CONGO CHALLENGE

THE MONTHLY BULLETIN

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

Issue **57** | January **2022**

Kinshasa, DRC

CONGOCHALLENGE

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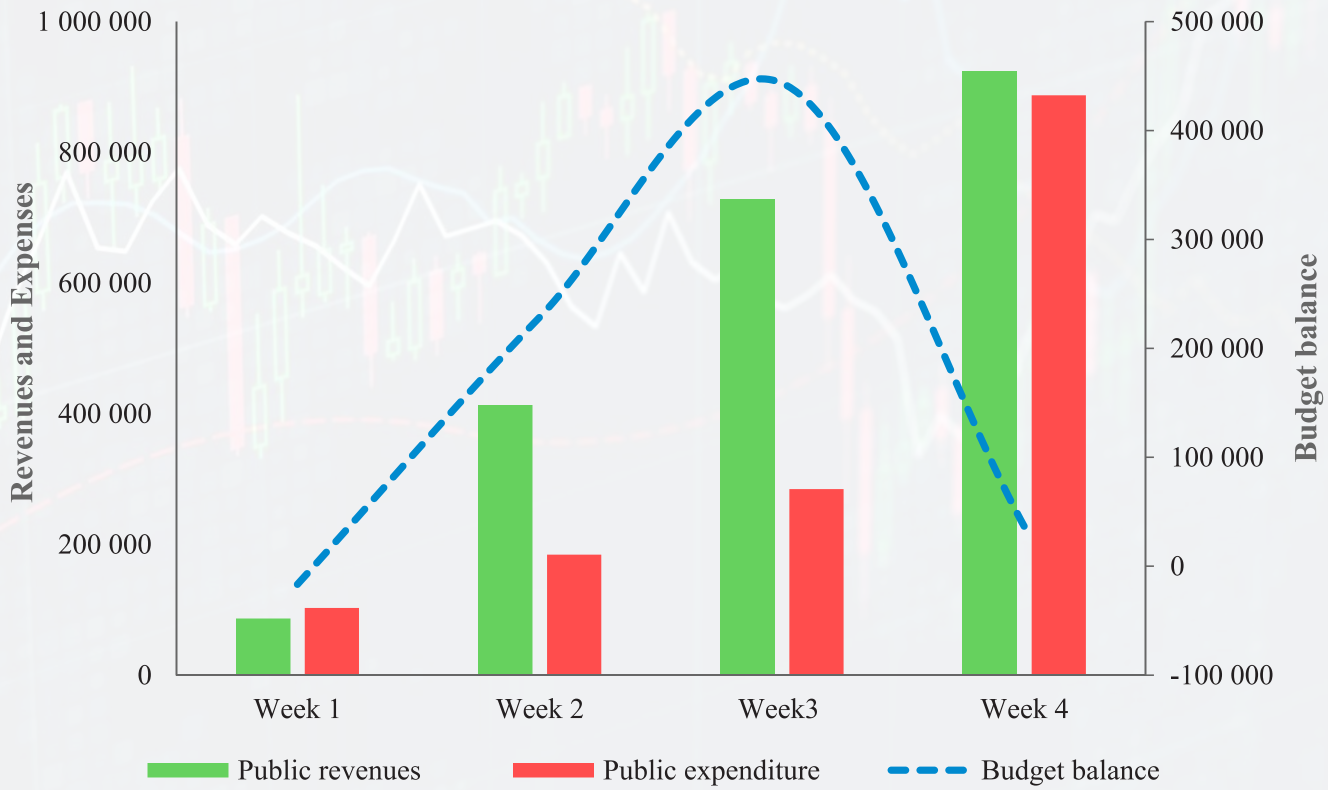
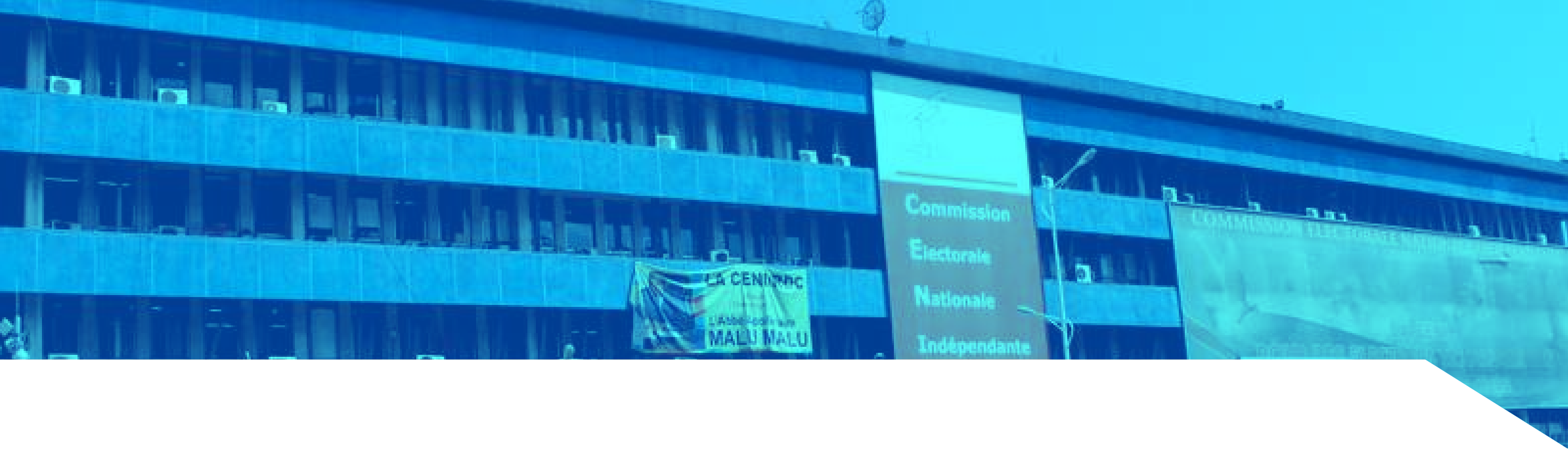
Kinshasa, DRC

Public Sector Aggregates as of January 2022 (in millions of CDF)



Summary



Matata Ponyo Mapon

What I think

Is the DRC State able of financing the elections in late December 2023 ?

I think that the financing of elections is a headache for many African countries. This is also the case for the DRC which, at each electoral cycle, declares that it does not have enough means to face it. When I was Minister of Finance between 2010 and 2012, and therefore at the center of the financing of the presidential and legislative elections at the end of 2011, the public treasury disbursed nearly 400 million U.S. dollars to enable the Congolese state to successfully finance the first elections based on its own resources after the country's reunification in 2003. This was an exceptional feat given the country's limited budgetary space. Many Western countries did not believe in it. However, the rigor that we had shown in the management of public finances had produced good results. In 2018, the public treasury disbursed nearly US$600 million to support the presidential and legislative elections at both the national and provincial levels. This was the second experience of financing elections with own resources. It can be deduced from this that on average, it takes almost 500 million US dollars to secure the financing of the election package from own resources. This exorbitant cost is mainly related to poor governance and the serious problem of transportation and communication within a country as large as Western Europe. The multiple denunciations of misappropriation of funds made during the last elections are proof of this.

I think that the DRC, like other African countries, is able to finance the electoral cycle from its own resources. However, in order to do so, the operation must be well planned. Let us assume that an amount of 500 million U.S. dollars is needed to finance all the elections that will take place in December 2023. All payments will need to be made six months before the next election, which is no later than June 30, 2023. This will ensure that ballots and all necessary materials are available by September 30, 2023. This would allow the Independent Electoral Commission (Ceni) to have the necessary time, nearly three months, to dispatch in the vast Congolese territory the entire electoral system. If the disbursement of funds had begun the day after the last elections, that is, in January 2019, the monthly disbursement would have been only about 10 million U.S. dollars. To date, the election account has a positive balance of nearly US$360 million. Only US$140 million would remain to be mobilized by the end of June 2023. This would be sustainable for the government budget. However, no U.S. dollars have been raised in the last three years and the Ceni accounts are empty. Given that we have only seventeen months left to carry out all of the financial operations related to the upcoming elections, the Congolese state is obliged to disburse nearly 30 million U.S. dollars per month starting in February 2022 in order to achieve the 500 million U.S. dollars needed by the end of June 2023. These funds should in principle be paid into a special account of the Ceni to enable it to properly fulfill its obligations to the entire national community in December 2023.

I think that the high cost of the electoral process in the DRC brings us back to the problem of the timeliness of elections in relation to the objectives of economic development in Third World countries. It is the famous dilemma between democracy and development. An African Head of State once asked me whether elections, given their exorbitant cost, were not a brake on the development of nations. The question is worth its weight in gold when it appears that with 500 million U.S. dollars, a developing country is able to finance several projects and significantly advance its development agenda. For example, with this amount, depending on whether it is entirely devoted to a single project, it is possible to pave 400 to 500 thousand kilometers of roads, finance two agro-industrial parks, acquire five new airbus planes, buy more than four thousand new Mercedes buses, build more than four thousand primary and secondary schools, build more than 30 universities, erect more than 30 modern hospitals, build more than five medium-sized hydroelectric dams, or more than 50 drinking water production plants.

I think that as much as economic development needs to be financed, elections need to be financed. Without seeking to support the financing of elections regardless of their cost, it is no less true that they remain crucial to ensure a harmonious and sustainable development of countries. Elections are crucial to the harmonious and sustainable development of a country, because they provide better leaders for the country at both the national and provincial levels. But it is necessary that these elections reflect the choice of the population, that is to say, that they serve to proclaim leaders really elected by the population. Because if elections are only a tragicomic play, as we have seen more than once, to appoint national and provincial leaders, or national and provincial deputies, economic development may never be achieved. This would prove the critics of elections right when they have never been real elections. What would be the point of spending $500 million to finance underdevelopment through a sham election ?

I think that the Congolese political operators must wake up to remember the exact meaning of elections, which is none other than to allow the people to choose better actors of economic progress at the national and regional levels. This is what Western and Eastern countries have done and continue to do to advance the development agenda of their countries. Otherwise, elections are meaningless. Political operators need to wake up and remember that the institutions in charge of organizing elections - like the Ceni in the DRC - are not machines for making political leaders or members of parliament, but rather valuable vehicles for channeling and expressing the will and choice of the people. They are elected persons who must be proclaimed. Otherwise, elections are worthless. Political operators need to wake up to the fact that you can't spend half a billion U.S. dollars, or even more as in 2018, to hold elections in a country where there are no quality roads, schools and hospitals. This is irrational. It is unacceptable. Elections can be conducted with $250 million or less if the elections are planned, budgeted, and the resources allocated to them are managed efficiently.

