

CONGO CHALLENGE
THE MONTHLY BULLETIN



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

Issue 63 | July 2022

Kinshasa, DRC



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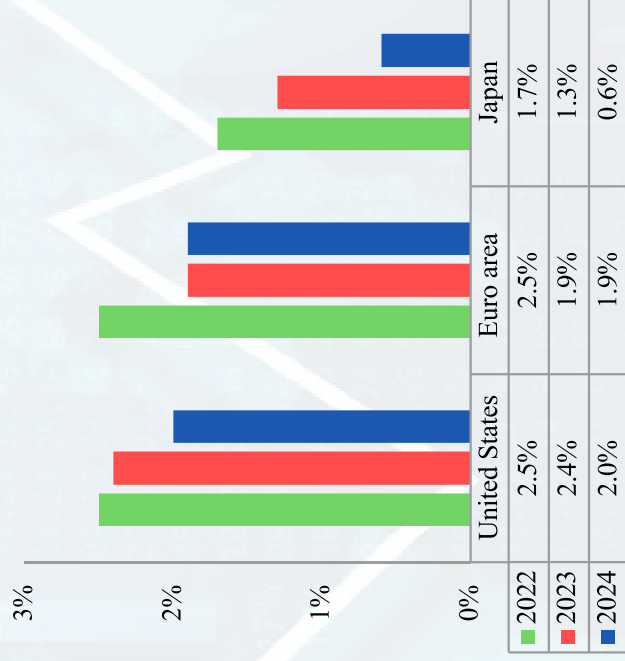
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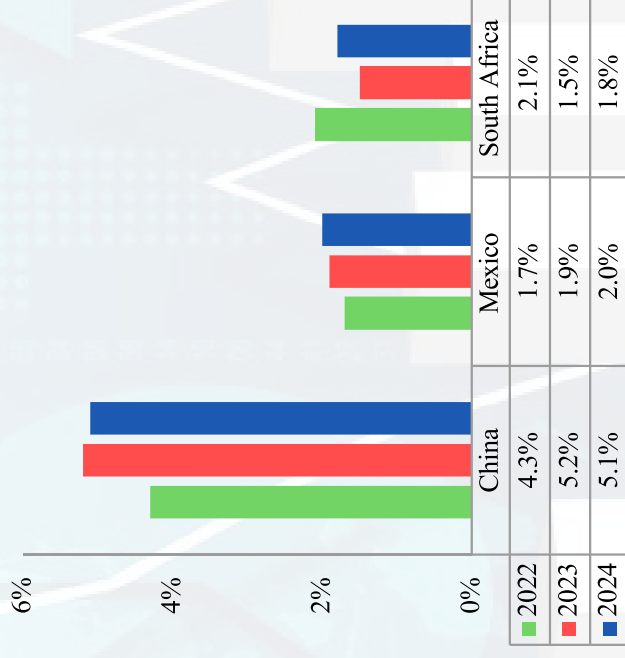
Kinshasa, DRC

Global Economic Growth Projections

Advanced economies



Emerging economies



Summary

What I think	6
Executive Summary	9
International Context	11
Economic growth	11
Inflation	12
Financial market	13
Foreign Exchange Market	15
Market for strategic products	16
International trade	18
National context	23
Evolution of the national economy	23
Economic activity	28
Price dynamics	31
Exchange rate and foreign exchange reserves	32
Public Finances	34
Evolution of the political situation	35
Political and economic perspectives	45





Matata Ponyo Mapon

What I think

The political shift or the violation of the constitution ?

I think that the slippage of a political mandate is a flagrant violation of the Constitution which is the supreme law of the land. In fact, in its articles 70, 103, 105, 197, it is said that elections must be held every five years. This applies to all levels (presidential, national and provincial legislative and territorial). If for any reason this time limit is not respected, the political governance of the country is totally illegal, or even unconstitutional. One may want to invent a term to "purify" the political sin committed, by calling it "slippage", "prolongation", "catching up-covid", the content remains the same: it is indeed a violation of the Constitution, the objective being to remain in power beyond the period required by the constituent. There is no shortage of reasons to justify this slippage: insufficient means to finance the electoral process, the occurrence of the pandemic that caused economic underperformance, the need to reform the electoral law, and a population census to ensure the exact number of voters. These arguments seem politically correct, but are not in line with the will of the people. In fact, political term limits are primarily a response to the need for accountability of elected leaders to the people. It is on the basis of the work done by the government that the people are able to renew or not renew the terms of office of their leaders or representatives. This is democracy; as Abraham Lincoln said at Gettysburg on November 19, 1863, it is government of the people, by the people and for the people.

I think that the length of a presidential term is not a Congolese invention as some may imagine. It can be seven years as in France, five years as in the DRC or four years as in the United States, the largest democracy in the world. The term of office can be renewable once or several times as in Germany according to the will of the constituent better expressed by the Constitution. Angela Merkel was re-elected four times and spent sixteen years (2005-2021) in power in Germany, the most powerful economy in Europe. She left office with a high level of popularity. It is not the length of the term of office that guarantees the good results of the government or of a political regime. Otherwise, Marshal Mobutu, who spent thirty-two years in power uninterrupted, would have brought the DRC into

the world's emerging economies. Moreover, American presidents would never be re-elected because the short four-year term would not allow their governments to achieve socio-economic results on the basis of which the people would decide. Bill Clinton was re-elected because of the remarkable social and economic performance he achieved during his first four-year term. Generally speaking, we have seen leaders who have stayed in power for a long time be ousted by the people; on the other hand, we have seen leaders who have served short terms and been re-elected several times, such as Angela Merkel most recently. It is basically a question of the results obtained at the end of the mandate, whether it is long or not. And that is a function of the quality of leadership and governance. Pandemics, natural disasters, rebellions, wars, age and the like cannot be valid arguments for extending a mandate.

I think that the price of a political shift is usually heavier than one can imagine. Mainly, because it destroys the foundation on which the pact of communion and accountability between the leaders and the people is built, namely trust. How can the people have confidence in their leaders when they oppose their freely expressed desire for term limits in the constitution? Nothing effective, excellent and lasting can be accomplished without trust. And to circumvent the will of the primary sovereign, political leaders' resort to unconstitutional and illegal formulas generally known as "national consultation" or "national dialogue," which are not elections and can in no way replace them. These monstrous power-driven forums often produce political institutions such as the "government of national unity" or "transitional government" or "coalition government. Such institutions are forced to bring together not only those in power but also those in opposition in order to survive. The two blocs then agree to run the country in total illegality, to the great displeasure of the population. This amplifies the rift between the power and the people. The most recent case is that of the last slide in 2017-2018.



I think that the extension of elective mandates, whatever its duration, the formula and the communication used to justify the decision, is harmful not only to the population, to the country but also to the leaders. To the population, because the coalition or national unity governments have generally produced poor socio-economic results due to the inefficiency of the economic policy, which is plagued by internal contradictions due to the conflicts of ideologies and objectives of the main coalition members. To the country, because the resulting crisis of confidence and the social tensions that follow, uncertainties and deteriorate the business climate; this negatively impacts private investment, the basis of all economic growth and prosperity. To the leaders, because in the long run, they are challenged by the population not only because of the breach of confidence, but also because of the mixed socio-economic results resulting from the political shift and the lack of coherence of the policies put in place, dictated by the electoral deadlines rather than by the general interest and the respect of the country's programmatic tools. The ideal would be to avoid the political shift in all its forms, including by changing the Constitution to readjust the length of the mandate. We know the recipe and it is "déjà vu": we

change the constitution and we reset the term counter to zero. In all cases, the results are the same. What can we say about countries that do not have a constitution and that scrupulously respect the established habits and customs? What can we say about those who have it, but never change it and who progress economically every year? The best examples for the DRC are legion and copying good models does not constitute a weakness, even less a defeat! On the contrary!

Kindu, August 06, 2022.



Executive Summary

Economic situation

- **At the international level**, the slowdown in economic activity is being driven by the consequences of the conflict in Ukraine. According to the World Bank's economic outlook, global economic growth is expected to fall to 2.9% in 2022 from a previously estimated 4.1%.
 - The pressure on food and energy prices caused by the Ukrainian crisis is expected to be a major contributor to rising inflation. Central banks are therefore called upon to rely on credible monetary policy frameworks to effectively anchor inflation expectations and reduce the amount of monetary tightening needed to achieve the desired effects on inflation.
 - During the month of July 2022, equity markets were generally characterized by upward trends, despite a rate hike by the Fed. The small size of the rate hike would have given traders optimism, leading them to increase their purchases of equity assets.
 - In the international foreign exchange market, a sharp decline in the European currency against the greenback was observed during the first half of July 2022. The slowdown in the global economy, the surge in energy prices and the ECB's belated increase in bond rates are likely to explain this depreciation of the Euro. Subsequently, other major currencies recovered as demand for U.S. dollar liquidity declined in the latter half of this month.
 - In terms of commodities, copper prices fell drastically during July 2022, and this fall is believed to be driven by growing fears of a global economic slowdown. Gold prices declined due to the Fed's firm commitment to a tightening monetary policy to control inflation. In the crude oil market, prices trended lower as OPEC+ countries confirmed their plan to increase production volumes earlier this month in order to bolster supply.
 - According to the World Trade Organization (WTO), the outbreak of war in Eastern Europe has significantly clouded the trade outlook for the global economy in 2022. During this year, supply chain disruptions are expected to remain high.
- However, the outlook for freight transportation is expected to improve by the end of the year.
- **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 July 2022 although, compared to its level at the end of June 2022, the exchange rate depreciated slightly by 0.02 percent on the interbank market and by 0.77 percent on the parallel market. In the goods and services market, the weekly inflation rate was 0.22 percent in the third week of July 2022. This resulted in a cumulative inflation rate of 6.59% compared to 5.82% at the close of the previous month. The year-on-year inflation rate stood at 9.30% in the third week of July 2022. At this rate, the inflation rate at the end of December 2022 is expected to be 12.12% compared to 11.98% achieved at the end of June 2022. Compared to the situation of the previous year, an acceleration in prices of 129.55% was observed between the end of December 2021 (5.28%) and the expected inflation at the end of December 2022 (12.12%).
 - On the public finance side, the Treasury recorded a deficit of 300,354 million CDF in the third week of July 2022. This deficit is the result of expenditures of 1,430,716 million CDF compared to revenues of 1,130,362 million CDF. Salaries accounted for 14.14% of total expenditures, while capital expenditures accounted for 10.55% of the same total. It should be noted that these data refer to the third week of the month and may change at the end of the month, particularly as a result of the continued payment of salaries to government employees.
 - Finally, the economic news of June 2022 was marked by several notable facts. More explicitly, these events are presented below: (i) the refinancing of Afriland First Bank; (ii) the deal between the DRC, Zambia and Madagascar for cobalt; (iii) the announcement by CMOC for a USD 1.8 billion investment in the copper-cobalt mine in the DRC; (iv) the call by oil companies for reform of the fuel price structure; (v) tensions between ARPTC and telecommunication operators; (vi) the FEC's



clarification of the shortfall in government revenue owed to oil companies; and (vii) the elimination and reduction of certain import-export levies and taxes.

