ministry of Finance) statistics indicate that in the third week of December 2022, the Treasury recorded a deficit of 365,799 million CDF. This deficit is the result of an expenditure level of 1,246,401 million CDF against revenue of 880,602 million CDF. The cumulative balance as of the third week shows a deficit of 1,157,819 million CDF and capital expenditures were 99,201 million CDF, representing nearly 7.96% of total expenditures.

Cumulative statistics from January 2022 to the third week of December 2022 indicate that the Treasury recorded a deficit of 10,483,367 million CDF as a result of an expenditure level of 64,670,483 million CDF against 54,187,116 million CDF in revenue. This reflects the government's weakness in covering its expenditures and poor governance of public finances.

**Figure 10 » PUBLIC SECTOR AGGREGATES AS OF DECEMBER 2022 (IN MILLIONS OF CDF)**



Source : CTR (Finance Department).

In the third week of December 2022, the State spent an amount equivalent to 218,709 million CDF, or 17.55% of total expenditure on the payment of wages to civil servants. It should be noted that for several months, the process of paying civil servants in a given month is staggered to the next month, indicating a delay in the initiation of the payroll operation of civil servants. Some believe that the government is arbitrating in the execution of certain expenditures to maintain

economic stability. From this point of view, the government is blocking certain payments, notably investment spending but also the remuneration of civil servants, in order to achieve the objectives of macroeconomic stability. This is an aberration and indicates poor governance of public finances.

## II.2 Evolution of the political situation

The political news of December 2022 was dominated specifically by the facts presented below :

### 1. On the security situation in North Kivu

#### 1.1. Reactions to the *KISHISHE* massacre

The massacre committed by M23 elements in late November 2022 in Kishihse left at least 131 civilians dead in two villages. This toll was established by a preliminary investigation by the United Nations, which blamed the M23 rebellion and indicated that the massacres took place on November 29 and 30, 2022, in Kishishe and also in Bambo.

According to investigators from the UN Joint Human Rights Office (UNJHRO) and the UN Mission in the DRC (Monusco), 131 civilians (102 men, 17 women and 12 children) were killed by the M23 "during acts of reprisal", "arbitrarily executed by bullets or with knives". Eight people were wounded, 60 others abducted, "22 women and five girls" raped, and looting committed during these reprisals.

Moreover, the rebels had decided to bury the victims, according to testimonies obtained by AFP, which reported about a hundred dead. Residents revealed that they had been forced to bury the dead in mass graves. Of the reactions recorded, we can point to that of the DRC government, which, through the Council of Ministers, mentioned "more than a hundred" deaths and declared three days of national mourning starting the next day. At a press briefing, the Minister of Industry, Julien Paluku, former governor of North Kivu, accompanied by government spokesman Patrick Muyaya, put the death toll at "around 300", 272 to be exact, based on information gathered by civil society

and "communities". Of this number, 17 children were killed, "in a church, in a hospital.

Kinshasa accuses Kigali of supporting the rebellion, which UN experts and U.S. officials have also pointed to, but Rwanda consistently denies this, accusing Kinshasa, which also denies it, of collusion with the FDLR, a movement formed by some of the perpetrators of the 1994 genocide of Tutsis in Rwanda. Kigali accuses the international community of "exacerbating" the crisis.

Speaking in a television program on Saturday, December 3, 2022 on RTNC, on the occasion of the three days of national mourning following the massacres of the civilian population of Kishishe by the Rwandan troops of the M23, Professor André Mbata Betukumesu Mangu, First Vice President of the National Assembly, raised his voice by arguing that Rwanda, which kills and massacres, is given the red carpet in Western capitals. For him, French has become the language of human rights violation, because of the appointment of a Rwandan at the head of the Francophonie. As a result, he described this country not only as a rogue state but also as a police state. He also indicated that President Kagame cannot give any lesson of democracy to the DRC.