I think that one should never count on external aid to organize elections in one's country. First, because it will not come; the West has its financial problems at the moment, notably because of the COVID. Second, if it does come, it will only be in the form of support, particularly in terms of independent observers or transport assistance to dispatch election materials. This is why it is necessary to rationalize the management of funds by the Ceni in order to first reduce the funding envelope for the elections to approximately 250 million U.S. dollars. Second, invest in the rehabilitation of transportation and communication infrastructures to significantly reduce the cost of deploying equipment and personnel throughout the country. Third, store equipment that can be reused (voting machines and other materials). If this is not done, it will be an eternal repetition. The problem of financing elections will always arise in each electoral cycle, and shifting the political mandate will always seem to be the best way to solve the problem. And yet, the shift is the best way to invite bad governance in the management of public affairs through a government of national unity resulting from a national dialogue. It would be an eternal repetition.

Kinshasa, January 28, 2022.

Executive Summary

Economic situation

- **At the international level**, the global economy is gradually entering a phase of pronounced slowdown, after a strong rebound in 2021. According to the International Monetary Fund's (IMF) economic outlook, the global economic growth rate is expected to be 4.2% in 2022, down from 5.5% in 2021.

- According to World Bank forecasts, the year 2022 should be characterized by an upsurge in inflation caused by the increase in energy prices (natural gas and electricity). In order to contain these inflationary pressures, most central banks are planning to raise their key rates (austerity measures).

- On the financial markets, stock market indices all showed downward trends during the month of January 2022. These weak stock market performances are explained, on the one hand, by fears of an escalation of geopolitical tensions in Ukraine, and on the other hand, by a probable schedule of monetary tightening at the Fed (US Federal Reserve).

- In the international foreign exchange market, the depreciation of the US dollar that began in December 2021 continued through the first half of January 2022. This weakening of the greenback against the Euro and the British Pound is believed to be attributable to US inflation. However, the prospect of a future increase in bond yields by the Fed led to slight appreciation of the U.S. currency during the latter half of January 2022.

- In terms of commodities, the strong pressure on copper supply has kept prices soaring in January 2022. During January, gold prices maintained their upward phase, following fears of a resurgence in global inflation, which is helping to increase economic agents' interest in the yellow metal. The crude oil market was marked by an upturn in black gold prices due to the growing geopolitical tensions in Ukraine, which led to supply problems in Europe by Russia.

- After the sharp contraction due to the health shock in 2020, 2021 saw a strong recovery in trade. Statistics from the United Nations Conference on Trade and Development (UNCTAD) show that merchandise trade has surpassed its pre-Covid level, but that the recovery in services trade is slow going into 2022.

- **At the national level**, the main macroeconomic indicators are showing encouraging signs, despite a fairly restrictive health environment. According to the BCC, economic growth would have reached 5.6% in 2021, compared to 1.7% in 2020. Moreover, the outlook for 2022 indicates a projected growth of 6.40%.

- In the goods and services market, the weekly inflation rate stood at 0.47% in the last week of January 2022. As for the year-on-year inflation rate, it stood at 6.31% in the fourth week of January. The annualized inflation rate is expected to be 5.39 percent at the end of January 2022.

- During the month of January 2022, the exchange rate remained stable on both the interbank and parallel markets, although it depreciated slightly. As for foreign exchange reserves, they stood at USD 3,482.00 million in the fourth week of January 2022, which represents 3 months of imports of goods and services.

- On the public finance side, CTR (Ministry of Finance) statistics indicate that as of the last week of January 2022, the Treasury recorded a surplus of 36.559 billion CDF, resulting from an expenditure level of 887.522 billion CDF against revenue of 924.081 billion CDF.

- Finally, the economic news of January 2022 was marked by several notable events, including (i) the project to develop 145 national territories; (ii) the inadequacy of the execution of the 2021 budget with reference to the public finance law; (iii) the ranking of the DRC in terms of corruption by the "Transparency International" agency; (iv) the request by the Ministry of Fisheries and Livestock for USD 15 million for the acquisition of fishing boats; (v) the disbursement of USD 6 million for the weeding of the Katende Dam; (vi) the improvement in the DRC's rating by Standard and Poor's.

- Political situation

The news in January was dominated by: (i) the itinerancy of the President of the Republic Felix Tshisekedi in the greater Kasai; (ii) the installation of opposition delegates in the CENI; (iii) the controversy surrounding the announced resignation and dismissal of Jean-Marc Kabund; (iv) the assessment of Felix Tshisekedi's three years in power.

The President of the Republic has begun trips to the interior of the country, especially to the central part covering the provinces of Greater Kasai, where he went to see the local populations to get a feel for the socio-economic situation.

In his contact with the population, President Félix Tshisekedi maintained that his decision to divorce with the Common Front for the Congo (FCC) was justified by the fact that Joseph Kabila's political family did not share the same vision of development as his political camp, which is why he decided to create the Sacred Union, which has as its objective to put an end to the difficulties of the population of Congo.

With regard to the establishment of the new leadership team of the Independent National Electoral Commission, it is worth noting the swearing-in before the Constitutional Court on Thursday, January 13, of the three opposition members endorsed in December 2021 by the National Assembly and invested by order of the Head of State. This event also provoked comments in the public opinion where a section of the population called these three personalities who joined the CENI, dissidents installed in violation of the texts of the FCC.

The confused situation within the Union for Social Progress and Democracy (UDPS) since the announcement by the Honourable Kabund-A-Kabund of his intention to resign as 1ster Vice-President of the National Assembly, has been the subject of various comments both in the political class and in national opinion. It should be remembered that this imbroglio within the presidential party is the result of the disturbances that occurred following the altercations between Kabund's bodyguards and an element of the Republican Guard who was accompanying a member of the presidential family, as well as the reprisals by the Republican Guard at Kabund's residence, which followed the next day.

Finally, three years after the swearing-in that symbolized the first changeover in the DRC, the last week of January 2022 will have been the week of the opinions of some and others on the governance of Felix Tshisekedi during these three years. It is a kind of assessment that has been established by all those who have given voice to this issue.

1. International context

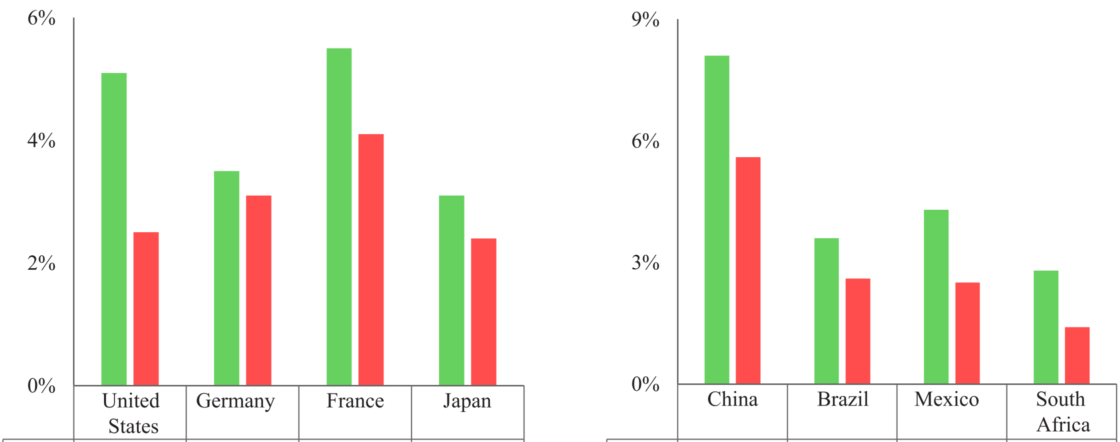
I.1. Economic growth

After a strong rebound in 2021, the global economy is entering a phase of pronounced slowdown, in a context marked by rising debt and income inequality that could jeopardize the global economic recovery. According to the International Monetary Fund (IMF) economic outlook, the global economic growth rate is expected to be 4.2% in 2022, down from 5.5% in 2021.

On average for the year 2022, advanced countries are expected to grow by 3.1% (compared to 4.3% in 2021) and emerging countries by 5.0% (compared to 6.3% in 2021). As a result, the global economy is not expected to return to its pre-Covid level of output until 2023, with a much slower recovery in the advanced economies than in the emerging economies.

Chart 1 ›› GLOBAL ECONOMIC GROWTH PROJECTIONS

(i) Advanced countries — (ii) Emerging countries



	United States	Germany	France	Japan
2021	5.1%	3.5%	5.5%	3.1%
2022	2.5%	3.1%	4.1%	2.4%

	China	Brazil	Mexico	South Africa
2021	8.1%	3.6%	4.3%	2.8%
2022	5.6%	2.6%	2.5%	1.4%

Source : IMF.

The significant deceleration in growth likely to be experienced in the major economies (including the United States and China), as shown in Chart 1, is likely to weigh heavily on external demand in emerging economies, while governments in many developing countries may not have sufficient policy space to support economic activity. Thus, a concerted international response to debt sustainability and a comprehensive national response to the social inequities arising from the pandemic crisis are essential to put the country on a favorable growth path.

I.2. Inflation

According to World Bank forecasts, the year 2022 is expected to be marked by a resurgence of inflation. Due to the increase in energy prices (natural gas, electricity and oil), this rise in prices hits low-income workers particularly hard and hinders monetary policy measures designed to support the recovery. As an illustration, the inflation rate is said to be at its highest level since 2008 in the advanced economies, and it has reached its highest level since 2011 in the emerging economies.

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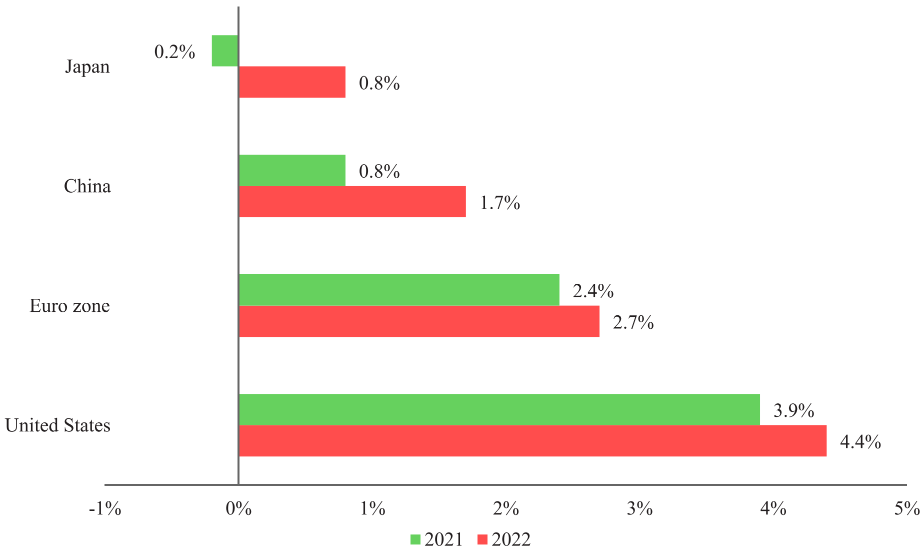
Chart 2 ›› **Global Inflation Rate Projections**



Source : OECD, World Bank.