Political situation

The month of July 2022 was particularly marked by the following political events (i) reactions to the speech of the President of the Republic of June 30, 2022; (ii) the different positions on the occupation, by armed groups, of part of the East of the Democratic Republic of Congo; (iii) the media appearance of the former 1er Vice-President of the National Assembly Jean Marc Kabund; (iv) demonstrations by the population for the departure of the Monusco troops

During the speech delivered on Thursday, June 30, 2022, on the occasion of the 62ème anniversary of the independence of the DRC, President Felix Tshisekedi addressed several issues, two of which were particularly highlighted. These were the insecurity in the east of the country, where several territories are under the occupation of the rebel group M-23, strongly supported by Rwanda, and the health coverage promised to the Congolese population.

Instructions were given to the Government to make health coverage effective and to migrate the current system of medical care for career civil servants as well as senior civil servants and assimilated persons to the contributory system provided by the Universal Health Coverage. It was also the announcement of the imminent effectiveness of free access to health care, especially for pregnant women.

The tensions created between the DRC and Rwanda as a result of the aggression and occupation of territories by the M23 supported by the Rwandan army, has been the subject of several meetings at the level of the East African Community (EAC) both in Nairobi and Luanda. It is in this context that U.S. Secretary of State Antony Blinken expressed his gratitude to President

Uhuru Kenyatta for his involvement in the quest for a return to peace in the eastern part of the Democratic Republic of Congo, an area plagued by insecurity, by supporting the idea of a dialogue between Kinshasa and Kigali to calm tensions.

In addition, during a press briefing held on July 18, 2022, the national deputy, Jean Marc Kabund, announced the official withdrawal of his political party called "Alliance for Change", four months after his departure from the Union for Democracy and Social Progress (UDPS). The statements made on this occasion have been subject to various interpretations in the political class with judicial consequences that followed. Affirming that he does not want to accompany anyone in the next election, Kabund demonstrated his determination to fight for power at all levels.

Finally, expressing their total frustration with the inaction and ineffectiveness of Monusco's actions, the population of North and South Kivu demonstrated against the presence of UN troops, demanding their departure. These demonstrations, which led to violence, were strongly repressed and caused the death of men, creating a real scandal within the national and international community.



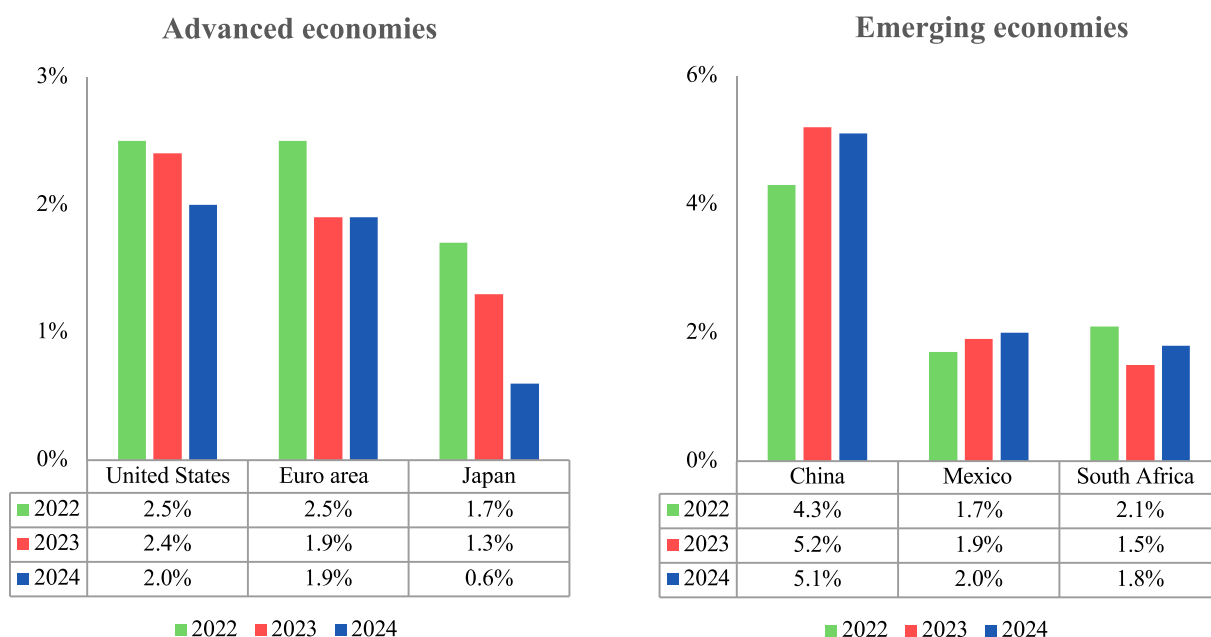
1. International context

I.1. Economic growth

The fallout from the conflict between Ukraine and Russia is precipitating a deceleration in global economic activity. According to the World Bank's economic outlook, economic growth is expected to fall to 2.9% in 2022, down from a previously estimated 4.1% for that year. Furthermore, the war in Eastern Europe is expected to lead to higher commodity prices,

exacerbate supply disruptions, increase food insecurity and poverty, fuel inflation, contribute to tighter financial conditions, increase financial vulnerability, and increase political uncertainty. All of these risks underscore the importance of a strong macroeconomic and structural policy response.

Figure 1 » GLOBAL ECONOMIC GROWTH PROJECTIONS



Source : World Bank.

Russia's invasion of Ukraine has had adverse effects on commodity markets, supply chains, inflation, and financial conditions, exacerbating the slowdown in global growth. One of the main downside threats to the forecast is the possibility of high global inflation accompanied by sluggish growth, reminiscent of the stagflation of the 1970s. This leads to abrupt tightening

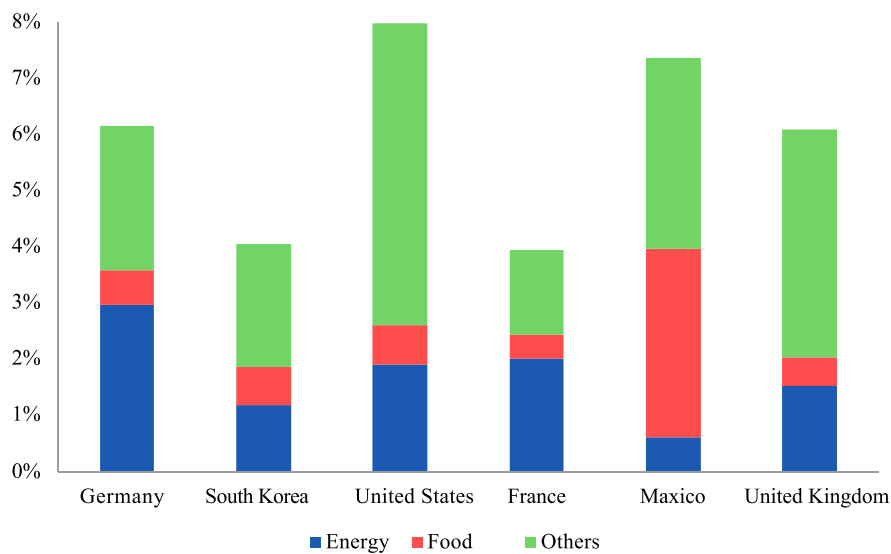
of monetary policy in advanced economies and is likely to cause financial stress in the majority of the world's economies. Therefore, a broad-based response is needed to stimulate growth, strengthen macroeconomic frameworks, reduce financial fragility, and support vulnerable populations.

I.2. Inflation

In addition to the damage caused by the Covid-19 pandemic, the Russian-Ukrainian war has led the world economy into a pronounced phase of high inflation, as a result of the rise in food and energy prices it has caused. These pressures on commodity prices are expected to contribute to an acceleration of global inflation in the long term. The resulting inflationary

spiral reduces real household income, particularly in a context where fiscal support to mitigate the impact of higher commodity prices is limited. The risk of inflation forecasts deviating from central bank targets is increasing and has prompted policymakers to take monetary tightening measures to control this inflation.

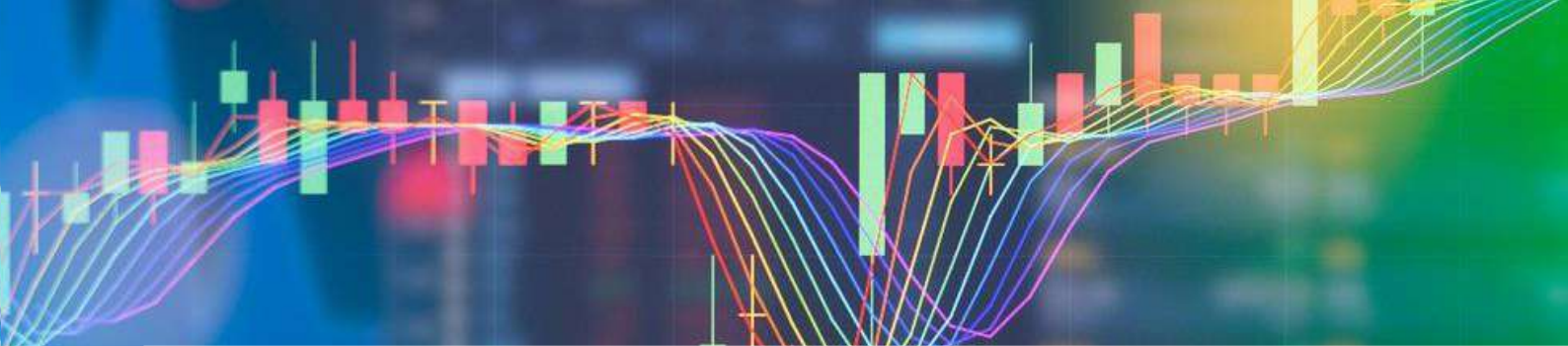
Figure 2 » EVOLUTION OF THE INFLATION RATE BY COMPONENT



Source: OECD.