The spokesman for the government of the Democratic Republic of Congo, Patrick Muyaya, announced that the President of the Republic had demanded an internal and external investigation, recalling that the Minister of Justice had given an injunction to the Auditor General to begin the investigations. He indicated that these massacres continue because of impunity and expressed the wish to see all the leaders of the M23 end up at the International Criminal Court, which has already been seized by the DRC, through the Minister of State in charge of Justice and Keeper of the



Seals, Rose Mutombo Kiese, who during her visit to The Hague invited the Prosecutor at the International Criminal Court (ICC) to investigate as a matter of priority the human disaster caused by armed groups in the east of the Congolese national territory.

Intervening on behalf of her country, Anne-Claire Legendre, spokesperson for the French Ministry of Foreign Affairs, said in a statement that France was "horrified" by the massacres, that "all external support for the M23 should cease and these acts cannot go unpunished.

The French support to the power of Kigali has created an outcry not only among the Congolese people but also in the European Parliament. Voices have been raised to condemn this hypocrisy of France, which once again confirms its involvement in the vast international plot to balkanize the DRC. To this end, the leadership of the Revolutionary Progressive Dynamics (DYPRO) deposited on Friday, December 09, 2022 at the French Embassy in Kinshasa, a patriotic memorandum to protest against the support of Paris to the genocidal regime of Kigali.

By this choice, DYPRO maintained that France has humiliated the whole French-speaking world by placing even at the head of the OIF for two successive mandates, a Rwandan activist of criminal reputation, of doubtful credibility and of weak reputational inkling. These are disappointing acts for this francophone organization.

Belgium called on Rwanda to "cease all assistance" to the M23 rebel movement, which a UN preliminary investigation blamed for the massacre of at least 131 civilians in late November 2022 in the Democratic Republic of Congo.

On the British side, in an interview with the London daily Telegraph, James Cleverly, its foreign secretary, refused three times to say whether Kigali was supporting, financing or arming the M23 militia, even though the US and UN experts have all linked Rwanda to the armed group, which is carrying out a campaign of murder, rape, kidnapping and looting in the DRC.

In the face of the Foreign Secretary's silence on this troubling and questioning issue, David Lammy, Foreign Secretary of the British Opposition Shadow Cabinet, said it would be a shame if the government's unethical, unworkable and outrageous refugee deal meant that the Foreign Secretary did not feel able to condemn support for a sanctioned group that executed civilians.

The African Union (AU) has vehemently denounced the Kishishe massacre perpetrated by M23 rebels in Rutshuru territory, in North Kivu province. This massacre has aroused "indignation" in the head of the current chairman of the AU, the Senegalese Macky Sall, and the chairman of the AU Commission, Moussa Faki, who, through a joint communiqué, have expressed themselves by asking that light be shed on these criminal acts, as soon as possible so that those responsible for such crimes undergo the punishments and sanctions dictated by the Law.

Intervening on behalf of Germany, through a communication made public on Thursday, December 22, 2022, Christoph Retzlaff, the new Director of Africa at the Ministry of Foreign Affairs, has, in a firm tone, asked Kigali to "immediately cease all support to the M23 and contribute to a rapid solution to the crisis, and this, after having noted the delay of the M23 in the implementation of the withdrawal from the occupied territories. According to him, Germany expects Rwanda to immediately cease all support to the M23.

During a bilateral meeting with U.S. Secretary of State Antony Blinken on December 13, 2022, on the sidelines of the U.S.-Africa Forum, Head of State Felix Tshisekedi called on the U.S. government to keep up the pressure on Rwanda to end the violence in the eastern DRC. It was on this occasion that the two interlocutors agreed on the importance of the immediate implementation of the November 23, 2022 communiqué of the Luanda mini-summit on peace and security, referring in particular to the cessation of hostilities, the withdrawal of the M23, the end of support for armed groups, the condemnation of hate speech, and the resumption of consultations between the government of the DRC and national armed groups within the framework of the Nairobi Process.