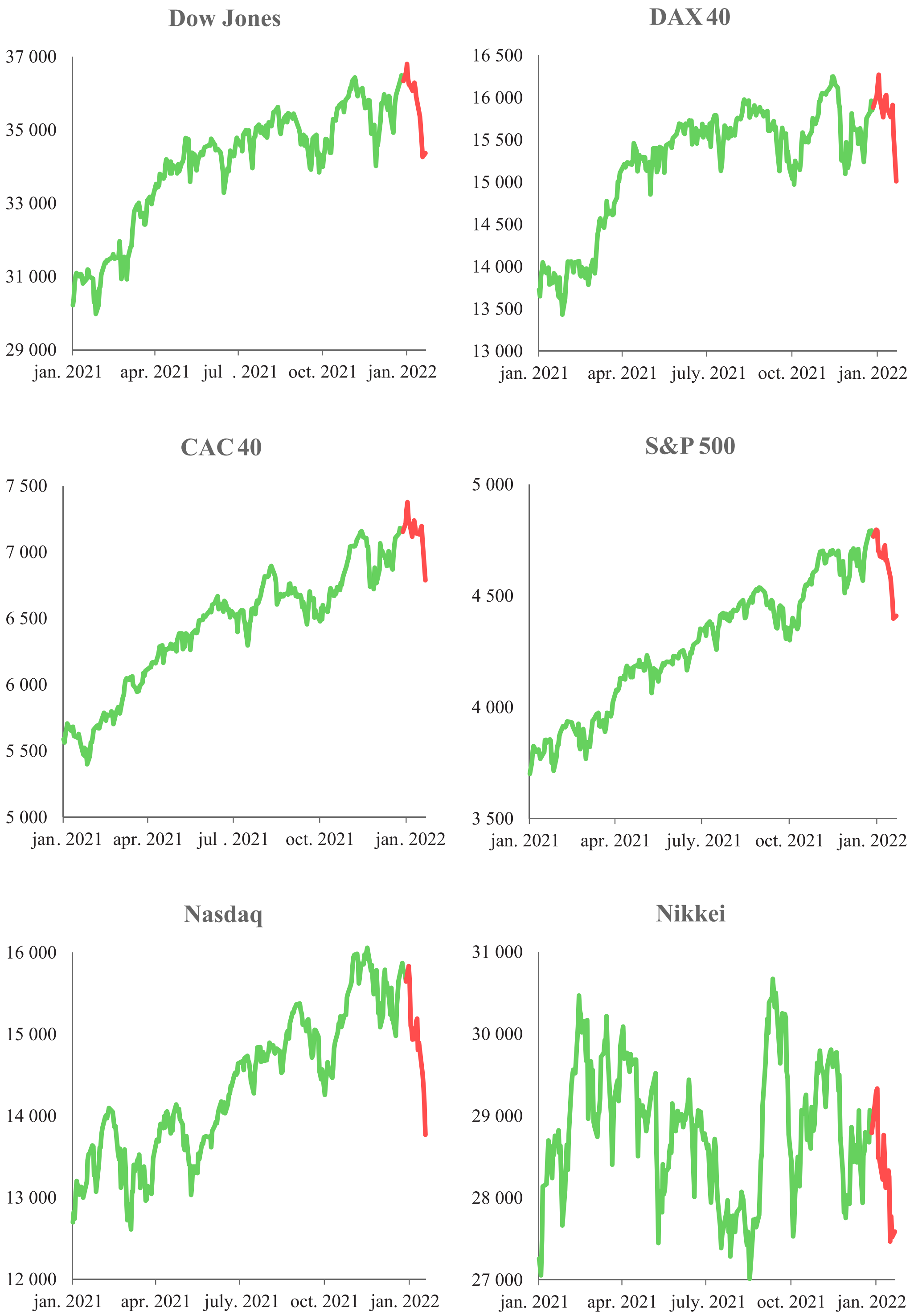
Among the G20 countries, the U.S. economy is expected to have the highest inflation, at 4,4% at the end of 2022, compared with 3.9% at the end of 2021 (see Chart 2). In order to contain inflationary pressures likely to emerge this year, many developing countries are withdrawing monetary stimulus measures, even though the recovery is still far from complete. In the developed countries, most central banks are planning to raise policy rates to contain this inflationary spiral.

I.3. Financial market

After rising again in the last half of December 2021 following plans to combat the ***Omicron*** variant, which sparked optimism among private investors, the stock market indices have all shown downward trends in the month of January 2022. For example, the Dow Jones, DAX-40 and CAC-40 have returned to their November 2021 lows. The S&P-500 and Nikkei indices are back to their October 2021 lows. The Nasdaq remains the stock index that has seen the most drastic drop, returning to its low of just over half a year ago, in June 2021.

These poor stock market performances can be explained, on the one hand, by fears of an escalation of geopolitical tensions in Ukraine, and on the other hand, by a probable schedule of monetary tightening by the Fed. Indeed, the resurgence of the NATO-Russia dispute over the invasion of Ukraine is creating a climate of uncertainty that is weakening financial confidence, particularly in Western Europe. Also, the prospect of a much less accommodative monetary policy this year in the U.S. - as part of the fight against accelerating inflation - has left investors quite rattled. As might be expected, this monetary tightening has weighed heavily on stock market valuations, as Chart 3 reveals.

Chart 3 ›› Daily trends in the main stock market indices



Source : Macrotrends.

I.4. Foreign exchange market

The depreciation of the U.S. dollar began in December 2021 and continued through the first half of January 2022. This weakening of the greenback against the two major European currencies, the Euro and the British Pound, is believed to be due to U.S. inflation as documented in subsection 1.2 of this Monthly Economic bulletin. However, the prospects of a very near hike in bond yields by the Fed, as the U.S. economy is experiencing a much higher than expected rate of inflation, has led to a slight appreciation of the U.S. currency in the latter half of this January 2022, as seen in Chart 4.

On the Asian continent, the Japanese yen has changed its consolidated trajectory since last September, showing a downward dynamic in this month of January 2022. This appreciation of the Japanese currency against the greenback is explained by the normalization of monetary policy in Japan, which has put forward quantitative easing measures and has allowed the exchange rate to fall below the USD/JPY 115 mark. Similarly, the Chinese currency continues to consolidate since July 2021 against the US currency.

Chart 4 ›› Daily evolution of the main exchange rates

Source : Macrotrends.

I.5. Market for strategic products

- Copper

As predicted by Congo Challenge in its previous monthly economic bulletin, strong copper supply pressures have kept prices soaring in January 2022 that they have crossed the symbolic USD 10,000 per metric ton mark. In addition, the price of the red metal is also supported by Chinese imports, which have increased significantly. The resulting price surge could last for a long time, to the point of jeopardizing the current energy transition efforts.

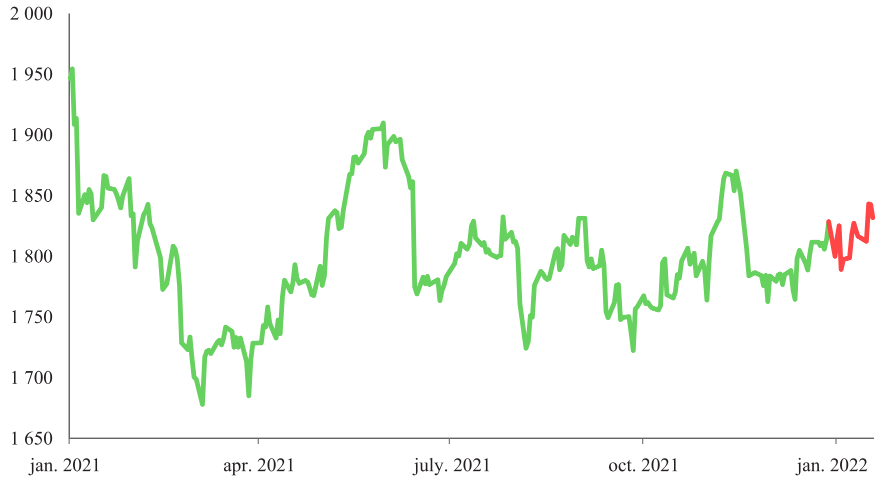
Chart 5 ›› Daily evolution of copper prices (in USD per ton)

Source : Macrotrends.

- Gold

During the month of January 2022, gold prices maintained the upward trend that began the previous month. Among the factors explaining this price increase are fears of a resurgence of global inflation, which is contributing to the increased interest of economic agents in the yellow metal. As gold is generally used by agents as a hedge against any erosion of purchasing power, continued price pressure could see the precious metal return to its symbolic level of two months ago, i.e. over USD 1,850 per ounce of gold by mid-November 2021.

Chart 6 ›› DAILY EVOLUTION OF GOLD PRICES (IN USD PER OUNCE)

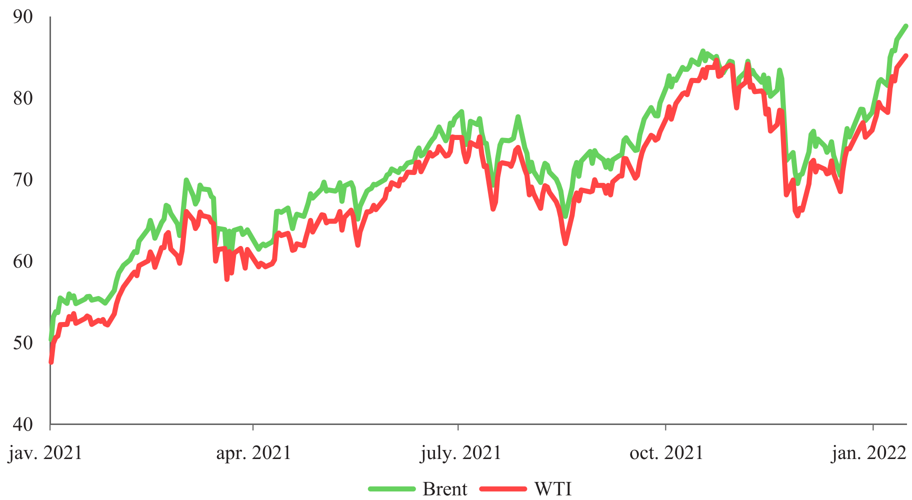


Source : Macrotrends.

- Oil

The upward trend in crude oil prices, which began in early December 2021, continued through January 2022. In the space of two months, prices have risen by almost 50%. In addition to being the consequence of solid demand and limited supply, this upturn in black gold prices is also explained by the growing geopolitical tensions in Ukraine, leading to supply problems in Europe from Russia (see Box 1). The combination of these economic and geopolitical factors could push prices above the USD 90 per barrel limit in the coming weeks, for both Brent and WTI.