Figure 2 shows that inflation rates in the selected countries have generally been above the traditional 2 percent target. There is thus a need for central banks to communicate policy decisions clearly and to rely on

credible monetary policy frameworks. This is the way to effectively anchor inflation expectations and reduce the amount of monetary tightening needed to achieve the desired effects on inflation.

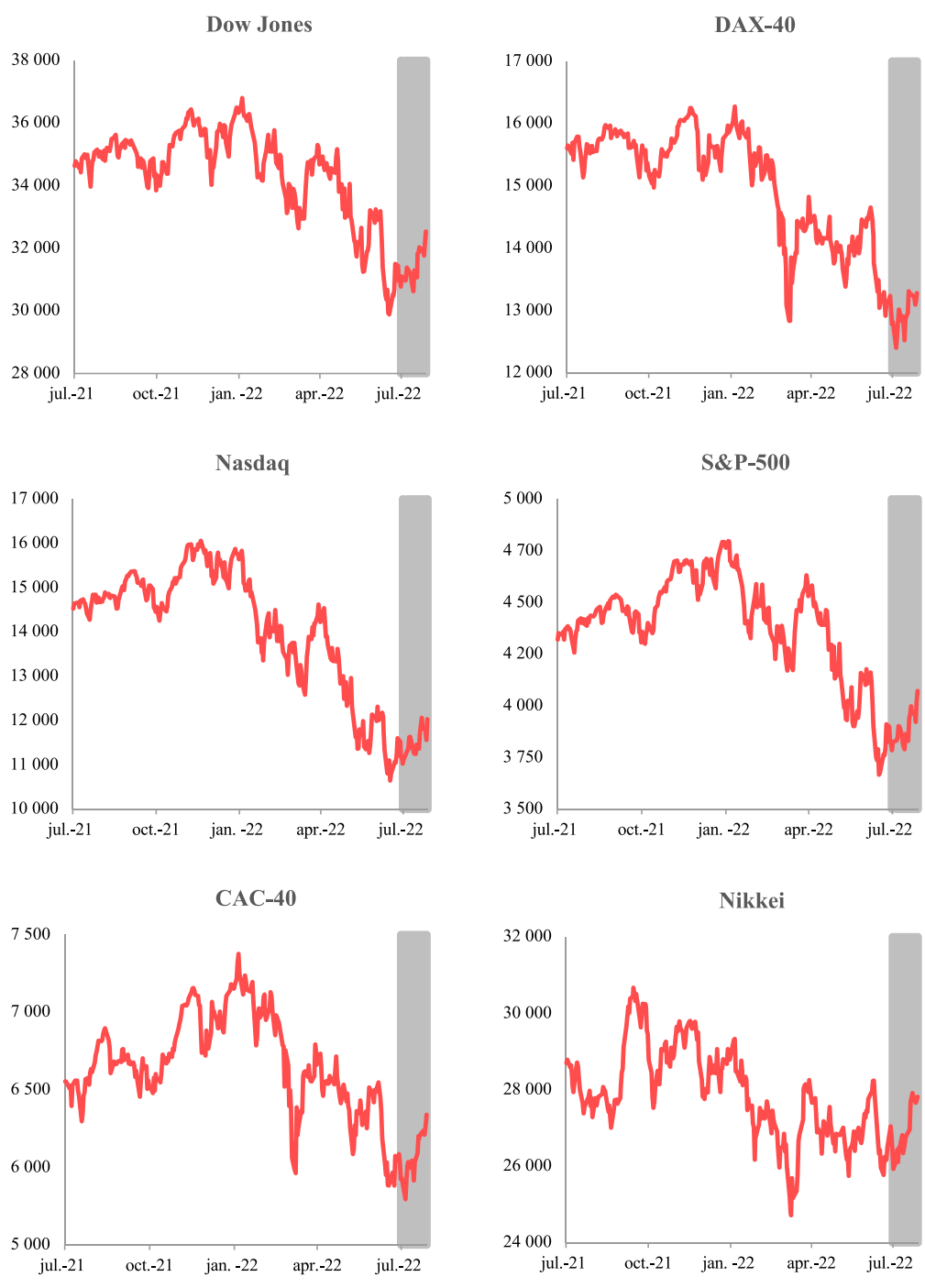


I.3. Financial market

After falling during the previous month, following the commitment of central banks to continue their monetary tightening policies to control inflation caused by the war in Ukraine, stock market indices have generally shown upward trends during this month of July 2022. On Wall Street, the Dow Jones, the S&P-500 and the Nasdaq reached peaks of 32,525 points, 4,070 points and 12,030 points respectively during the month. The same is true on the European continent. On the Paris stock exchange, the CAC-40 came close to a peak of almost 6,340 points; and on the Frankfurt stock exchange, the peak was around 13,280 points for the DAX-40 index. The Tokyo Stock Exchange was also characterized by the same bullish momentum, with the Japanese Nikkei index peaking at nearly 27,910 points in the month of July 2022.

The above-mentioned rebounds in the stock market indices come as the Fed has continued its policy of raising interest rates. This strangely contradictory behavior of the stock markets can be explained by the magnitude of the interest rate increase by the Federal Reserve. Indeed, private market participants had anticipated a larger rate hike than the one actually implemented by the Fed. This less-than-proportional increase would have boosted financial confidence, which had deteriorated as a result of the Fed's tightening monetary policy. The U.S. central bank was forced to make this small rate hike given the prevailing slowdown in job creation, in an effort to avoid a sharp squeeze on investment. Moreover, this derisory rate hike was accompanied by a depreciation of the US currency. Since stock market assets are negatively correlated with the U.S. dollar index, their prices have risen as a result.

Figure 3 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



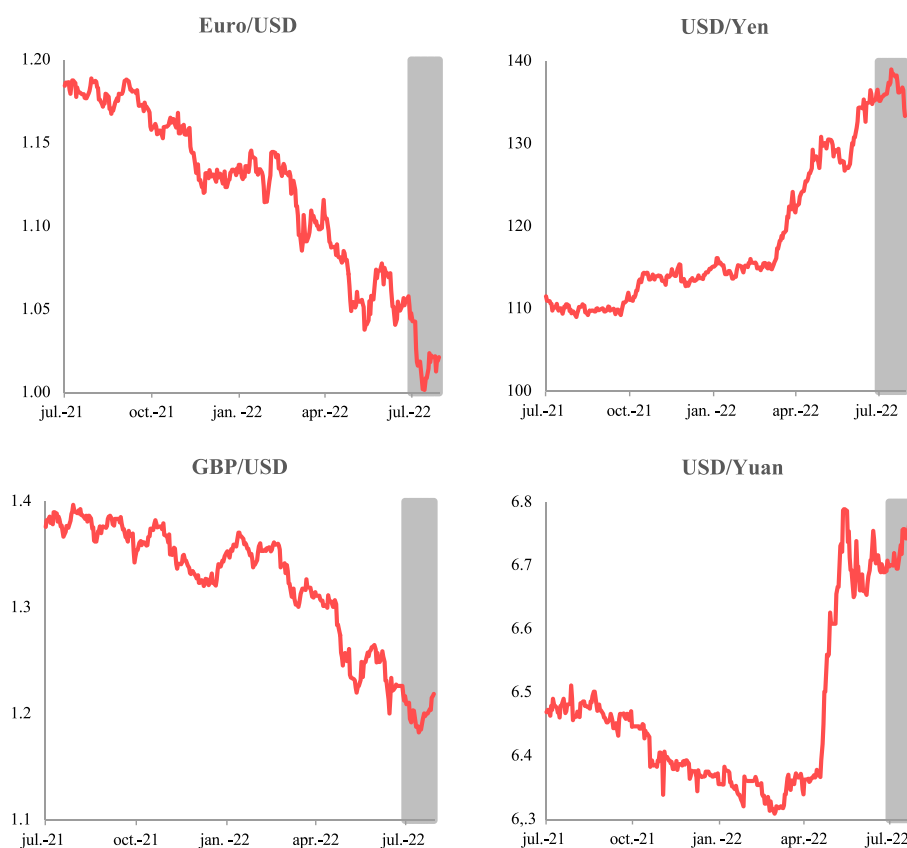
Source : Macrotrends.

I.4. Foreign exchange market

The first half of July 2022 was characterized by a severe fall of the European currency vis-à-vis its peers, to the point of falling to the threshold of its parity against the greenback for the first time since December 2002. Indeed, at the end of the second week of the current month, one euro was trading at one US dollar. Several factors penalized the good performance of the single currency, including (i) the slowdown in the global economy, (ii) the surge in energy prices, and (iii) the ECB's slowness in normalizing its monetary policy. It wasn't until the latter half of the month that the ECB raised European government bond yields in response to soaring global inflation, which helped boost the euro-dollar curve.

Other major currencies have also rallied as the greenback weakened and central banks around the world became more aggressive in their efforts to control runaway inflation. These include the Japanese yen and Chinese yuan, which have appreciated slightly against the U.S. currency. With U.S. yields rising below the level expected by agents, a climate of optimism was established and led to a wave of massive stock purchases. It was this state of affairs that caused the demand for liquidity for the U.S. dollar to decline, and thus the position of Asian currency pairs to strengthen.

Figure 4 >> DAILY EVOLUTION OF THE MAIN EXCHANGE RATES



Source : Macrotrends.



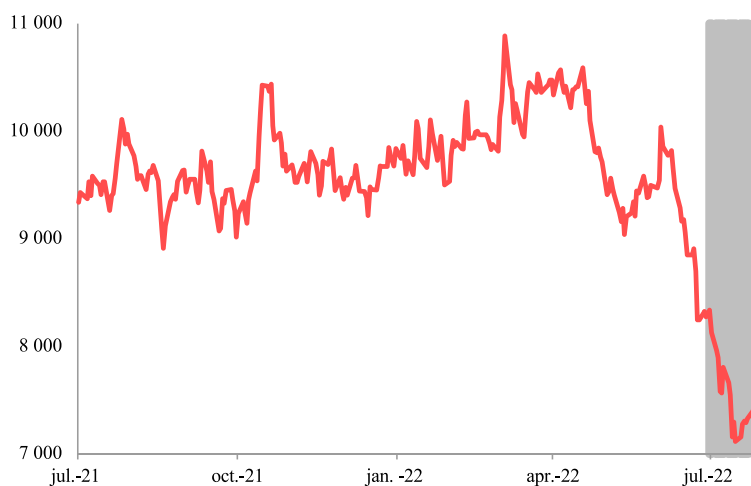
I.5. Market for strategic products

- Copper

The decline in copper prices, which began the previous month, continued during July 2022. As predicted by Congo Challenge, prices have fallen below USD 8,000 per metric ton. This drastic drop in prices was reportedly exacerbated by growing fears of a global economic slowdown triggered by the aggressive tightening of policy by major central banks. In addition, weakening Chinese

manufacturing and services activity would have contributed to this collapse in red metal prices. As a result, several concerns are emerging about the decline in Chinese copper imports, as China is the world's largest consumer of the red metal. Only an improvement in the prospects for increased Chinese demand is likely to reverse the current price trend.