It was an opportunity for President Felix Tshisekedi to thank President Biden for Washington's recent statements against the crimes perpetrated by the Rwandan-backed M23 rebels in the eastern part of the DRC, calling for strong U.S. involvement in the conflict to pressure Rwanda to stop supporting the M23.

## 1.2. *The report of the United Nations experts on the crisis in the East*

Radio France Internationale (RFI) published part of the report of the experts mandated by the United Nations on the eastern part of the DRC, which has been plagued by armed conflicts for several years.

In this report, the UN experts point a clear finger at Rwanda's support for the M23 group, the former rebel group that took up arms a year ago and has since occupied part of the DRC's North Kivu province. The UN says it has evidence of "direct involvement" of Rwandan defense forces in the DRC. According to the report, the Rwandan army provided arms, ammunition and uniforms to the M23 group in military operations in the east of the country, at least between November 2021 and October 2022.

## 2. The reversal of the Constitutional Court on the Bukanga Lonzo case


### a. *Enrollment begins for December 2023 elections*

After publishing the electoral calendar, the chairman of CENI announced that the identification and voter registration operation would begin on December 24, 2022, and would be carried out in three operational areas, each lasting 30 days, for a total of three months for the entire national territory.

Taking him up on it, Patricia Nseyi, INEC's rapporteur, rejected the Kadima scheme. She expressed concern that the 30 days per operational area is insufficient for INEC to reach the expected number of voters.

Declared candidate for the presidential election of 2023, Martin Fayulu argued that Denis Kadima is laying the groundwork for fraud by lowering the number of voters in some provinces including Kinshasa and Central Kongo. On this occasion, he relied on a table in which he listed the ten (10) provinces of the first operational area (Kinshasa, Central Kongo, Kwango, Kwilu, Mai-Ndombe, Equateur, North-Ubangi, South-Ubangi, Mongala and Tshuapa), and highlighted an INEC strategy to reduce the number of kits in certain parts of the country, while the one-month deadline for registering Congolese on the electoral lists seems insignificant.

For him, the East will probably be sacrificed. The time allowed in relation to the number of expected voters will be difficult to meet all the demand. Fayulu further demonstrated that for Kinshasa and central Kongo in particular, the expected voter rate of 34% appears to be abnormally low, arguing that election specialists in Africa report that the number of voters in a country range between 42% and 44% of the total population.



Fayulu finds it difficult to understand why Kwilu province has a rate of 41%, while the other seven provinces (except Kinshasa and central Kongo) have rates ranging from 45 to 62%, well above the average of 42 to 44%.

Also, he denounces the strategy of Mr. Kadima consisting in lowering the number of voters in the provinces favorable to the resistance and increasing it in the provinces where it is easy to cheat and justify the fraud.

For his part, after having made the bitter observation of the organizational disorder of the first days of the operation, Prince Epenge considered that one does not prepare an election as one prepares a birthday party for his wife. For him, the disorder and chaos that prevailed in the registration centers and offices in Kinshasa and throughout the first operational area is not a coincidence. It is a disorder wanted by Mr. Kadima to reduce the number of voters. The fewer voters enrolled, the more room there will be to produce results in 2023. Mr. Epenge blames the Congolese electoral administration for an indescribable opacity in the conduct of the electoral process. "The rules of the electoral game must be defined and accepted by all stakeholders in the electoral process," he explained. He finally argued that the contested chairman of the INEC would have embarked on an electoral hiding by locking himself up with his team and the Sacred Union to define and determine alone the date of the beginning of the enrolment operations without involving other stakeholders such as Lamuka, FCC ... who are the competitors. Also, he designates Mr. Kadima as the only one responsible for any derailment of the electoral process.