Chart 7 ›› DAILY EVOLUTION OF OIL PRICES (IN USD PER BARREL)



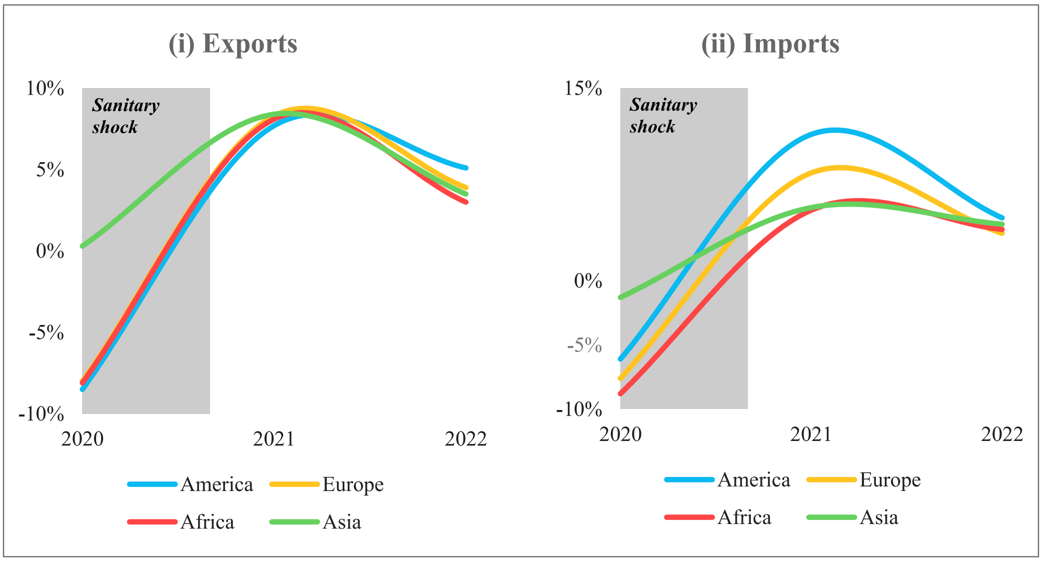
Source : Macrotrends.

I.6. International trade

The year 2021 ended with a strong recovery in trade, after the sharp deceleration caused by the pandemic shock in 2020. According to data from the United Nations Conference on Trade and Development (UNCTAD), merchandise trade has already surpassed its pre-Covid level, while the recovery in services trade has been rather slow so far. Moreover, Chart 8 shows that the US economy is expected to be the main driver of the speed of expansion of world trade in the current year, with the highest rates of imports and exports. It is therefore not unreasonable to speculate on a potential hegemony of the US economy in world trade.

In contrast to the rapid recovery in goods trade, the low trajectory of services trade is believed to be due to the lingering effects of the health crisis. Within the services sector, international transportation has been the hardest hit, which has put a huge strain on tourism-based economies. Since Covid-19 remains the main threat to trade prospects, it is imperative to catch up on vaccination schedules in order to vigorously revive the volume of international trade.

Chart 8 ›› ANNUAL GROWTH IN MERCHANDISE TRADE



Source : WTO, UNCTAD.

Box 1. Invasion of Ukraine: On the verge of a new "Cold War" between East and West ?

1. History of Soviet domination

In 1922, Ukraine was annexed to the Union of Soviet Socialist Republics (USSR) under the name of "Ukrainian Soviet Socialist Republic". Under the government of Joseph Stalin, the largest hydroelectric power plant in Europe was built and the Donbass mining basin in Ukraine was developed.

Between 1931 and 1933, a series of famines hit the USSR, and particularly the Ukraine. Ukrainians call this period "Holodomor" - i.e. extermination by hunger - aiming at breaking the peasantry and Ukrainian nationalism. A few years later, during the Stalinist purges of 1937-1939, several million Ukrainians were executed or sent to the "Gulag", Soviet labor camps. At the same time, as Marxism-Leninism advocated state atheism, many churches and cathedrals were destroyed in Ukraine, and millions of Orthodox believers were exiled to the Gulag.

In 1941, Ukraine was invaded by German armies; then in 1943, the German high command announced the creation of the "SS Galicia" division made up of 220,000 Ukrainian volunteers to fight the Soviet regime. But a year later, in 1944, the Red Army liberated most of Ukraine from the German invasion. Following the loss of life caused by this confrontation between the German and Soviet armies on Ukrainian soil, Ukraine joined the United Nations Organization (UNO) in 1945, but under the supervision of the USSR.

The beginnings of an independent state emerged with the fall of the Berlin Wall in November 1989, which led to the creation of the Ukrainian National Rukh Movement (UNM). In the March 1990 elections, Ukrainian democratic parties won a quarter of the seats in Parliament. In the same year, the Parliament adopted the Declaration on Political Sovereignty of the Republic of Ukraine, and then full independence was proclaimed on August 24, 1991. This was followed by the breakup of the USSR and the creation of the Commonwealth of Independent States (CIS), with Ukraine as a founding member.

The year 1991 also coincided with the decline of the USSR, which allowed the former East European satellite countries to join the European Union in 2003 and the North Atlantic Treaty Organization (NATO) in 2004. These countries include Bulgaria, Estonia, Hungary, Latvia, Poland, Romania, Slovakia, Slovenia and the Czech Republic. This was the end of the Soviet domination in Ukraine !

2. New pro-European demonstrations begin

After the separation from the USSR, other protests emerged, following the decision of the Ukrainian government not to sign the association agreement with the European Union in favor of an agreement with Russia dated November 21, 2013. Accompanied by heavy violence, the protest movement culminated in the revolution of February 22, 2014 with the flight of pro-Russian President Victor Lanoukouytch and his replacement by Oleksandr Tourtchynov.

In the face of this lost battle, Russia did not admit defeat. It came to the support of Crimea, a peninsula in Eastern Europe, to help it gain independence from Ukraine. On March 18, 2014, Crimea became part of Russia. At the same time, a civil war broke out in the Donbass (in eastern Ukraine) confronting the central government with Russian-speaking opponents. These conflicts continue to this day.

As of December 1st, 2021, Russia has proceeded with a massive deployment of nearly 100,000 troops on the eastern border of Ukraine, in order to put pressure on the latter. Aware of the gravity of the situation, negotiations between the United States and Russia began in Geneva on January 10, 2022. The West accused the Russians of wanting to invade Ukraine and Moscow blamed NATO for threatening its security by strengthening its presence in Ukraine.

Indeed, Russia is demanding security guarantees by banning Ukraine's membership in NATO. At the same time, the U.S. is countering that NATO's doors will remain open, and that draconian economic sanctions will be imposed on Russia if it tries to invade Ukraine. However, these U.S. sanctions could threaten the European Union's energy supply, as Russia is Europe's main supplier of oil, coal and gas through its pipelines that run through Ukraine. The pursuit of these geostrategic interests has led to the emergence of a number of dangers simultaneously on both sides, attesting to the need to defuse the crisis. Unfortunately, the negotiations were not successful and Ukraine announced on January 15, 2022 that 70 government sites in the country were attacked presumably by Russia. European countries, while supporting the American position, are helplessly watching this dangerous "cold war" in the heart of Europe.

Chart 9 ›› MAP OF UKRAINE

3. Conclusion

The Ukraine dispute is reminiscent of the East-West confrontation of the Cold War. On the one hand, President Vladimir Putin is strictly against Ukraine's membership in NATO and is multiplying his efforts to keep the former USSR countries under his influence. This has been demonstrated recently by the events in Belarus and Kazakhstan. On the other hand, the United States and Europe are determined to weaken this disturbing Russian threat as much as possible.

The danger is that all these powers have the atomic bomb, the use of which would be catastrophic for the whole world. It is not unreasonable to think that a classic war between these two poles could turn into a nuclear war. It is to be hoped for the sake of world peace that in the future there will be a modus vivendi between the great powers of the planet.

2. National context

II.1. Evolution of the national economy

The economic news of January 2022 was marked by several notable events, including (i) the project to develop 145 national territories; (ii) the inadequacy of the execution of the 2021 budget with reference to the public finance law; (iii) the ranking of the DRC in terms of corruption by the "Transparency International" agency; (iv) the request by the Ministry of Fisheries and Livestock for USD 15 million for the acquisition of fishing boats; (v) the disbursement of USD 6 million for the weeding of the Katende Dam; (vi) the improvement of the DRC's rating by Standard and Poor's. More explicitly, these facts are presented as follows :

- **The development project of 145 territories of the country**

Launched by the Prime Minister, His Excellency Mr. Jean Michel Sama Lukonde, on October 9, 2021 in the province of Kwango, this ambitious project, which had been delayed due to the setting up of the structures that were to manage it, was validated by the government in early January 2022. According to projections, it will be executed by March 2022.

To this end, the Head of State, His Excellency Mr. Félix Antoine Tshisekedi Tshilombo, convened on Thursday, January 13, 2022 at the Cité de l'Union Africaine, the members of the Political Steering Committee of the grassroots development project in order to raise orientation options to start the said project which is supposed to stimulate development from the grassroots.

This project concerns all sectors of national life and will focus on agricultural feeder roads, the construction of markets, the improvement of water and electricity supplies, the development of health centers, and the upgrading of the economic fabric, all of which are among the flagship actions of the current government's program. For the implementation of this project, the government has just made available nearly 450 million USD in the budget for the fiscal2022 year, which basically provides for an investment of about 1 million USD per year in each territory.

This development program, if well managed, can trigger the reduction of poverty and social inequalities, particularly in the interior of the country.

- **ODEP's view on the implementation of the 2021 budget**

In a recently published report on public financial management, the Observatory for Public Expenditure (ODEP) announced that budget execution from January to September 2021 did not comply with the relevant law. There is a mismatch between the vision and programming, budgeting, execution, monitoring and evaluation. It has not created wealth, promoted pro-poor economic growth, or improved the social conditions of the population.

In a document published on January 7, 2022, ODEP, an organization of citizen control of public finances, emphasizes that the execution of the 2021 budget law was marked by the aggravation of corrupt practices. Parliament, the temple of democracy, has been transformed into a temple of corruption.

For its part, the General Inspectorate of Finance (IGF) has distinguished itself by the trivialization of cases of violations of the law relating to public finance, the inability of the government to implement public policies following its duplication by the Presidency of the Republic, where certain advisors have assumed the functions of Ministers without a legal basis, not to mention the non-implementation of the national strategic development plan adopted by the Council of Ministers in 2020! Instead, ad-hoc projects are prioritized, designed with the sole purpose of diverting public funds and thus worsening the misery of the population.

On the other hand, it is worth mentioning the non-respect of the chain of expenses with the "Tshilejelu" project. Indeed, the Tshilejelu project was launched without the feasibility studies being completed, without calculation notes or estimates. To this day, these feasibility studies have never been validated by the Directorate "Bridge and Road" of the Ministry of Infrastructure and Public Works. Funds disbursed for this purpose have been misused by the Office of Roads and Drainage, in violation of the ministerial order on the determination and distribution of administrative costs applicable to civil engineering works financed by the public treasury. As with the Tshilejelu project, the contract for the "Kinshasa Zero Hole" project was awarded by mutual agreement.