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



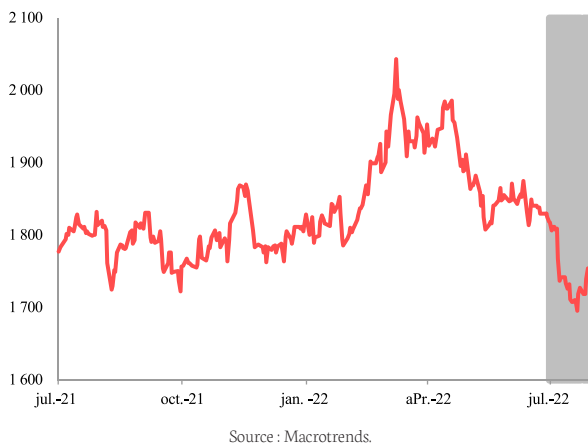
Source : Macrotrends.



- Gold

After stabilizing around an average of more than \$1,800 per ounce during the previous month, gold prices have weakened in early July 2022. The reason for this decline is the Fed's firm commitment to a tightening monetary policy to combat inflation. The subsequent appreciation of the U.S. dollar has reduced the attractiveness of the yellow metal, as rising bond interest rates increase the opportunity cost of holding gold bullion. However, in the last week of this month, the Federal Reserve did effectively raise rates in the bond market, but only marginally. This has led to a slight depreciation of the greenback (see subsection 1.4), and thus a revival of gold as a safe haven.

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

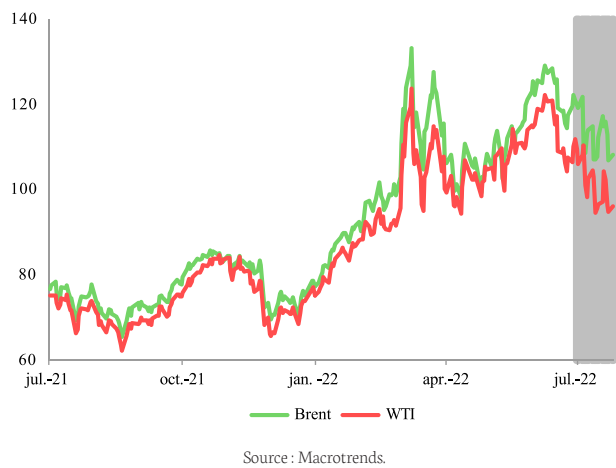


- Oil

During the month of July 2022, crude oil prices continued the downward trend that began last June. This decline is largely due to the risks associated with the slowdown of economic activity in the world. Indeed, in a recession situation, companies are no longer able to continue their operating cycle normally, which will lead to a decline in their demand for inputs (including oil) in the production process. In addition, OPEC+ countries confirmed their pattern of increasing supply earlier this month. Therefore,

if this excess of supply over demand consolidates, we should expect a continued decline in the price of black gold in the coming weeks.

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



I.6. International trade

According to the World Trade Organization (WTO), the outbreak of war in Ukraine has significantly clouded the trade outlook for the global economy in 2022. During this year, supply chain disruptions are expected to remain strong. Indeed, developed economies are suffering more from supply bottlenecks than from demand difficulties. According to the WTO, nearly three-quarters of the current contraction in international trade volumes is due to the inability of

firms to produce because of a lack of inputs and raw materials, with the remainder attributed to longer transport times. However, the outlook for freight transportation is expected to improve in the near future, as new shipping capacity ordered by industry operators is expected to be operational before the end of this year, and increased U.S. spending on port infrastructure should help keep shipping flowing.

Box 1. Technological innovation and climate change ?

1. Introduction

The United Nations Climate Change Conference COP26 2021 provides an opportunity for world leaders to act and make urgent and meaningful commitments to reduce emissions and limit global temperatures to 1.5°C above pre-industrial levels by 2050. While the political aspects and subsequent ramifications of these fundamental and critical decisions cannot be underestimated, there is a technical perspective where digital technology and information systems (IS) have a role to play in tracking potential solutions, but also an integral component of climate change solutions. This sidebar provides a comprehensive overview based on the opinions of a multitude of diverse viewpoints that examine the many challenges through a technological lens.

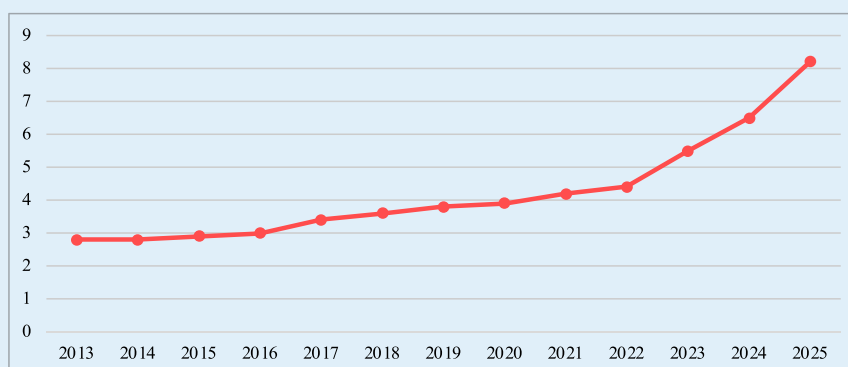
It is widely recognized that technology, in all its forms, is an important and integral part of the solution, but industry and society at large also see technology as part of the problem. Increasingly, researchers are talking about the importance of responsible digitization to eliminate significant levels of e-waste. The reality is that technology is an integral part of the global effort to achieve "net zero." However, its adoption requires pragmatic trade-offs as we move from current behaviors to a more climate-friendly society.

2. The direct environmental impact of the technology

The digital industry currently emits 4% of the world's greenhouse gases (GHG), and its energy consumption is growing by 8% per year between now and 2025¹, it should be noted that it has now overtaken the aviation industry in terms of impact levels². Thus, while the climate constraint leads us to aim for a decrease in global emissions in the coming years, those of the Digital industry could double by 2025. Which total corresponds to the share of light vehicles today.

1. The Shift Project published in October 2018 the report "Lean ICT - Towards Digital Sobriety" (2018).
2. <https://www.theguardian.com/commentisfree/2018/jul/17/internet-climate-carbon-footprint-data-centres>; see also: <https://www.dw.com/en/is-netflix-bad-for-the-environment-how-streaming-video-contributes-to-climate-change/a-49556716>.

**Figure 8 » EVOLUTION OF DIGITAL ENERGY CONSUMPTION
(IN PERCENTAGE OF VARIATION)**



Source : « Lean ICT - Pour une sobriété numérique » (The Shift Project, 2018).

This section therefore highlights four areas in which digital technologies have a direct impact on the environment :

i. the carbon impact of digital technology

The carbon impact of the digital technology sector is considerably greater than most people realize³. With social media use (Table 1) increasing daily across all demographics, the environmental footprint of these activities must be seriously considered.

**Table 1 » AMOUNT OF GLOBAL CO₂ PRODUCED DAILY BY
INTERNET ACTIVITIES**

	Amount of CO ₂ /day	The CO ₂ equivalent of driving to the moon
1 YouTube (1 billion hours watched/day)	6 billion grams (6 grams of CO ₂ per hour)	62 times
2 Email 306 billion emails sent/received/day	1.2 trillion grams (4 grams of CO ₂ per email)	12 000 times
3 Facebook 1.7 billion users/day	1.3 billion grams (0.8 grams of CO ₂ per user/day)	13 times
4 Google search 3.5 billion searches/day	700 million grams (0.2 grams of CO ₂ per search)	7 times
5 Tweet 500 millions tweets/day	100 million grams (0.2 grams of CO ₂ per tweet)	1 time
6 Texte (SMS) 18.7 billion text messages/day	261.8 million grams (0.014 grams of CO ₂ per text)	3 times

Source : <https://www.webfx.com/blog/marketing/carbon-footprint-internet/>

3. See <https://climatecare.org/infographic-the-carbon-footprint-of-the-internet/>; see also: <https://www.lovetone.co.uk/blogs/news/how-much-co2-does-it-take-to-make-a-smartphone>

As a reminder, the CO₂ produced by driving one kilometer = 404 grams and the distance to the moon = 384 399.8611 kilometers.

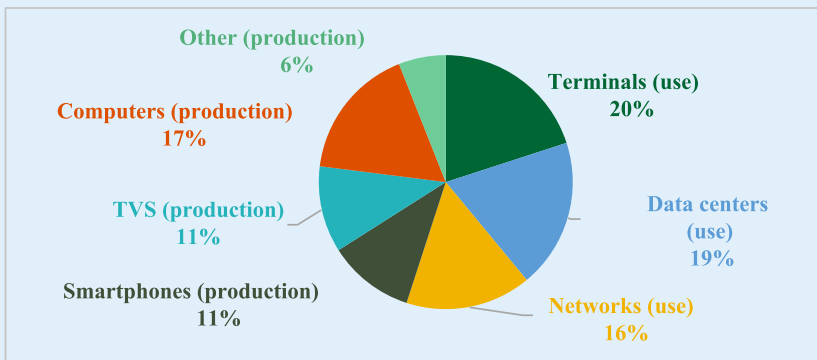
ii. the demand for electricity from new technologies

The impact of digital technologies on the environment is compounded by the favorable effects they have on the even greater demands on power generation.

For example, digital technologies are a critical enabler for smart highways and self-driving electric cars. **If the electricity for these cars and communication networks is not generated from renewable sources, the replacement of gasoline and diesel cars with electric cars will have little impact on carbon emissions.** However, the shift to renewable generation will have a very large environmental impact through the construction of wind turbines and solar farms.

In the global balance of digital energy consumption, the contribution due to the use phase of terminals, network infrastructures and data centers amounts to 55% (Figure 2). In other words, data consumption is responsible for half of the global impact of Digital. Indeed, the annual growth rate of global data traffic is more than 25% (Cisco, 2018), it is understandable that it is necessary to focus on the evolution of content passing through the network as well as the uses they cover.

Figure 9 » DISTRIBUTION OF DIGITAL ENERGY CONSUMPTION BY ITEM FOR PRODUCTION AND USE IN 2017



Source : « Lean ICT - Pour une sobriété numérique » (The Shift Project, 2018).