### ***b. The joint declaration of the three personalities***

In a joint declaration made public on December 26, 2022, in its aspects related to the elections, Mr. Fayulu Madidi Martin, Senator Matata Ponyo Mapon and Dr. Denis Mukwege denounce the violation by the CENI, of Article 12 of the Constitution on the equality of all Congolese before the law. Indeed, by arbitrarily selecting five countries of residence where Congolese abroad live to participate in the 2023 elections, the CENI has deliberately practiced discrimination prohibited by law.

Moreover, speaking of the day of December 24, 2022, marking the beginning of the operations of voter registration, the three personalities have criticized the generalized disorder and characterized by the unpreparedness, the non-equipment of several registration centers and the amateurism noted in the head of several agents assigned to these centers foreshadowing the electoral chaos that awaits the country in 2023.

In the same context, the fact that the number of enrollment kits in relation to the population is significantly high in the "Grand Kasai" area is indicative of a clear intention to inflate the number of voters and therefore seats in this part of the country. However, it is no secret that due to the rural exodus and other reasons, this geographical area of the country is being emptied of its inhabitants to the benefit of other provinces. Thus, how can we explain, for example, that the province of Kasai Central has 1,432 enrollment kits and that of North Kivu has 1,663 kits, when the latter province is twice as populated as Kasai Central?

These three leaders demanded, in order to create optimal conditions for an impartial, inclusive, credible



and peaceful electoral process, (...) the cessation of legal proceedings against Senator Matata Ponyo Mapon, in accordance with Article 168 of the constitution".

In addition, these political and civil society leaders are also concerned about the current situation in the country. From the insecurity in the East of the country, in the Grand Bandundu to the holding of free, transparent and peaceful elections, the three personalities note that the country is living one of the darkest moments of its existence. To this end, they indicate that if the people and the political actors do not wake up and take their responsibilities to act with courage, height, wisdom and determination, history will remember that we will have all been witnesses to its fragmentation, and therefore to its balkanization.

Also, they solemnly declared that no electoral fraud will pass in 2023 and the mobilization of the people will be total to save the country in danger.

Addressing the election issue during a December 14, 2022 meeting on the sidelines of the U.S.-Africa Forum in Washington, D.C., U.S. President Joe Biden urged Tshisekedi and company to hold free, fair and credible elections. "The United States will be vigilant to ensure that they are free, fair and credible. But this is not about sounding the alarm or saying we have concerns and solutions," said Jake Sullivan, national security adviser to the U.S. president.

### **3. Towards a recomposition of the political environment due to the departure of Moïse Katumbi from the Union Sacrée**

In an interview granted on Friday, December 17, 2022, to journalists Marc Perelman of France 24 and Christophe Boisbouvier of Radio France Internationale during his stay in Europe, Moïse Katumbi, president of the party "Ensemble pour la République" announced his candidacy for the presidential elections of December

2023, to save the people in danger and the Congo whose situation is chaotic.

This announcement defensively puts an end to his attachment to the Sacred Union. Because, with his record as governor and his expertise, he claims to have "a vision and a program" to "rebuild the army and the security of the country" and to "create jobs and rebuild the infrastructure", and maintains that the record of President Tshisekedi is very bad, chaotic, while emphasizing that he has given advice internally and proposed a book of business that has not been considered.

When he officially left the Union Sacrée, he was well aware that many of his former friends would leave him immediately, while claiming to continue with others.

Reacting to this decision taken by Katumbi, the national deputy Simon Mulamba, representing the national deputies who claim to be part of the progressive revolutionary current of the platform "Together for Change", that is to say almost all the national deputies until then close to Moïse Katumbi, the elected representative of Tshikapa, announced that these revolutionary national deputies are not concerned by the departure of Moïse Katumbi from the presidential majority.

For him, the Revolutionary Progressive Current of Together for the Change that he coordinates, announces to the opinion that, contrary to the declaration of Moïse Katumbi, it remains a full member of the Sacred Union of the Nation and faithful to the President of the Republic Fatshi Concrete, to whom it promises its support and its accompaniment until the final victory in the elections in sight". For Simon Mulamba, the statement of the former head of their platform is only the manifestation of occult strategies against which more than 50 deputies had seen fit to create the present current.