Then, according to statistics from the Ministry of Budget, the Prime Minister's Office and the Presidency of the Republic have continued to commit, since last August, expenditures without availability of funds in violation of Articles 38 and 39 of Law No. 11/011 of July 13, 2011 on public finance, which states, among other things, that: commitment authorizations are the upper limit of expenditures that can be ordered or paid during the year.

To this end, it is clear that the rectifying finance law tabled in Parliament in September 2021, examined and voted on in December 2021 and promulgated on December 31 by the President of the Republic, was intended only to cover up the financial mismanagement of the aforementioned institutions. One can thus legitimately ask the following question: what would be the point of promulgating a budgetary collective that is supposed to be executed during a fiscal year, on the day the fiscal year closes? The absence of social and distributive justice in the distribution of national wealth, the lack of transparency and the absence of budgetary discipline, the lack of equity in the management of public finances are the factors that have characterized political governance throughout the year 2021.

- **DRC ranked in the top 20 most corrupt countries in the world**

Transparency International is an international non-governmental organization of German origin whose main purpose is to fight corruption in governments and government institutions worldwide. It is best known for regularly publishing global indices on corruption: ranking of states, corruption perception index by country or regularity of international trade. It also monitors the democratic functioning of national institutions by issuing opinions on government actions.

On January 25, 2022, the international organization Transparency International published its corruption perception index for the year 2021. According to the institution, the Democratic Republic of Congo ranks 169ème out of 180 countries worldwide. According to Transperancy International's report, the Democratic Republic of Congo scored 19 out of 100 points, up from 18 out of 100 points the previous year, on a one-place improvement in favor of the DRC and a slight decline in corruption.

According to the report, two years after the start of the devastating COVID-19 pandemic, the Corruption Perceptions Index 2021 shows that corruption has stagnated worldwide. Despite commitments on paper, 131 countries have not made significant progress in the fight against corruption over the past decade.

In this regard, it would be useful to know that corruption not only affects economic development through its effects on efficiency and economic growth; it also affects the equitable redistribution of income, increases income inequality, undermines the effectiveness of social programs and ultimately results in lower levels of human development. This, in turn, can erode sustainable development, economic growth and citizen equality.

Moreover, this ranking by Transparency International gives a negative image of the country and will therefore have major consequences on democracy, respect for human rights, the business climate and foreign direct investment in the Democratic Republic of Congo.

- **Request for financing by the Ministry of Fisheries and Livestock for the acquisition of fishing boats**

The Ministry of Fisheries and Livestock has developed a minimum emergency program to revive animal and fish production, the cost of which is estimated at USD 15 million for the acquisition of fishing boats.

In a letter addressed to Prime Minister Jean-Michel Sama Lukonde dated December 1, 2021, the Minister of Fisheries and Livestock, Mr. Adrien Bokele, requested 15 million USD to purchase some fishing boats. In his letter, the Minister of Fisheries explains that the purchase of these fishing boats will help the DRC to increase the production of fish, satisfy the needs of the population in animal proteins as well as reduce the national food deficit as quickly as possible.

This sum requested from the Prime Minister will allow the acquisition of two trawlers for fishing on the maritime coast and four small fishing boats for inland waters, mainly for lakes Tanganyika and Albert.

To this end, the Ministry already intends to initiate the procurement process to enable the rapid acquisition of these fishing instruments, with the Directorate General of Public Procurement Control (DGCM) to obtain the Notice of No Objection within 60 days so that this contract is committed and paid during the first quarter of this year, given that this need was well included in the Finance Act 2022.

If this minimum emergency program is validated by the Prime Minister, the acquisition of these trawlers will reduce the DRC's dependence on imports of fishery products, given the enormous fishing potential of the Congo Basin.

- **Weeding of the Katende Dam**

The role of electrical energy in the economic development of nations is no longer in question. Since the industrial revolution of 1780, based on the use of new energy sources (including electrical energy), electrical energy is changing all the habits of human activity. According to the economic literature, the economic growth of a country is also related to the level of consumption of electrical energy. Electricity is a critical resource for economic and human development, as its availability underpins the provision of essential services such as education, food safety through refrigeration, improved productivity of agricultural and economic activities, etc.

On Sunday, January 2, 2022, the President of the Republic, His Excellency Félix-Antoine Tshisekedi, visited the site of the Katende dam located in the territory of Dibaya in the province of Kasai, to see the progress of the work. This is a gigantic project dating from the colonial period, but which has always been the subject of political haggling and financial scandals. Unfortunately, history seems to repeat itself under the current regime.

Two months ago, a disbursement of millions6 of USD was made for this project. All that was done with this sum was only the weeding and replacement of the batteries of rolling stock. Even in the execution of this project, the National Electricity Company (SNEL) has been left out.

Yet in its initial project, this dam should produce 64 megawatts. However, a financial and technical audit has been planned to determine the cost and finalize the project as a whole. In any case, all the light must be put around the management of these millions6 of USD which visibly took a destination for which they were not intended; whereas if this project was well managed, it would have started the process of economic and human development in this corner of the country and even in the surrounding cities.

- **Standard and Poor's international agency upgrades DRC's rating**

Standard and Poor's (S&P) is a McGraw-Hill subsidiary that publishes financial analyses of stocks and bonds. It is one of the four main financial rating companies along with Moody's, Fitch Ratings and Dagong. It is best known in the U.S. market for its S&P 500 stock index, its Australian counterpart, the S&P 200, and its Canadian equivalent, the S&P TSX.

In a report released on January 28, 2022, Standard & Poor's Global Ratings (S&P) said it had upgraded the sovereign credit rating of the Democratic Republic of Congo (DRC) from "CCC+/C" (substantial risk, poor economic condition) to "B-/B" ("Highly speculative/ risky", with a stable outlook). The Democratic Republic of Congo thus joins the club of African countries rated "B-" by the agency, including Nigeria and Cameroon.

This improvement can be explained by the reduction in the DRC's external imbalances. Foreign exchange reserves have indeed increased by more than 400%, reaching US$3.5 billion (€3 billion) at the end of 2021, compared to less than US$800 million (€700 million) a year earlier - but also, positive results supported by rising copper and cobalt prices.

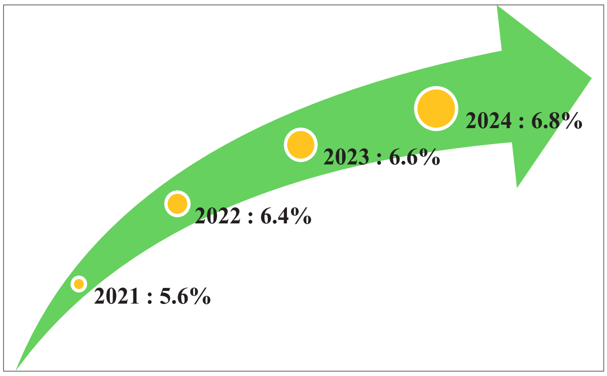
Ultimately, Standard & Poor's financial analyses serve as a compass for investors by reflecting the prevailing business climate in a given territory. The upgrade of its sovereign credit rating on the DRC is based on the country's balance of payments vulnerabilities, which have recently eased, thanks in particular to the good performance of the mining sector with copper and cobalt.

II.1.1. Economic Activity

Based on achievements to the end of December 2021, and during the month of January 2022, the main macroeconomic indicators show encouraging signals, despite a rather constraining health environment. According to the BCC, economic growth would have reached 5.60% in 2021 compared to 1.7% achieved in 2020. The outlook for 2022 indicates a projected growth of 6.1%. According to several institutions, such as the Permanent Macroeconomic Framework Committee (CPCM) of the Ministry of Planning, the monetary policy committee of the Central Bank of Congo and even the African Development Bank, growth in 2020 was essentially driven by the mining sector, which was buoyed by the improvement in world prices for the country's main exports.

Furthermore, it should be noted that all projections converge to confirm the recovery of the economy of the Democratic Republic of Congo over the next three years. Some predictions point to a possible recovery of 5.6% in 2022, 6.6% in 2023 and 6.8% in 2024. The International Monetary Fund (IMF) expects the DRC's economy to grow by 6.4 percent in 2022, compared to an average of 3.9 percent in sub-Saharan Africa.

Chart 10 ›› Growth Rate Projections for DRC



Source : IMF, 2022.

At the end of the last meeting of the Monetary Policy Committee (MPC) of the Central Bank of Congo (BCC) held on December 30, 2021, it emerged that the issuing institution plans to lower its key rate from the current 8.5% to 7.5% during the year 2022. According to some analyses of the experts of the Monetary Policy Committee, this projection is motivated by the good prospects of the economy during the new year 2022, with a projected growth of 6.4%, an annual inflation around 5.0% and the continuation of the relative stability of the national currency.

All in all, the achievement of these results will require the rigorous implementation of the sound economic policies initiated in 2021, particularly the respect of the Stability Pact between the BCC and the Ministry of Finance, the maintenance of a solid framework for monetary and fiscal policy coordination, and the careful implementation of macroeconomic and structural reforms designed to put the economy on the path of strong, sustainable, inclusive and diversified growth.

Regarding the prices of the main mining products of which the DRC is a major exporter, it was noted during the fourth quarter of 2021 that these prices were on the rise. Copper traded at USD 9,710 per ton at the end of December 2021, 5.25% higher than at the end of the previous quarter. Cobalt traded at USD 30.15 per pound at the end of the fourth quarter of 2021 compared to USD 23.75 per pound at the end of the previous quarter, an increase of almost 26,9%.

Also from a commodity perspective, the global oil price per barrel has been steadily rising since the beginning of 2022 and has reached its highest level in over 7 years. The price per barrel has risen from USD 20 in January 2020 to USD 55 in 2021, and is currently at USD 90. This increase in the price of oil per barrel is due to several factors including production disruptions and geopolitical tensions in some parts of the world.

The price of fuel at the pump has risen dramatically in several countries, leading the governments of these countries to take appropriate measures to mitigate this shock to consumers. Following this logic, the DRC government, through the Minister of Economy, has increased the price of fuel at the pump. An increase was recorded in the West, East and South zones for all three products (gasoline, diesel and petrol). The price adjustments were justified by (i) the increase in average commercial border prices (ACBP); (ii) the decrease in the volume of fuel for consumption; and (iii) the depreciation of the exchange rate.