Comment : The above table shows that the evolution of the volume of data leads to the development of infrastructures that allow it to transit, thus allowing new uses that may themselves become more data-intensive thanks to this new availability: it is this self-powered automatism that governs the evolution of the global digital system today.

iii. the extension of the physical infrastructure

The impact of the large number of new cell towers and antennas that will be required for 5G networks, as well as the buildings housing the server farms and data centers also have a significant environmental impact.

It's not just the electricity demands for cooling that matter, but the sheer size of data farms also has a significant physical impact on the environment. **The average data center covers about 9,290.304 square meters of land, but the largest seen in 2018 was in Langfan, China, and covered some 585,289.152 square meters⁴.**

4. <https://www.datacenters.com/news/and-the-title-of-the-largest-data-center-in-the-world-and-largest-data-center-in>



In addition, uncertainty about the health impact of new 5G networks has raised serious concerns among some scientists, such as the 5G call to the EU signed by a group of 268 (as of December 2019) scientists and physicians concerned about the impact of radio frequency electromagnetic fields (RF-EMFs), particularly with the higher frequency wavelengths used in the deployment of high-density 5G in urban areas.

iv. the proliferation of satellite constellations

A final very important, but often ignored, environmental impact is the proliferation of satellites in space. All too often, space is considered irrelevant to environmental issues, much like the oceans were once considered, but in reality, space pollution has a very important meaning.

The environmental impact of rockets that launch satellites into space has until recently received little attention. As of January 2019, there were an estimated 8,950 satellites launched into space, of which about 5,000 were still in space, and only 1,950 were still operating⁵.

Satellite debris is potentially very dangerous because every reasonably sized object from a disintegrating satellite is potentially capable of destroying another satellite. The European Space Agency estimates that there are: 34,000 objects >10 cm, 900,000 objects <10 cm and > 1 cm, and 128 million objects <1 cm and > 1mm currently in orbit.

3. The exploitation of the environment by technology

The unsustainable exploitation of many rare minerals is not environmentally sustainable and frequently relies on labor practices that many consider to lack moral integrity, namely:

i. the need for rare minerals

Most digital technologies rely on rare minerals that are becoming increasingly scarce⁶. Minerals such as cobalt, rare earths, gallium, indium and tungsten are in increasing demand and, with limited supply, prices have often risen significantly.

ii. exploitation of rare minerals

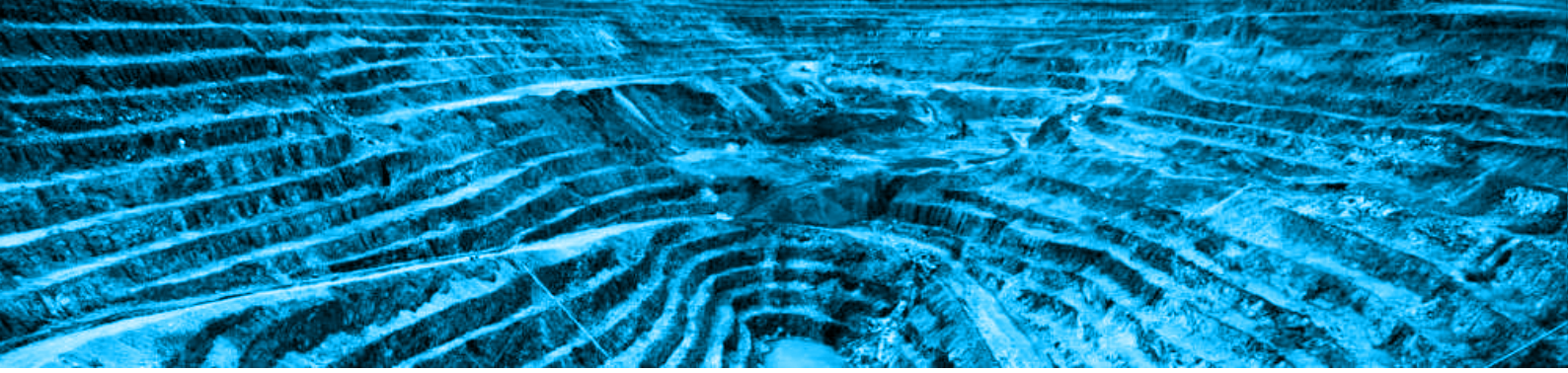
Although the actual exploitation of these resources is often extremely damaging to the environment and the use of child labor is considered by many to be unacceptable⁷ but these people still buy phones!

Tailings, open-pit mining methods and waste dumping are commonplace. Violence and conflict over resource ownership are also widespread, as in the Democratic Republic of Congo⁸. Added to this are the negative health consequences of many mining methods.

4. Conclusion

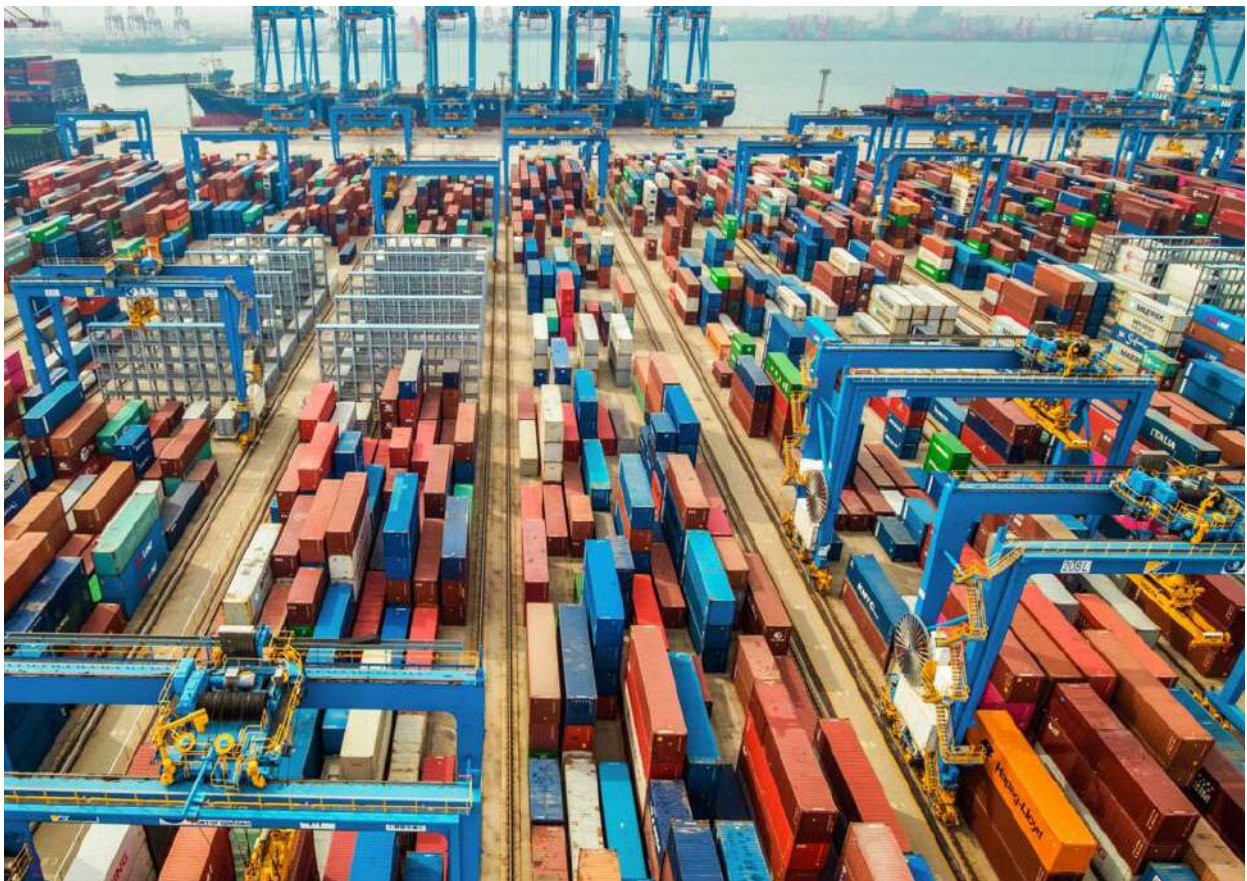
Digital sobriety consists in prioritizing the allocation of resources according to the uses, i.e. to pass from an instinctive Digital to a thoughtful Digital, to conform to the planetary limits is the solution par excellence, while preserving the most precious societal contributions of the digital technologies such as: the connection between people, the communication and the collaboration as ever.

5. European Space Agency data: https://www.esaint/Safety_Security/Space_Debris/Space_debris_by_the_numbers
6. Jones, H. (2018) Technology is making these rare elements among the most valuable on earth, World Economic Forum.
7. <https://en.reset.org/knowledge/ecological-impact-mobile-phones>, <https://phys.org/news/2018-08-ways-smartphone-environment.html>, and <https://www.unenvironment.org/news-and-stories/story/your-phone-really-smart>
8. <https://www.theguardian.com/global-development/2018/oct/12/phone-misery-children-congo-cobalt-mines-drc>



It is likely that one of the objectives to be achieved is to design systems, including equipment and software, that are more virtuous, and to create the necessary skills at the crossroads of the various economic, environmental and digital sectors. The dual challenge of the accelerating digital revolution and the imminent threat of climate change is a powerful invitation to do so.

The DRC can make the most of its exceptional mineral wealth, starting with a transparent, stable and reassuring regulatory framework to attract investors.



2. National context

II.1. Evolution of the national economy

The economic news of July 2022 was marked by several notable facts. More explicitly, these events are presented below: (i) the refinancing of Afriland First Bank; (ii) the deal between the DRC, Zambia and Madagascar for cobalt; (iii) the announcement by CMOG for a USD 1.8 billion investment in the copper-cobalt mine in the DRC; (iv) the call by oil companies to reform the fuel price structure; (v) tensions between ARPTC and telecommunication operators; (vi) the FEC's clarification of the shortfall in government revenue owed to oil companies; and (vii) the elimination and reduction of certain import-export levies and taxes.

1. Refinancing of Afriland First Bank

Following the recommendations of the 56ème meeting of the Council of Ministers, the Governor of the BCC had appointed, in June 2022, an interim management committee to head Afriland First Bank. The main tasks of the committee were to ensure the day-to-day management of the bank, to interface with all stakeholders in resolving the crisis in the bank and to prepare a recovery plan for Afriland First Bank.