In addition, he asked that the positions occupied by the executives of the political party dear to Moïse Katumbi in public institutions be released.

For his part, Jean-Baudouin Mayo Mambembe did not miss an opportunity to point out that "the office of President of the Republic is reserved for Congolese only," thus addressing Katumbi who had acquired Italian nationality between the years 2000 and 2017, as confirmed to Jeune Afrique a municipality in southern Italy. "Those who have acquired foreign nationalities and therefore lost Congolese nationality are excluded," tweeted Jean-Baudouin, a member of the Sacred Union of the Nation of Felix Tshisekedi, current President of the DRC. Also, recalling that the Congolese nationality is one and exclusive, as underlined by the very first line of the article 10 of the Constitution of the DRC, Mayo Mambembe notes finally that it is not the need to complicate because the Constitutional Court will see to it.

On the side of the presidential party UDPS, the interim secretary general Augustin Kabuya, believes that there is nothing surprising because he was only there to enrich himself. Moreover, he maintained that the sky is not going to fall since Katumbi has left, because he has done nothing positive for the advancement of the Sacred Union.

According to him, Katumbi's departure was predictable one year before the elections, as he did with Joseph Kabila.

On the record of the Head of State, Kabuya maintained that it will be shared with Katumbi who has his members in the institutions. According to him, Moïse Katumbi has never been of the Union Sacrée. On the contrary, he said, the former governor of the former province of Katanga was only there to enrich himself. Regarding the fate of the ministers' members of Ensemble pour la République who are in the government, each one

should take his responsibilities as an adult, in virtue of the free choice ordered by democracy.

Without delay and drawing the consequences of the withdrawal of their political family "Ensemble" from the Sacred Union, Christian Mwando Nsimba, Cherubin Okende, and Veronique Kulumba Nkulu, respectively Minister of Planning, Transport and Communications and Deputy Minister of Health, resigned from the Sama Lukonde government.

On the other hand, the Minister of Foreign Affairs, Christophe Lutundula, and the Minister of Social Affairs, Humanitarian Actions and National Solidarity, Modeste Mutinga, all of whom belong to Moïse Katumbi's Ensemble pour la République, remained in the Sacred Union of the Nation, thus reaffirming their loyalty and commitment to the political line and vision of the Head of State.

For Francis Kalombo, national deputy and deputy spokesman of Tshisekedi's opponent, Moïse Katumbi, one must know that one is at the end of one's mandate, that elections are approaching and that everyone can take their responsibilities.

For Steve Mbikayi, the departure and the announcement of the candidacy of Moïse Katumbi is neither a surprise nor an event because it is not an open secret. According to his words, if Moïse Katumbi speaks of a negative record for the regime of Felix Antoine Tshisekedi Tshilombo, it is very surprising because there are ministers of his political family who participated. "We are never understood in the sacred union but however, I am very happy because the fight looks very good and we are lined up in the order of battle and behind the President of the Republic for a fair victory in the elections of 2023," he said. "Let Katumbi and others run. Fatshi will win fair and square. Let's reject "father and mother". This is retrograde. With this, the champions of self-victimization will attract



the sympathy of the international community and President Felix Tshisekedi will be unnecessarily indexed. Cfr l'ivoirité", he said.

For the camp of Moïse Katumbi, the question of nationality is already settled by the Constitution. "We must not go backwards in the country. The Constitution of the country must be respected. If there is injustice, we will denounce it, we will defend ourselves. And this division or better distraction, we can never accept it," retorted Moïse Katumbi last May.

Francis Kalombo maintained that "Moïse Katumbi is Congolese. He has never acquired another nationality. Therefore, he has never lost his Congolese nationality. All those who say otherwise have no proof that Moïse Katumbi is a foreigner. This problem was raised during the Kabila era. And the same thing is being done today. He then added: "The same methods produce the same effects, Shadary failed miserably and they risk making President Felix fail miserably too in 2023.