The increase in fuel prices is a positive response to pressure from oil companies who had long been demanding the effectiveness of the price increase at the pump. However, the question of the oil companies' shortfalls remains crucial at the level of the government, which is using different mechanisms to cover them. The increase in the price of fuel at the pump is one of the mechanisms used by the government to cover the shortfalls of oil companies. In this logic, it is possible that fuel prices at the pump could increase gradually after a given period. Furthermore, a reading of the price structure reveals that the strategic stock has not been drained, but rather the fees for FONER have been significantly reduced. The issue that will continue to divide the oil companies and the government remains the assumption in the Western zone of the Lerexcom Petroleum charges and the additional SPSA Cobil charges by all oil companies despite the fact that some do not store their products in these tanks.

II.1.2 Price dynamics

The trend in the formation of prices of goods and services remained fairly stable during January 2022 as shown in Table 1. It should be noted that this stability in domestic prices has been observed since the last quarter of 2021. Compared to the previous month's price trajectory, there is therefore a slight narrowing of the gaps this month.

Weekly inflation devalued to 0.47% in the fourth week of January 2022 from 0.21% at the close of the previous month. As for the year-on-year inflation rate, it stood at 6.31% in the last week of this January 2022, down by 2.42% compared to that recorded at the close of December 2021.

Regarding the annualized inflation rate, it is expected to be 5.39% in the last week of January. This forecast is relatively higher than the previous month's annualized inflation rate of 5.07% in the last week. However, it is still low compared to the double-digit inflation rate seen throughout the first half of 2021, a corollary of the acceleration in prices in 2020 following the Covid-19 health shock.

Table 1 ›› INFLATION TRENDS (JANUARY 2022)

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.06	0.06	2.96	5.31
Week 2	0.09	0.15	3.98	5.29
Week 3	0.17	0.32	5.72	5.37
Week 4	0.47	0.47	6.31	5.39

Source : BCC, January 2022.

II.1.3 Exchange rate and foreign exchange reserves

Throughout January 2022, the time profile of the exchange rate remained stable – as was the case throughout 2021 – on both the interbank and parallel markets. However, compared to its level at the end of December 2021, the exchange rate experienced a slight appreciation of -0.04% on the interbank market, where it fell from 1,999.97 at the end of December 2021 to 1,999.09 in the fourth week of January 2022. On the parallel market, the exchange rate also experienced a slight appreciation between the end of December and the fourth week of January 2022 from 2 044.67 to 2 027.50, a negative variation of -0.84%.

Table 2 ›› Exchange rate trends

	Closing December 2021	January 2022				Change December – January
		Week 1	Week 2	Week 3	Week 4	
Interbanking market	1,999.97	1,999.11	1,999.84	1,999.89	1,999.09	-0.04%
Parallel market	2,044.67	2,045.00	2,048.33	2,035.33	2,027.50	-0.84%

Source : BCC.

As regards foreign exchange reserves, they were at a level almost identical to that of December 2021. In fact, foreign exchange reserves stood at USD 3,482.00 million in the fourth week of January 2022, compared to USD 3,500.00 million at the end of December 2021, a derisory drop of -0.51%. In terms of the number of weeks of imports, it is clear that the Congolese economy has retained the capacity acquired at the end of December 2021, namely three months of imports of goods and services.

Table 3 ›› Changes in foreign exchange reserves

	December 2021	January 2021				Change December – January
		Week 1	Week 2	Week 3	Week 4	
In millions of USD	3,500.00	3,500.00	3,500.00	3,482.00	3 482.00	-0.51%
In weeks of importation	13.36	13.36	13.36	13.36	13.36	0.00%

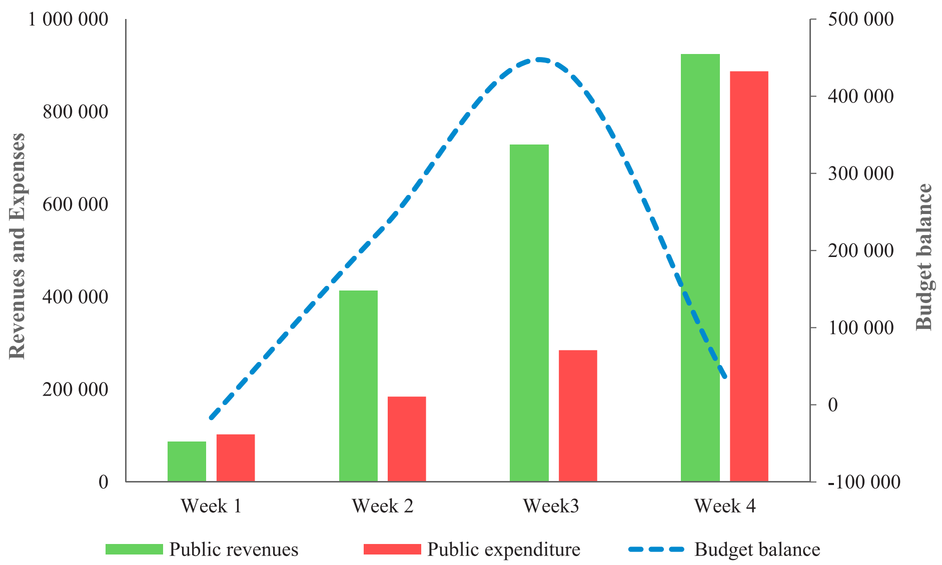
Source : BCC.

II.1.4 Public finance

CTR (Ministry of Finance) statistics show that in the fourth week of January 2022, the Treasury recorded a surplus of 36.559 billion CDF. This surplus is the result of an expenditure level of 887.522 billion CDF against a revenue level of 924.081 billion CDF. The nature of this balance is consistent with the cash-based expenditure financing clause stipulated in the stability pact signed between the government and the Central Bank of Congo in August 2020. Therefore, with the leeway available to the BCC, this situation can improve the stability of the macroeconomic framework.

On the public expenditure side, spending was down 32% compared to the close of last December. In addition, salaries accounted for almost 58% of all expenditures in the fourth week of December 2022. Such allocation of resources is counterproductive due to the low importance given to investment, which is one of the main drivers of growth and economic development.

Chart 11 ›› Public Sector Aggregates as of January 2022 (in millions of CDF)



Source : BCC.

Box 2. Critical review of the Central Bank of Congo's decision on reserve requirements

Central banks are the institutions entrusted by the State or a group of States with the decision to apply monetary policy. The ultimate objective of monetary policy is to achieve stability in the general price level. Thus, each central bank adopts a targeting system that determines the causal chain for achieving the objective assigned to it. There is exchange rate targeting, inflation targeting and monetary targeting.

Indeed, the Central Bank of Congo, BCC in acronym, implements its monetary policy on the basis of monetary targeting, respecting the causal chain described in Chart 12.

Chart 12 ›› Causal Diagram of Monetary Targeting

Monetary basis → **Money supply** → **General price level**

In order to achieve the objectives set, there are institutional factors of liquidity that reflect the inflections of monetary policy through the various modifications of the instruments of said policy.

We distinguish as institutional factors refinancing, securities outstanding, and reserve requirement, which relate to the instruments (i) policy interest rate (refinancing volume); (ii) bidding bands; and (iii) reserve requirement ratio, respectively.

It is worth mentioning that the BCC is thus independent in the choice of instruments and the determination of monetary policy objectives. The democratic counterpart of the independence of the Central Bank, granted and conceded by the public authorities to allow it to play its role fully, is the responsibility to preserve the collective welfare through the maintenance at all times of the stability of the general price level, and thus of the purchasing power of the population. This requires transparency, accountability and prior announcement of decisions taken without interference, impositions or intrusions from third parties.

However, the meeting of the Monetary Policy Committee on Thursday, December 30, 2021, at the end of which a communiqué was issued on January 2, 2022, resulted in the projection of the implementation for the current year of macroeconomic reforms, including the reform on the reserve requirement. This reform did not take economic analysts by surprise, as it was one of the bases of the proposals of both the International Monetary Fund and national scholars to make monetary policy more effective.

It should be noted that the reserve requirements are financial reserves that financial institutions, banks in this case, must deposit in their accounts with the Central Bank according to a fixed rate and on the basis of a base, namely the deposits. It is therefore a sterilization of money, i.e. a safety net set up by the monetary authority reducing the free assets of banks, but preventing panic, or even banking crisis.

In the Democratic Republic of Congo, since January 21, 2001, the BCC has formalized dollarization to curb hyperinflation. This unconventional measure allowed economic agents to make deposits in dollars and francs. Since then, until the reform, the BCC applied a discrimination of the compulsory reserve coefficients for deposits denominated in dollars and francs with the requirement that the release be done exclusively in national currency, regardless of the nature of the deposits.

Under these conditions, free assets in domestic currency fall, but the dollar quota remains unchanged. The consequence is that credits in foreign currency will be greater, and thus there is an amplification of dollarization.

Moreover, since free assets in domestic currency are scarce, the cost of money increases according to the law of supply and demand. This leads the banks to apply interest rate discrimination. This measure further increases the preference for credits in more stable and less expensive currencies, namely the US dollar. The dollarization is subsequently accelerating.

On the other hand, nowadays, there is a great wave advocating the de-dollarization of the Congolese economy. The latter cannot be decreed! It is only achieved through both economic and structural measures. It is with this in mind that the reform has been put in place to mitigate all the above-mentioned disadvantages due to the total liberation of reserve requirements in national currency.

It is crucial to mention that this measure, which will be gradual, will avoid the drying up of free assets in national currency. This will allow (i) the increase in subscriptions to both treasury bills and BCC bonds as needed; (ii) the reduction in the cost of capital in national currency; (iii) the reduction in recourse to the refinancing window, which is the basis for the tacit renewal of outstanding refinancing; and (iv) the reduction in the dollarization rate. It appears that this measure alone cannot de-dollarize the Congolese economy. Finally, it should be noted that this reform can only be successful if it is accompanied by macroeconomic and long-term measures, including (i) maintaining the stability of the macroeconomic framework, in particular the stability of the general price level likely to erase the "memory effect" over the years; (ii) increasing national production in order to allow the Congolese franc to fully play its traditional functions as a currency. Only under these conditions will there be a strengthening of the element of confidence, the foundation of any currency.

II.2. Political developments

The news in January was dominated by: (i) the itinerancy of the President of the Republic Felix Tshisekedi in the greater Kasai; (ii) the installation of opposition delegates in the CENI; (iii) the controversy surrounding the announced resignation and dismissal of Jean-Marc Kabund; (iv) the assessment of Felix Tshisekedi's three years in power.

1. Tour of the President of the Republic Felix Tshisekedi in the great Kasai

In his itinerary through the greater Kasai region, which began in December 2021, President Felix did not fail to motivate the decision that would have led him to end the FCC-CACH coalition, thus divorcing himself from Joseph Kabila's political family, which, according to him, no longer shared the same vision of development as his political camp.

The President maintained that he had decided to put an end to his friends of the FCC, after his accession to power, because they did not want us to walk together in the vision of development, which is why he decided to create the Sacred Union so that those who want to walk with him follow him.