Indeed, while the banking institution enjoyed an excellent financial situation until June 30, 2021, with a core capital of 48.4 million dollars, and met all prudential ratios, the crisis at Afriland First Bank was enacted on July 1st 2021 with the suspension of the then General Manager, suspected of embezzlement.

Thus, in order to restore the bank's main balances and normalize its operations, the BCC granted Afriland First Bank a line of credit of the equivalent of USD 50 million in July 2022. This decision was taken after examining the explanations provided by the Minister of Finance, Nicolas Kazadi, during the 60ème meeting of the Council of Ministers, on the situation of putting the aforementioned bank under provisional administration.

The assessment made by the provisional administration committee set up by the BCC revealed a refinancing need for Afriland First Bank of nearly USD 39 million, which should include a significant margin to cover the needs arising from the influx of withdrawals by savers who have lost confidence in the bank and prefer to relocate their assets to avoid falling into the trap of the past and reliving bad experiences (as in the case of the BIAC).

This situation is a reminder of the importance of regulation of the banking sector and the quality of leadership provided by the heads of the regulatory authority, the Central Bank of Congo. Indeed, the successive failures of financial institutions in the DRC indicate an inadequacy of regulation and control of financial institutions. With a network of more than 46 branches and counters across 16 provinces of the DRC and more than 400 employees, a probable bankruptcy of Afriland would further weaken public confidence in financial institutions and could exacerbate youth unemployment. Hence the need for the regulator to take appropriate measures to revive this bank and avoid all these adverse effects.

2. Deal between DRC, Zambia and Madagascar for cobalt

Given the weight of the DRC in world cobalt production (65%), the Congolese government felt that it would be beneficial for the country to ally itself with other producers such as Zambia and Madagascar in order to create a synergy within the SADC countries, which will allow it to better face the foreign private sector which has a monopoly because the market is very lucrative.

Indeed, today, the demand for cobalt is increasingly growing in several sectors of activity including the aerospace and automotive industries, particularly



with the manufacture of batteries for electric vehicles in a context where the energy transition is necessary due to climate change.

For Southern Africa Resource Watch (SARW), more thought should be given to Africa's position in this market. The analysis of this South African NGO is based on the assumption that the foreign private sector has a real hold on global cobalt production. Thus, to reverse this trend, which is not advantageous for Africa, the NGO proposes using the production power of the DRC, Zambia and Madagascar to ensure a high degree of enrichment or upstream manufacturing on the African continent. Indeed, with a contribution of more than 70% of the world's cobalt used, Africa should no longer focus solely on mining taxation.

It is in this perspective that the DRC has taken the initiative to build an African center of excellence for the battery industry. Since June 24, 2022, the technical meetings for the operationalization of the electric battery factory are held in DRC. The activities carried out to date are the dimensioning study of the pilot plant as well as the different technical and legal variants with the creation of the cross-border special economic zone between the DRC and Zambia.

Even if all these initiatives are good, it would be important for the Congolese government to take appropriate measures to ensure that this project benefits the country. Thus, it would be wise to think about the quality of the workforce in order to facilitate the transfer of skills and the sustainability of this project, hence the need to set up specialized training structures.

Finally, it should be remembered that most of the projects initiated in the DRC have ended in failure and the expected effects have not been achieved, in particular as a result of poor project design and the absence of quality leadership and good governance in their execution. Thus, to avoid falling into the same

trap, the government should ensure that: (i) the project is well designed; (ii) the risks have been properly assessed and appropriate mitigation measures have been put in place; and (iii) appropriate management mechanisms have been put in place to ensure good governance of the project and to facilitate the achievement of the project's objectives and sustainability.

3. CMOC Announces USD 1.82 Billion Investment in DRC Copper-Cobalt Mine

As of July 01 2022, China Molybdenum Company (CMOC) had announced an investment of USD 1.82 billion for the development of its Kisanfu copper-cobalt project (KFM). The project is expected to meet the growing commodity demand of the emerging energy sector.

As a reminder, in December 2020, CMOC had acquired a 95% stake in the KFM project, through its KFM Holding unit. In April 2021, the battery manufacturer subsidiary Contemporary Amperex Technology (CATL) had acquired 25.75% of CMOC's shares from KFM Holding for the equivalent of 137.5 million USD. With this agreement, the shares of KFM Holding are distributed as follows: 71.25% held by CMOC, 23.75% for CATL and 5% for the Congolese state.

According to CMOC, annual production volumes are expected to average 90,000 tonnes of copper metal and 30,000 tonnes of cobalt metal in the first phase. The company is targeting commissioning of the asset in the first half of 2023 and wants to produce a variety of products from cathode copper to crude cobalt hydroxide to copper cobalt sulfide concentrate. Combined with production forecasts from CMOC's other major project in the DRC, the Tenke Fungurume (TFM) copper-cobalt mine, production from Kisanfu could bring the Chinese company's annual cobalt production volumes to more than 60,000 tonnes in the DRC, or half of the country's total production by 2021.



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The realization of this project would be beneficial for the Congolese economy and should strengthen the DRC's weight in the global supply of cobalt. In a context characterized by increasing global demand due to the growing needs of the electric vehicle industry, the realization of the KFM project and the increase in TFM's production could reduce concerns in the market.

However, there are uncertainties in relation to the implementation of this project. Indeed, the publication of CMOC's plans for Kisanfu coincides with a dispute between the Congolese state-owned company Gécamines and CMOC over the Tenke Fungurume copper-cobalt mine. The Chinese group is accused by the Congolese side of delaying royalty payments to the Congolese side and of undervaluing the project's reserves in order to pay less money. If the two parties do not reach a consensus, this situation could result in the termination of the partnership and the end of the Chinese presence in Tenke.

For its part, CMOC rejects the accusations of the Congolese party and specifies that it is a sabotage of the talks undertaken. On this subject, the company specifies that it is ready to defend its interests by all the means at its disposal.

From the elements described above, it appears that the KFM project could produce positive effects for the Congolese economy, notably with the increase in cobalt production and the resulting increase in tax revenues. However, tensions between the Congolese government and CMOC could hinder the implementation of this project. Thus, given the potential positive spin-offs of the project, it would be wise for both parties to focus on dialogue and find a middle ground in order to resolve the above-mentioned dispute and facilitate the implementation of the KFM project.

4. Oil companies call for reform of fuel price structure

In a context of rationing of petroleum products in the service stations of Kinshasa, the President of the association of petroleum companies in the DRC, Emery Mbatshi, called on the Congolese government to update the parameters in the price structure and to pay the shortfall of petroleum companies in time. Indeed, according to Emery Mbatshi, this update does not necessarily mean an increase in prices at the pump. For him, the government has several alternatives and levers to use without increasing prices.

In addition, the President of the association of petroleum companies in the DRC noted that the sector is facing persistent resupply challenges due to the absence of payments, on time, from the State which subsidizes the prices of all petroleum products. He noted that two semesters have already elapsed without the certification being finalized and the payment being effective, which leads to supply difficulties since the suppliers of petroleum products do not take into account the realities faced by the applicants. As a result, as soon as the State is late in paying the part it subsidizes, the oil companies are unable to obtain the necessary supplies.

Thus, faced with this situation, Mr. Emery Mbatshi said that one of the ways to solve this difficulty is the price increase. However, he specified that this option would require a sensitization of the opinion so that the latter is prepared.

Although the war in Ukraine has had repercussions in the energy sector on the world and African markets, with the disruption of supplies, a price increase in the DRC would not be a better alternative, especially in a Congolese context characterized by increasing



inequality and poverty. Thus, the government should take the necessary steps to ensure payment of the subsidized portion within an appropriate timeframe in order to prevent supply problems for oil companies and to limit the negative impact of a new price increase for oil products on the rest of the economy.

5. Tensions between the ARPTC and telecommunications operators

Tensions have been brewing for several months between the Congolese Post and Telecommunications Regulatory Authority (ARPTC) and telecom operators following the regulator's refusal to authorize rate increases, even though it had instructed, by Decree No. 22/11 of March 2022, the institution of new revenues for the benefit of the ARPTC for telecom services (voice, SMS and internet). The said decree provided for the payment of USD 0.0075 on each telephone call, USD 0.003 on each SMS and USD 0.00005 on each megabit. For telecommunications operators, it was important to review the prices upwards to ensure their profitability, which the ARPTC did not want to grant them.

It is in this context characterized by a lack of consensus between these two stakeholders that telecommunications operators exert continuous pressure on the ARPTC to the point of threatening the latter with the blocking of payments of fees that these operators owe to the ARPTC, costs estimated at nearly 188 million USD per year. In addition, given the fact that the regulator has not granted the request of telecommunications operators, the latter specify that they cannot proceed to the levy requested by the ARPTC because they cannot pass on the prices.

These operators stressed that Law n° 20/017 of November 25, 2020 on telecommunications and information and communication technologies and Law n° 18/020 of July 09, 2018 on price freedom and competition are explicit on this subject and enshrine

price freedom for those who offer it. Indeed, the argument of these operators is based on Articles 4 and 6 (in their paragraphs 1) of Law n° 18/020 of July 09, 2018, which provide: (i) "the freedom of price gives the right to any person exercising an economic or commercial activity to set the price of his good or service under the conditions provided for in this law"; (ii) "the prices of goods and services are freely set by those who offer them".

They also recalled that, on June 22, 2022, the Minister of Posts, Telecommunications, New Technologies of Information and Communication (PTNTIC) had signed orders claiming the payment of penalties to be paid by telecommunications operators for failure to implement the decision No. 009/ARPTC/2022 of April 19, 2022 of the college of ARPTC on the modalities of billing for the services of the ARPTC under the implementation, and maintenance of the CER (Central Equipment Identity Register) and C-KYC (Central Know Your Customer) measurement systems. These measures require telecommunications operators operating in the DRC to pay any invoice issued by ARPTC in connection with the CEIR and C-KYC measurement systems within five working days of its issue.

Faced with this situation, the telecommunications operators have requested consultations with the sector regulator in order to adjust the rates or eliminate these new levies. Unfortunately, the regulator maintained its decision and refused any negotiation on this subject.

As a reminder, in June 2022, the FEC had alerted the regulator as well as the public opinion on the impact of these new ARPTC collections on the operators' service costs and the tariffs applied to end consumers.

In view of all the above, it is necessary that this situation be resolved and tensions eased. This can only be achieved through consultations between

the regulator (ARPTC) and the telecommunications operators. Indeed, without a concerted decision, the consequences could be harmful for all stakeholders. If the ARPTC maintains its position, the population may no longer benefit from certain preferential offers from telecommunications operators. On the side of these operators, investments may be reduced with the direct consequence of slowing down the deployment of infrastructure throughout the country. Hence the need for consensus in order to prevent these perverse effects.