Seth Kikuni the youngest candidate in the 2018 presidential election, urged members of the Sacred Union of the Nation to prevent the incumbent president Felix Tshisekedi from running again in the 2023 presidential election. According to Seth Kikuni, Felix Tshisekedi has already caused enough damage to the republic that he will not be re-elected by the Congolese population. "Encouraging Felix Tshisekedi to run in 2023 is unpatriotic and dishonest. If you love him, please forbid him to run. He has already caused a lot of damage to be repaired," he wrote. "Stop fussing. In 2024, Fatshi will not be president of the DRC, not even in a dream," he continued.

For Germain Kambinga: "If Katumbi and others join this trio and designate a common candidate, it will confirm what I have always said here: in 2023, we will have the most disputed elections since 2006. Whoever has the best organization, zero certainty and a lot of willpower will win!

For Lambert Mende, president of the Convention des Congolais Unis (CCU), a political party that is a member of the Sacred Union of the Nation, "there is no danger in the house" after Katumbi's departure and the resignation from the government of the three ministers of Ensemble pour la République. "The Sacred Union coalition remains upright in its boots at the level of the government, as well as the majority at the level of the parliament. This elected official from Lodja assured that "there is nothing to fear from the crumbling of the Sacred Union as long as the majority has not moved in parliament. There is no danger in the house. Furthermore, Mende maintained that "It has become a habit that we must not encourage. He (Katumbi) played the same game in the FCC in the past legislature where he took advantage of his membership in a parliamentary majority and he broke away just before the elections to go it alone. That did not benefit him. That will be the case in this legislature.

# 3. Political and economic perspectives

## On the political level

As the DRC finds itself in the midst of a long-awaited election year, the latest events and meetings between various leaders foreshadow an inevitable recomposition of the political environment in the very near future.

Indeed, the various reactions following the joint declaration made by the Fayulu-Matata-Mukwege trio on the general situation and in particular on the electoral process, is a harbinger of the continuation of potential negotiations between political leaders, civil society, and why not religious confessions, who will certainly want to federate their efforts and forces to save the country from external pressure on balkanization, but also from the risk of social implosion internally.

For many observers, the love of a country in the face of this danger that Moïse Katumbi and Joseph Kabila as well as other candidates have shared, obliges them to join together to save it from the M23 supported by Rwanda as well as a good number of Western countries and multinational companies that act with a lot of hypocrisy.

Martin Fayulu, a declared candidate for the upcoming presidential election, is uncompromising by nature and says he can step aside if the people ask him to. A rapprochement is now noticed with former Prime Minister Matata Ponyo and Dr. Denis Mukwege.

Moreover, far from being an element playing in its favor, the conflict in the East, headed by the continued occupation of the territory of Rustshuru by the M23, as well as the risk of the capture of Goma by a force of the East African Community, which many Congolese consider to be complicit, with the blessing of the government signatory to the various agreements, are thorns in the side of the government in power, which has to do everything it can to convince people to take back the occupied territories by force.

In view of the situation on the ground, the opponents of Felix Tshisekedi will be led to regroup and seek to speak with one voice, with the aim of choosing a common candidate to face Felix Tshisekedi in 2023. If this were to happen, we would see a real electoral battle that promises to be tough and hard!

However, before we get there, there is a very big challenge: it is for INEC to organize credible, transparent, democratic and free elections in a peaceful climate, guaranteeing the acceptance of the results!

## On the economic level

Throughout 2022, the major economic aggregates have remained stable. However, the economic outlook for 2023 is not encouraging. Indeed, the continuing destabilization of the eastern part of the country as a result of incursions is a major obstacle to securing and attracting investment to the country. Also, the continued rise in fuel and food prices, the risk of a resurgence of the Covid-19 pandemic, and the various twists and turns that may arise from the electoral process may have a negative impact on the country's economy. In addition, the continuing Russian invasion of Ukraine is fuelling uncertainties regarding the supply of energy and agricultural products, with its consequences on the dynamics of the prices of these products. All these elements contribute to the deterioration of the country's economic prospects.