For him, the objective of the Sacred Union is to put an end to the difficulties of the population of the Congo, by promoting development, after having eliminated the insecurity in the eastern part of the country, Ituri and North Kivu where a state of emergency has been declared since 2020.

Continuing his visit to Grand Kasaï, Félix Tshisekedi, who was in Katende and its hydroelectric dam as well as in Tshikapa in early January 2022, took the opportunity to take the measure of the crucial issues for the inhabitants while the opposition already sees it as a pre-electoral campaign visit.

On the spot, Félix Tshisekedi also noted the difficulty of completing such a project, which is vital for this region and its landlocked inhabitants.

"But where did the $6 million recently released by the government go?" said an astonished Felix Tshisekedi as the site was overgrown. This is a project to which the Congolese president is committed. Because "water and electricity are crucial problems in the Great Kasai." The stakes are high and the president knows that he will be judged on his record, and therefore on his promises to revive the Katende dam.

At the Tshikapa stage, Felix Tshisekedi made proposals to try to alleviate the suffering of the population. "In our country, we can not suffer from hunger, we have land and space, everything needed to create abundance," said Felix-Antoine Tshisekedi before the population of Tshikapa, capital of Kasai province.

It was at this stage that he also announced that he wanted to provide the country's 145 territories with their own budgets, to promote development at the grassroots level. Some actors have argued that this is an announcement that looks like a promise of a president, candidate for his own re-election.

Speaking on behalf of Adolphe Muzito's Nouvel Élan, Jean-Bosco Mpunga, its executive secretary, said that the promise to relaunch MIBA (Bakwanga Mining Company), for example, is yet another one. Indeed, the revival of MIBA, considered as the lung of the province's economy, requires at least 250 million USD and not 40 million USD. "*We are not yet in the time of always hearing promises. We want the concretization. Like MIBA, the late Etienne Tshisekedi had said it well, to raise MIBA, it needs 250 million USD, instead of 10 million USD that Mr. Joseph Kabila had invested. But I hear that they speak about 40 million USD, but he (Etienne Tshisekedi) had said 250 million USD*".

On the other hand, for the national deputy Steve Mbikayi, executive of the Sacred Union of the Nation, the tour of the Head of State in the Grand Kasai area is not an anticipated campaign but rather a public action of proximity. "*A live exchange with the population, with the risk of slipping is a proof of assurance and sympathy of a president towards his people. Out of 5 presidents of the DRC, 2 have shown themselves capable of it. The 2nd and the 5th. It is called public action of proximity and not anticipated electoral campaign*", hammered the former minister of the Higher education and university.

For Micae Mulumba, Personal Assistant to President Felix Tshisekedi, this tour since Friday, December 24, 2021 in the Grand Kasai area has allowed the Head of State to communicate with the population who told him about their problems that he promised to resolve, as far as possible. "It was a normal mission of roaming during which the Head of State felt the reality in these three provinces of the center of the DRC, both economically and infrastructure through social and energy, "he said.

He also stressed that "*President Tshisekedi is not in an electoral campaign for the simple fact that the constitutional deadline for organizing elections has not yet been reached. "The Head of State is the first of the territorial agents that the DRC has and the itinerancy is one of the missions assigned to him,*" he explained.

Cependant, il faut signaler que lors de cette tournée, le Chef de l'État a eu à faire un constat amer sur certains projets exécutés dans le grand Kasai. Ce qui a d'ailleurs mis aux prises ses proches qui se sont lancés des attaques musclées les uns envers les autres.

However, it should be noted that during this tour, the Head of State had to make a bitter observation about certain projects carried out in the greater Kasai region. This has also put his relatives in conflict with each other, who have launched strong attacks against each other.

To this end, denouncing the exorbitant price of the construction of a school in Kasai Orientale which would cost a sum of 3 million USD, the deputy Ngoyi Kasanji of the Sacred Union accused the principal adviser of the Head of State in economic matters, Marcelin Bilomba, of embezzling funds mobilized for the realization of the project "Tshilejelu".

In response to these accusations, Mr. Bilomba went so far as to make personal attacks on Ngoyi Kasanji, whom he accused of having destroyed the Bakwanga Mining Company (MIBA) and of having no lessons to teach, while inviting him, as a member of parliament, to learn from and observe the owners of the project in order to obtain the terms of reference, the specifications, the price and quantity lists and have them checked by the architects and engineers to prove that there was overbilling.

In addition, Marcellin Bilomba accused Ngoyi Kasanji of being a liar, for having taken advantage of the decrease in airfares, (the work of the Minister of Economy Jean-Marie Kalumba) by displaying himself on billboards as if he was the author.

Also, intervening on behalf of his party, Jean Marc Kabund, President a.i. of the UDPS, who said he was shocked by Bilomba's attitude, not only noted the lack of respect towards a national elected official, but also and above all invited the justice system to look into his case of presumed misappropriation. It is in this spirit that he apologized to MP Kasanji, saying that the justice system should look into this case to establish responsibilities. He also made it clear that MP Ngoyi Kasanji only did his job as a controller of the executive branch, and that as such, he deserved better than insults.

2. Installation of opposition delegates at INEC

Following their swearing-in by the Constitutional Court on January 13, 2022, the three opposition members (Didi Manara, second vice president, Agée Matembo, quaestor, and Jean Ilongo, member of the plenary) all took up their positions on the Independent National Electoral Commission.

These three new members of the CENI come from the dissident wing of the Common Front for the Congo (FCC), which received the support of the Revolutionary Progressive Dynamics of the FCC led by Constant Mutumba, who called on the militants of his group to mobilize in support of their representatives promoted within the electoral center.

For Fidèle Likinda, national deputy of the PPRD, the appointment of these three figures is a non-event, especially since it was made in violation of the texts in force, after their exclusion.

For Joseph Kabila's PPRD and Fayulu's Lamuka, consensus is essential for the holding of credible and peaceful elections.

Constant Mutamba, a member of the FCC, maintained that they had succeeded in breaking the deadlock that had been undermining the electoral process in the DRC, and that *"the revolution they had created internally would ensure that there would be credible and transparent elections in 2023"*, that *"their representatives in the CENI, representatives of the Opposition that they have delegated, will play their part, namely : to make the counterweight internally and to ensure the transparency of the electoral process internally, because the policy of the empty chair has never paid in this country"*.

For Patrick Nkanga, rapporteur of the PPRD political bureau, participating in the 2023 elections in the current configuration of the CENI no longer seems necessary. "The appointment of Mr. Mabiku Totokani as National Executive Secretary of the Independent National Electoral Commission to replace Ronsard Malonda continues to be rejected by various political platforms, including Lamuka, which fears an electoral hold-up in favor of the UDPS candidate. This has only amplified the mistrust of the upcoming elections.

3. The resignation of the First Vice President of the National Assembly

Blocked on the Avenue des Poids Lourds, because a car with a Republican Guard soldier on board was going in the opposite direction, the motorcade of Jean Marc Kabund, president a.i. of the UDPS, had an altercation between his bodyguard and the Republican Guard soldier. Faced with this reality, Kabund did not hesitate to take the soldier to the military auditorium.

Irritated and frustrated by Mr. Kabund's action, soldiers of the Republican Guard broke into his residence in Kingabwa where they ransacked certain rooms as a punitive expedition against him, whom they considered to have given the order to kidnap a member of the presidential security force.

After seeing his residence ransacked by elements of the Republican Guard, Kabund announced on January 12, 2022, via social networks, that he was taking the decision to resign from his position as 1ster Vice President of the National Assembly and that a new page of history was opening, which will be written with the sweat of his brow, which will flow every day that he will face the bullying, humiliation and torture.

In this decision, the Honorable Jean Marc Kabund implied that the Head of State had abandoned him insofar as there was no reaction from him on this matter. Some sources even seemed to support the theory that the order to ransack the residence of the first vice president of the National Assembly came from the top.

As reactions to this announcement of resignation, the members of the UDPS, including several motorcycle-taximen (Wewas) opposed this decision, chanting that *"they do not want this resignation. The UDPS is the base and the base says no. We will continue until he announces the withdrawal of his resignation"*, they said.

Meanwhile, Peter Kazadi, an executive of the presidential party, tried to minimize the impact of this decision on the Tshisekedi administration, arguing that "the UDPS is a mass party that has seen many departures, eminent personalities who thought that after them, it would be the death of the UDPS, although Mr. Kabund has not announced his withdrawal from the UDPS. "The party has other deputies who will fill this position and life will continue. This is its freedom. It is in all conscience that he took his decision, which he did not, moreover, motivate.

On the FCC side, the incursion of the Republican Guard into Kabund's residence presages *"the beginning of the end"* of the Tshisekedi regime, because 2022 certainly begins on a bad note.

Beyond the political situation, which is often tense between different political camps, war has just been launched between members of the same clan. The last straw was the attitude of the soldiers assigned to guard Jean-Marc Kabund, who disarmed a member of the Republican Guard who was taking the one-way street.

The act of indelicacy by the Republican Guard was strongly condemned by most political actors. They wonder how an authority of the country can be humiliated in this way at his home? If there were blunders by some elements of his guard, the law and justice must do its job.

On the other hand, the detractors of the president a.i. of the presidential party claim that since the dismissal of the Mabunda office, Jean-Marc Kabund A Kabund has become even more haughty, insulting, proud and contemptuous, even considering himself as the "Vice President of the Republic" and doing things that even the Head of State would not allow.

The positions taken with regard to the collaborators of the Head of State Félix Tshisekedi are equally sobering. On this issue, the rest of the political class did not remain indifferent to this situation, which put the scandals of the Tshisekedi regime in the public eye.

For Felix Kabange Numbi, former Minister of Public Health under Joseph Kabila: *"The police are ridiculing the Republican Guard. The latter humiliates the police, ransacks the residence of the Vice President of the Assembly, Head of the Presidential Party. The power fights against the power"*.

Continuing his reading, Felix Kabange Numbi gave an apocalyptic analysis. "This is the beginning of the end of this regime," he concluded. In view of this sad reality that announces a bad omen one year before the elections, the cloudy sky seems darker.

4. Assessment of the three years of power of Felix Tshisekedi

On January 24, 2019, following his election by universal suffrage, Felix Tshisekedi was sworn in as the fifth president of the DRC. Much more than an oath, this date marked a double victory: that of democracy and Congolese sovereignty. Tshisekedi's election was above all the realization of a great dream, that of seeing two presidents cohabit in our country: one former and one in office, with the bonus of a proper handover.

January 24, 2019 to January 24, 2022, three years have passed since President Tshisekedi came to power without a majority in Parliament. To form a majority in power, he had to draw from the opposing camp. Many politicians and even members of the Common Front for the Congo loyal to Joseph Kabila did not hesitate for a second to join the Sacred Union of the Nation that President Tshisekedi had just created to form this majority.

Moreover, it should be remembered that opinion is divided regarding the three years of power of President Félix Tshisekedi. For the opposition, the country has regressed on all fronts, especially in security and social matters. On the other hand, the majority in power believes that the results are positive: free education, an increase in the national budget, foreign exchange reserves, and the country's return to the concert of nations.