6. FEC clarifies government shortfall to oil companies

The Managing Director of the Federation of Congo Enterprises (FEC), Mr. Kimona Bononge, indicated that the Congolese State owes nearly US\$300 million to oil companies. At a time when the price of fuel has already been raised more than once since the beginning of the year, Mr. Kimona felt that if the government lifted the option of a gradual increase in prices as soon as it had opted to take over the oil companies' shortfall, the situation would not deteriorate with the current magnitude.

He said that when fuel is sold at the pump, there is a gap with the average border price (price of fuel at the border before arriving in Kinshasa). Fuel that costs US\$1,408 on average at the border is sold at US\$768 at the stations, resulting in a difference of US\$640, which corresponds to the loss of revenue that the government should bear instead of the oil companies. In addition, the FEC noted that since the global economy has recovered (especially with the easing of some restrictions when governments were able to contain the Covid-19), the cost of ocean freight has increased significantly (almost doubling). This is expected to have a direct impact on fuel prices as freight is an important component of the fuel price structure.

Indeed, since the cost of freight had increased significantly, the monitoring committee had calculated and worked on several scenarios for the evolution of fuel prices. The main conclusions were transmitted to the Minister of the National Economy, who should in turn receive the approval of the Prime Minister and, ultimately, the President of the Republic, given the strategic aspect of this product. However, under these circumstances, the government did not raise the option of a fuel price increase. Instead, it opted for a subsidy strategy. For example, instead of increasing the price of gasoline in Kinshasa to 4,606 CDF per liter, the price was maintained at 2,345 USD per liter, almost half the price, while the cost of freight doubled. In this context, oil companies recorded a loss of revenue of 2,261 CDF per liter of gasoline sold in Kinshasa. When this shortfall is multiplied by the volume sold, the amount that the state will have to subsidize is very high. This is all the more delicate in a context of under-mobilization of public revenues in relation to the country's fiscal potential and several shortcomings in the governance of public finances.

In order to prevent the accumulation of government arrears on the companies' loss of income, the FEC had advocated a gradual increase in the price of fuel. Unfortunately, this measure was not taken at the right time, resulting in the downsizing and closure of stations of some oil companies that could not cover their losses or shortfalls.

On the government side, the Secretary General of the Economy reassured that the government is in control of the situation, stating that by subsidizing the shortfall, it is imperative to pay this shortfall to oil companies even if the Treasury faces several challenges. He noted as an example that by the end of June 2020, the government had disbursed 118 million USD as payment to oil companies. For certified receivables as of March 31, 2021, the government had disbursed nearly USD 125 million and for certified accounts as of

June 30, USD 250 million had been disbursed. Finally, according to projections for the year 2022, with the 3rd review in relation to the IMF's Extended Credit Facility, an amount ranging from USD 450 to 500 million could be disbursed for the payment of the oil companies' shortfall.

The elements presented above show that the governance of public finances in the DRC remains an issue that needs to be resolved to enable the economy to function effectively. The state will need to be able to mobilize the necessary funds and channel them into growth sectors. Relying on IMF funds to pay for the shortfall of oil companies indicates an inability on the part of the government to mobilize resources and a misallocation of funds received from abroad, funds that should be channeled to investments relevant to the creation of national wealth.

7. Elimination and reduction of certain levies and taxes on imports and exports

Based on the observation that the Congolese tax system remains overwhelming and in the context of cleaning up the business climate in the DRC, the Minister of Foreign Trade, Jean-Lucien Bussa presented at the 61st meeting of the Council of Ministers of Friday, July 8, 2022, a report on one of the missions assigned to him, that of identifying arbitrary levies in order to rationalize import and export taxes and reduce costs and delays. The main reason for this assignment was to improve the competitiveness of the Congolese economy in order to ensure a better attractiveness of the country as well as the well-being of the population, given that economic operators have the ability to pass on the burden of a tax to consumers by manipulating the prices they control.

Thus, the Federation of Enterprises of Congo (FEC) joined the efforts of the Minister of Foreign Trade to draw up a list of 67 levies qualified as arbitrary,

excessive, inopportune or unfounded claimed by the services of the State at the time of the operations of importation and exportation of goods.

The tax on the issuance of the phytosanitary inspection certificate for foodstuffs at border posts; the administrative fees for the issuance of certificates; the tax on river and lake freight; the VAT on the commission; the fees for covering coffee for export via the ports of Mombasa and Dar-Es-Salam.

According to Jean-Lucien Bussa, this list was examined with a fine-tooth comb with the delegates of the institutions, ministries and public establishments and organizations concerned. At the end of this examination, 3 recommendations were made by the stakeholders. They are respectively :

- The outright elimination of 14 collections ;
- The reduction of 20 perceptions in order to lighten the burden on economic operators while maintaining the financial balance of the beneficiary structures with a mission of public utility ;
- The maintenance of thirty-three (33) levies.

After presenting these proposals to the Council of Ministers, the latter decided to approve them. Thus, 14 taxes have been removed, 20 collections have seen their rates reduced and other levies have been maintained.

II.1.1. Economic activity

The public authorities have taken measures through central banks finally to curb inflation by implementing monetary support for emerging countries and while developing countries have begun to raise their interest rates. This restrictive monetary policy would have contributed to the slowdown of global growth next



year and decelerate inflation. While on the fiscal side, the focus will be on cushioning the effect of this tightening on the most vulnerable strata and ensuring that fiscal support through higher taxes or lower government spending does not affect the functioning of monetary policy.

The International Monetary Fund's projections for the Democratic Republic of Congo call for a growth rate of 6.4% in 2022 and 5.9% in 2023. In response to the current global crisis, the Congolese government has put in place a battery of measures to mitigate the effects of this crisis on the Congolese economy and continues to make efforts to protect the purchasing power of the Congolese population, most of whom are poor.

According to a report published by ENACT Africa, a European Union project on the fight against transnational organized crime in Africa, the Democratic Republic of Congo loses four (4) billion dollars each year to armed groups in the east of the country and their illicit cobalt mining activities. This report highlights the cobalt exploitation circuit in the DRC, which leads to the destruction of local heritage, the collision of the state with criminal networks, sexual violence and the exploitation of minors.

ENACT Africa's methodological approach consisted of field visits to gather the opinions of various stakeholders. To do this, it collaborated with officials and members of the mining sector, including mainly officials from the Center for Certification, Expertise and Evaluation (CEES), members of the Congolese Ministry of Mines, the Congolese environmental agency, and certain NGOs in North and South Kivu. The report shows that artisanal mining areas are not under the control of Congolese authorities, but rather under the control of armed groups who prevent the relevant authorities from accessing these areas. While in the areas under state control, he denounced flagrant corruption favoring clear collaboration between the

Congolese authorities competent to regulate this sector and the armed groups operating in the area.

The Minister of Hydrocarbons of the DRC has announced the government's decision to launch a call for tenders for the granting of exploration rights in 30 oil and gas blocks. The government's decision is justified by the fact that it wishes to attract as many foreign investors as possible in order to revive its hydrocarbon sector. The government's policy aims to increase oil exploitation and state revenues. The DRC has a potential of 22 billion barrels in all the segmental basins and 66 billion cubic normo-meters of gas found in the waters of Lake Kivu.

The government, which launched this call for tenders, would like to award the gas blocks to experienced operators. The deadline for the examination of the oil operators' files has been set at six months for the oil companies and three months for the gas blocks.

Greenpeace and other environmental organizations have sounded the alarm about the catastrophic consequences that this project could have on the communities bordering these oil blocks, biodiversity and the global climate because it affects a complex rich in peat bogs in the Central Cuvette area.



II.1.2 Price dynamics

During July 2022, prices moved up overall compared to June 2022.

As for the year-on-year inflation rate, it stood at 9.30% in the third week of July 2022, an increase of 5.94% compared to that recorded at the close of June 2022, when it stood at 8.78%.

As for the annualized inflation rate, it is expected to reach 12.12% by the end of this year. This forecast is higher than that of the previous month when annualized inflation was 11.98%, a positive variation of 1.20%. 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 July 2022.

Table 2 » INFLATION TRENDS (JULY 2022)

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.25	6.08	8.95	12.05
Week 2	0.25	6.35	9.13	12.12
Week 3	0.22	6.59	9.30	12.12

Source: CCO, July 2022.

In addition, it should be noted that other important developments could further compromise the macroeconomic framework. These include (i) the continuing insecurity in the east of the country with repeated incursions by armed groups, notably the M23; (ii) tensions and confrontations between the population of the east of the country and MONUSCO; (iii) the expenses to be incurred for the preparation and holding of elections in 2023, as well as (iv) the continuing Russian invasion of Ukraine with its consequences on the dynamics of the price of fuel and other products imported by the DRC.

II.1.3 Exchange rates and foreign exchange reserves

Throughout July 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 June 2022, the exchange rate experienced a very slight depreciation of 0.02% on the interbank market where it fell from 2 004.43 at the end of June 2022 to 2 004.91 in the third week of July 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of June 2022 and the third week of July 2022, from 2,038.67 to 2,054.33 (a positive variation of 0.77%).

Table 3 » EXCHANGE RATES TRENDS

	Closing june 2022	July 2022			Variation june-july 2022
		Week 1	Week 2	Week 3	
Interbank market	2 004.43	2 004.82	2 004.90	2 004.91	0.02%
Parallel market	2 038.67	2 043.00	2 043.33	2 054.33	0.77%

Source : CCO.



Foreign exchange reserves increased between June and July 2022, rising from USD 3.98 billion at the end of June 2022 to USD 4.17 billion in the third week of July 2022, a positive change of 4.77 percent. In terms of months of imports, the Congolese economy has slightly increased its capacity compared to the end of June 2022. The

coverage of imports by foreign exchange reserves rose from 2.27 to 2.50 months between June and July 2022, an increase of 10.13 percent. The increase in foreign exchange reserves observed in July 2022 is explained, according to the BCC, by IMF financing for balance of payments support.

Table 4 » FOREIGN EXCHANGE RESERVES TRENDS

	Closing june 2022	July 2022			Variation june–july 2022
		Week 1	Week 2	Week 3	
In billions of USD	3.98	4.17	4.17	4.17	4.77%
In months of imports	2.27	2.50	2.50	2.50	10.13%

Source : CCO.