In addition, there is (i) poor governance in several public institutions; (ii) corruption and embezzlement of public funds; and (iii) growing inequality among the population. These elements are precursors of a deterioration of the national economy.

With regard to public finances, it should be noted that, even if the figures for 2022 suggest that the financial authorities will be able to mobilize large amounts of

revenue due to the improvement in commodity prices, it is essential to put in place mechanisms and systems to ensure optimal collection of public resources. The pace of public revenue collection remains mainly dependent on the price of mining products, and therefore on the evolution of the economic situation. The low tax burden in the DRC suggests that economic growth does not provide the state with sufficient financial resources. Thus, as long as no appropriate reforms are put in place to correct these shortcomings, there is reason to fear that the country will not be able to reach its optimum revenue level to finance adequate investments with internal resources.

Finally, and as indicated by Moody's, the DRC's average GDP growth rate could be as high as 7 percent between 2022-2025. This growth would be driven by the extractive sector, which is expected to continue to play a major role in the economy and is expected to continue to grow by approximately 10% each year. Beyond the mining sector, the Congolese economy is expected to see a rebound in activity in other sectors such as services and to benefit from increased government capital spending and growing levels of investment in the economy to address key infrastructure bottlenecks. The same institution had indicated that the DRC's creditworthiness remains constrained by a series of chronic credit problems including (i) very low GDP per capita; (ii) low competitiveness and significant infrastructure deficiencies that limit growth potential; (iii) still weak institutional strength; and (iv) very limited domestic financing capacity and dependence on external concessional financing.

All these elements show that the apparent economic stability does not stand on solid foundations. Given this situation, it is unrealistic to predict better economic health in the medium and long term. Thus, in order to reverse the trend and improve the country's economic prospects, it is necessary for the Government to take appropriate options and implement appropriate reforms in order to (i) increase domestic financing capacity through optimal mobilization of public revenues and expansion of the tax base; (ii) establish the power of the State in the long term and definitively resolve the problem linked to repeated aggressions and incursions by armed groups in the east of the country, in particular by neutralizing the M23; (iii) set the Congolese economy on the path of diversification; and (iv) definitively resolve the major shortcomings in the construction/rehabilitation of various infrastructures to boost growth potential.



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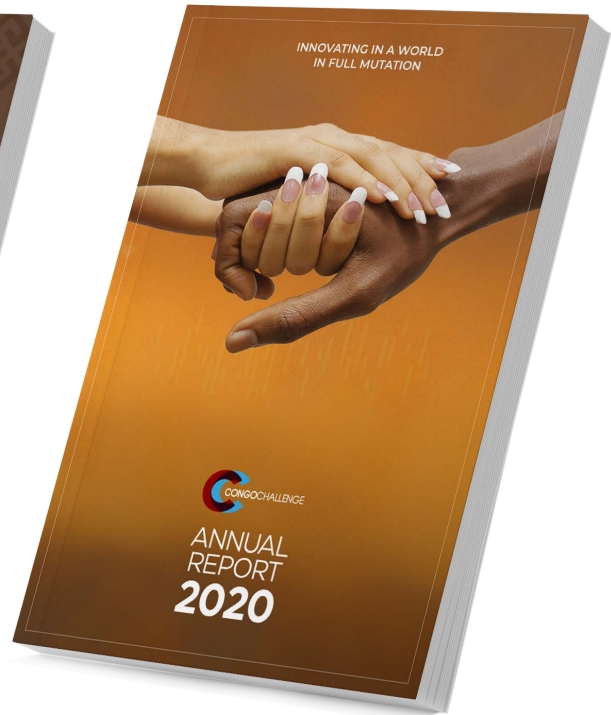


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**Dixit Machiavel**

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

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