For Albert Moleka, former director of cabinet of the late Etienne Tshisekedi, the current regime is struggling to control the situation and is having difficulty responding positively to campaign promises made to the population. *"We must keep in mind the difficulty that the current regime has to control the situation, and to be able to provide appropriate solutions mainly to the needs of the population in terms of security, in terms of social security, in terms of welfare that are all that constitutes the electoral promises of those who are currently in power"*, he said.

Albert Moleka believes that the government in power is unprepared because of the lack of impact of the government's projects on the ground, projects that are poorly designed and poorly executed. "In addition to the political will, there was a need for preparation. *When you come to power, it is not by chance. It must be the result not only of a struggle, but that of a progression, a change in yourself in terms of knowledge of the public thing, knowledge of the situation on the ground, so that already have proposals, solutions that can be, not only appropriate, but effective and bring clear results*", he explained.

For this former Dircab, if you don't have the knowledge of the state of affairs, for example the knowledge of the functioning of the administration, it is difficult to have success with any plan or program.

Carbone Beni believes that the President of the Republic is caught in his own trap, he who should have cleaned up the ruling political class. To this end, he said that ***"One of the major challenges that President Felix Tshisekedi should take up after Joseph Kabila, was the sanitation of the ruling political class"***. Unfortunately, he himself has allowed himself to be taken hostage by the same chameleons and harmful predators, and tends to reinforce their existence.

For the national deputy Charles Okoto, the management record of President Félix-Antoine Tshisekedi Tshilombo is largely positive. He justified his position by several "advances" that have been recorded during this third year of management. For him, the civilized transfer of power achieved in January 2019 remains to this day, an act of pride and satisfaction for the entire Congolese population. "*Since we have known our international sovereignty, we have never had a civilized passage like the one we just experienced. They have given a serious and civilized start to the other presidents who will come after. And the DRC has become a model, an example to follow in Africa", he said.*

On the same occasion, this elected representative of the province of Sankuru returned to the strong points of the current mandate of the Head of State, in particular with the freedom of expression which has become effective.

"Today we have peace. In other countries, just after the transfer of power, there are two camps that are pitted against each other. But in the DRC we have only one president and the former president is moving freely without being worried", insisted Charles Okoto. And on the security situation in the East: "You know what the President of the Republic inherited, there is a thorn in our side in the East. But I believe that we are slowly and surely moving towards the end of hostilities.

For the national deputy of the Union for Democracy and Social Progress (UDPS/Tshisekedi), Paul Tshilumbu, *"The balance sheet is positive, although we had problems at the beginning of our mandate with our friends from the Common Front for the Congo (FCC). But no one can question the firm will of the President of the Republic to fight against corruption, to mobilize funds to fight against poverty. Six months after our separation from the FCC, the budget of the DRC has increased from 4 to 10 billion US dollars. This shows the firm will of President Felix Tshisekedi to rebuild the Congo and to work for the people who have suffered so much"*, he told the press.

On the diplomatic front, this UDPS elected official believes that the country has become frequentable again thanks to the "active diplomacy" of Félix-Antoine Tshisekedi. He alluded in particular to the reopening of the Schengen house at the beginning of the current President's term of office, to the restoration of relations with the international community, once tense with the Kabila regime, but also to the country's return to the concert of nations.

Despite these reported advances, Paul Tshilumbu remains optimistic and believes that *"much remains to be done before the end of his first term", because, he says, "with this project at the base of 145 territories, several problems of our people will find solutions"*.

For MP Lucain Kasongo, a member of Joseph Kabila's People's Party for Reconstruction and Democracy (PPRD), *"the situation is getting worse and worse. Living conditions are becoming increasingly difficult. Nothing on the ground, it's a regression. No positive signals"*. He went on to point out that all those who were arrested have been released. Embezzlement has become a mode of management.

He also declared that *"Félix Tshisekedi must take responsibility for his record alone. Kabila managed alone for 18 years. When we talk about his record, we say that it is Kabila's record. We do not say that he managed with someone. He has to take responsibility alone"*.

Worried about the few failures recorded during the first three years of Félix Tshisekedi's mandate, Jonas Tshiombela, national coordinator of the New Congolese Civil Society (NSCC), invites the head of state to make a deep sweep of his cabinet and reshuffle his government team as soon as possible so that social issues can be truly felt by the population.

Jonas Tshiombela believes that the Head of State must pull himself together and clean up his entourage so that things can get back on track with his vision. He really has a vision to do something for the Congolese, but unfortunately, those who should accompany him in this vision seem to play for their personal interests. We advise the leader to reshuffle his entourage, but also the government so that the impetus is stronger and that the social issue is a priority, since he has no more time to lose and that the fight against impunity is really engaged without mercy.

Finally, for Elie Mputu Kalumba, federal president of the Engagement pour la citoyenneté et le développement (ECIDE) and coordinator of the Lamuka coalition in Central Kasai, there has been a real setback in the population's way of life, three years after President Félix Tshisekedi Tshilombo's accession to the supreme office. For him, the current regime is a club of businessmen, plunderers of the Republic, vultures and even predators. A regime, according to him, infested by opportunists.

On the security front, Mr. Mputu believes that all the promises made by the head of state, Félix Tshisekedi, remain unreal. *"He has still not succeeded in restoring peace in Ituri and North Kivu as he promised himself in his inaugural speech"*, he said.

On the economic front, Mr. Mputu Kalumba was indignant that things have gone from bad to worse, with the depreciation of the national currency against the American currency. For, Mr. Tshisekedi upon coming to power found in January 2019 the dollar rate at 1675 Congolese francs to one U.S. dollar. But to date, three years later, the same unit of U.S. dollar is exchanged for 2,000 Congolese francs, continues the opponent. And Élie Mputu Kalumba concluded that *"nothing works, the country is floundering"*. The Tshisekedi regime is groping its way forward. Also, he called on the people to rally behind Martin Fayulu Madidi, the one and only man, according to him, capable of bringing change to the country.

The federal president of EciDé warns that the countdown is already on for the next elections. *"We will not give even a single minute to the current government to postpone the elections for any reason"*, said Mr. Mputu Elie in a firm tone.

3. Political and economic perspectives

On the political level

What has been happening within the presidential party in recent weeks has left no one indifferent, especially since the internal struggles that ended up unseating the party's interim president, Jean Marc Kabund, who was dismissed on Sunday, January 30, 2022, do not seem to augur a better future for the Sacred Union, of which Kabund is one of the architects.

For more than a year now, some heavyweights of the presidential party have been calling for a party congress to comfortably stabilize its structures and put the right men (or women) in the right place. Unfortunately, the demand has been bourgeoisly frozen, managed and forgotten.

Indeed, this dismissal will not fail to create a crack in the party which, instead of helping the Head of State to propose concrete solutions to the expectations of the Congolese people, risks to remain in the management of ambitions as well as bitter and disappointed people who are waiting to be served after so many years of struggle (waiting for appointments in public enterprises).

One is therefore entitled to ask whether the UDPS is not heading for dislocation! They are together only for the form, but everything or almost everything seems to divide them.

The political stability of the country in this year will also depend on the stability of the UDPS, which will have a definite impact on the future of the Sacred Union a few months before the elections.

As a result, it is likely that there will be a redistribution of the cards on the political scene with Katumbi, who in his actions and speeches is gradually distancing himself from the Sacred Union, with ambitions to run in 2023. As who would say "Tshisekedi-Katumbi, the dislike, when will the divorce? To this effect, the declaration of a group of deputies of the Ensemble this Monday, January 31, 2022, says a lot, when it is asked to any leader of the parties to be able to pronounce clearly on their relation with the Sacred Union.

Moreover, the opposition, led by Lamuka and what is left of the FCC, does not expect to give any guarantee of postponement of the elections, and will certainly continue to deny the Kadima team its ability to organize credible, transparent and democratic elections, in the face of all suspicions of collusion with the UDPS.

If a true climate of dialogue is not established between INEC and the political parties, particularly those of the opposition, there is reason to fear that there will be disputes in the days leading up to the elections.

Finally, the security situation remains worrying despite the state of emergency that has been renewed many times, the resurgence of tension in the East with, in particular, the fighting reported in Rutshuru between the M23 and the FARDC, the Burundian rebels in the Ruzizi Valley, the clashes between the Bafuleru and the Banyamulenge in South Kivu, not to mention the incursions of the CODECO in Ituri What an attitude and reaction on the part of the DRC in the face of all these attacks, which obviously originate in neighboring countries!

On the economic level

The International Monetary Fund's economic outlook indicates that the world economic growth rate should be 4.2% in 2022, compared with 5.5% in 2021. The world economy is therefore gradually entering a phase of slowdown, after the rebound recorded in 2021. For its part, the World Bank predicts a resurgence of inflation due to the increase in energy prices.

Internally, according to statistics from the Central Bank of Congo, the Democratic Republic of Congo recorded a gross domestic product (GDP) growth rate of 5.6% in 2021 and should expect an estimated rate of 6,4% in 2022. This growth will be supported by mining production, whose commodity prices continue to rise.

Standard & Poor's confirmed in January the improvement of the country's rating. The country's rating was raised from CC+ to B-, reflecting the structural change initiated by the government several years ago. The economic outlook, according to Standard & Poor's, is driven by increased mining production over the next few years, which would increase export earnings and improve the trade balance. It also maintained that the improvement in the country's rating was dependent on the implementation of structural reforms under the three-year program with the IMF.

Overall, the macroeconomic framework remained stable. The year-to-date inflation rate at the end of January 2022 was 0.47 percent and the year-on-year inflation rate was 6.31 percent. The exchange rate stood at CFAF 1,999.09 at the end of January 2022 and foreign exchange reserves remained at 12 weeks of imports.

Since the beginning of 2022, there has been growing uncertainty about the organization of elections in 2023 due to the lack of (i) consensus on the appointment of the CENI's leaders and (ii) financial resources. In addition, there is the continuing insecurity in the eastern region of the country.

For Congo Challenge, the government must continue to combine efforts in the implementation of structural reforms that are indispensable for the country's development. The re-launch of large-scale infrastructure projects such as the construction of the deep-water port of Banana, the construction of the Katende dam, the Inga III dam project, etc. would be the way for the government to produce wealth, and consequently reduce youth unemployment.

The law of the electoral cycle may be favorable to him with two years to go before the general elections, if the government manages to materialize some crucial projects that could increase his popularity rating, especially in those segments of the country where the government is less popular. This is possible while lining up projects in accordance with the programmatic tools currently available (PNSD, 145 Territories Project, Industrialization Master Plan, Five-Year Transport Plan, Public Revenue Mobilization Strategy, etc.). But time will be against him, and any delay in the implementation of these projects will be an electoral thorn.

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Dixit Machiavel

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