II.1.4 Public finance

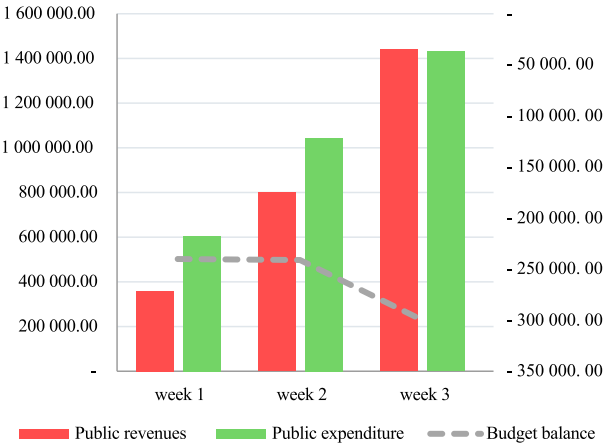
CTR (Ministry of Finance) statistics show that in the third week of July 2022, the Treasury recorded a deficit of 300,354 million CDF. This deficit is the result of an expenditure level of 1,430,716 million CDF against a revenue level of 1,130,362 million CDF. The cumulative balance for the third week shows a surplus of 553,111 million CFA francs. Capital expenditure in the third week stood at 150,985 million compared to

375,042 million at the close of the previous month. With multiple projects launched by the government since the beginning of the year, capital expenditures have increased significantly in recent times and this is to be encouraged. However, this pace of increasing capital spending should not slow down, but rather be continued by the government as capital investment is a key driver of economic growth.



In the third week of July 2022, expenditure on salaries accounted for 14.14% of total expenditure. It should be noted that the payroll operations of civil servants are still ongoing, which suggests that the reported data will undergo changes.

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



Source : CTR (Finance Department).

II.2 Evolution of the political situation

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

i. Reactions after the speech of the President of the Republic on June 30, 2022

During his Independence Day speech, the President raised the issue of insecurity in the east caused by the aggression of the DRC by Rwanda under the cover of the M23 rebel movement. For Félix Tshisekedi, the diplomatic path chosen by the DRC with its neighbors should not be interpreted as an admission of impotence.

To this end, Félix Tshisekedi reiterated his constitutional oath to maintain independence and

territorial integrity and to safeguard national unity. He also assured that he will spare no effort to ensure that peace and security are restored and that aggressors are driven out of the DRC.

Furthermore, while appreciating the obvious support that the people show on a daily basis to the defense and security forces, the President of the Republic launched a solemn appeal for general mobilization in order to intensify the unfailing popular support "which does so much good to the morale of Congolese combatants engaged at the front. It is in the same context that he enjoined the government of the Republic to strengthen the logistical and material capacities of the defense and security forces necessary to support their rise to power.

He also invited each Congolese to consider the integrity of the DRC as a vital issue for which he must admit neither transaction nor compromise, recalling in passing that the Congolese, a peace and justice loving people, will not accept to be constantly attacked.

Addressing the issue of the implementation of the Disarmament, Demobilization, Community Recovery and Stabilization Program, the Head of State reaffirmed that no specifications for automatic integration into the security forces or for amnesty requests for crimes for which there is no statute of limitations will be accepted.

In addition, President Félix Tshisekedi noted that the state of siege underway in Ituri and North Kivu has made it possible to unmask the real enemies of the DRC. This exceptional regime has contributed to the neutralization and surrender of several hundred elements of the armed groups and to the recovery of weapons, as well as to the dismantling of several networks of illicit trafficking in arms and minerals.

Also addressing the issue of health coverage, the Head of State instructed the Prime Minister as well as all



the ministers concerned to undertake without delay the migration of the current system of medical care granted to career civil servants as well as senior civil servants and assimilated, to the contributory system provided by the Universal Health Coverage.

On the socio-economic level, sixty-two years after the solemn proclamation of our independence, the Head of State emphasized that the country had taken a symbolic step in its history to engage in a new struggle, that of promoting inclusive growth to fight against poverty and social inequalities. He also invited everyone to be aware that prolonged economic dependence will eventually lead the DRC to the erosion of its political independence. Thus, to lay the groundwork for this economic independence and sustainable development of the country, the Head of State maintained that the Government of the Democratic Republic of Congo has made efforts that have led to the improvement of macro-economic fundamentals and have resulted in particular in a significant increase in foreign exchange reserves, support for free primary education, improvement of basic salaries by an average of 30% for civil servants, the military and the police, improvement of the retirement system for public servants as well as the financing of the electoral process.

On the sidelines of the Head of State's speech, the Church of Christ in Congo (ECC) launched an appeal for national unity and collective consciousness in a message addressed to the Congolese population on June 30.

To this end, the ECC has invited both the political class and the Congolese people as a whole to adopt a new, more collective approach to the management of the country, in which it believes that each party has its part to play for the emergence of a Congo that is desired to be "free, united, strong and prosperous. Also, expressing the wish to see the whole Congolese nation walk together in the footsteps of Patrice-Emery Lumumba,

the ECC believes that the Congolese political class should become more mature by following the logic of a collective administration for the good of the community, rather than continuing to serve personal interests. Also, she called on the Congolese population to have a sense of responsibility and not to shirk their involvement as alarm bells, especially by appealing to patriotism and national unity. Also, she reminds the major role of the Church as guarantor of spirituality, because the DRC has a prophetic vocation that is no longer to be demonstrated.

For his part, Martin Fayulu believes that the DRC is in a catastrophic existential stalemate. It is time for Rwanda, Uganda and Burundi to withdraw their military troops from the DRC.

Taking the measure of the crisis and regional tensions around the Democratic Republic of Congo, the leader of Lamuka did not fail to be inflamed by the fact that "the Congo, heart of Africa and lung of the world," is deliberately kept in total darkness.

However, the DRC has a universal vocation, an absolute duty to be a dynamic actor in international relations and an active artisan in the consolidation of fraternal relations in the great concert of nations of the world. Fayulu redefines his nation to attract the attention of the international community: *"Great host country with a long and solid tradition of hospitality, the Congo is a nation open to others, concerned with peace and universal brotherhood, jealous guardian of African ancestral traditions,"* he said.

Martin Fayulu added that it was time for the international community, which had facilitated the reception of these refugees (notably Rwandans) in the DRC, to take its responsibilities. He argued that it was "time to exploit the UN Mapping report and to give an adequate response by establishing an International Criminal Court for the Congo.

ii. The deployment of a regional force in the eastern territories of the Democratic Republic of Congo, under the occupation of M23

For several weeks, the violins have not been in tune between the DRC and Rwanda. The Congolese government claims to have evidence of Rwandan support for the M23 rebel movement, which re-emerged in North Kivu after being completely defeated in 2013, and which to date occupies much of the territory, including the border town of Bunagana.

In the search for peace, meetings have been held at the level of the Community of East African States (EAC), which the DRC recently joined.

It is in this context that the Secretary of State of the United States, Antony Blinken, expressed his gratitude to President Uhuru Kenyatta for his involvement and that of the East African Community (EAC) in the quest for a return of peace in the eastern part of the Democratic Republic of Congo, an area plagued by insecurity.

Supporting the idea of a dialogue between Kinshasa and Kigali to calm tensions, Mr. Blinken said he had spoken with Kenyan President Kenyatta to express his gratitude for his efforts and those of the East African Community to end the conflict in the eastern Democratic Republic of Congo.

On the issue of the deployment of troops of the Regional Force within the framework of the East African Community (EAC), civil society organizations in South Kivu have maintained that these troops are not welcome on Congolese soil.

In their statement, these civil society organizations "strongly oppose" the deployment of the regional force in the DRC, where Monusco is already operating, a force which, according to them, has also proven its

"limitations" in bringing peace and security. For them, the idea of this deployment on Congolese soil, as a means to bring peace to the East of the DRC, remains an approach that the Congolese people as a whole do not support.

The civil society forces of South Kivu felt that such an initiative would have serious consequences for the sovereignty and territorial integrity of the country, not to mention the security of the population, given that the forces of certain EAC member countries have been involved in armed conflicts that have plunged the Congolese people in the East into mourning and poverty day and night for several decades (notably Rwanda, Uganda and Burundi). They affirm that the inhabitants of the East of the DRC have the right to peace and life and consider it unbearable and unacceptable that they continue to be victims of the horrors of the war imposed on them by certain neighboring countries under the impotent eye of the international community.

Instead of the regional force, Civil Society proposes that the Congolese government make training and equipping the FARDC "a priority and an emergency" in order to further consolidate "sovereignty, peace and state authority" throughout the country.

In a statement released on Thursday, July 20, 2022, Nobel Peace Prize winner Denis Mukwege opposed the announced deployment of a regional force in the eastern DRC. For him, this deployment looks like a chronicle of "chaos" announced, especially since some of these states are at the root of the "destabilization, cycles of violence and looting of natural resources" in the east of the country. Dr. Denis Mukwege concluded that the regional diplomacy of President Félix Tshisekedi is leading us towards a prolongation and "aggravation" of the instability.

For its part, the European Union, through its High Representative, Josep Borrel, has called on the M23 (and other national and foreign armed rebel groups, including CODECO, FDLR and RED TABARA) to lay down their arms, renounce violence and withdraw from the areas they occupy.

The European diplomat said that the European Union continues to follow the situation closely, "condemning the attacks by armed groups as well as the cross-border incidents that have multiplied in recent weeks. She also welcomed the referral of the dispute management mechanisms of the competent regional and international bodies to shed light on these events. In the meantime, the world's states voted at the Security Council in July 2022 in New York to extend the sanctions regime on the acquisition of arms in the Democratic Republic of Congo, while the country is under aggression from the M23 supported by Kigali and Kampala.

This situation has not left the Congolese indifferent, like the provincial deputy Peter Kazadi, who said he was shocked by the complicity of the international community in pulling strings in the destabilization of the DRC in the eastern part of the country. It is in this context that he castigated the authorization regime imposed on the DRC to buy weapons and which makes it difficult for it to effectively defend its territory occupied by the M23 supported by the Rwandan army. As this is a disguised embargo, the maintenance of this resolution, with its heavy-handedness by the UN, borders on the complicity of the international community, which gives multinationals and predatory powers the opportunity to profit from the instability in the DRC. Tons of minerals leave the East every day for the West. He also calls on the Congolese government to lift the option of waging war on Kigali to put an end to Kagame's "bloody" and "tyrannical" regime.

For Noël Tshiani Mwadiamvita, it is necessary to refute any idea of negotiating with the President of Rwanda Paul Kagame, because of the arrogance of the latter who only knows the language of war. For him, it is through war that problems are solved in a sustainable way and that dialogues cause infiltrations in the institutions of the Democratic Republic of Congo.

In an interview with the Financial Times made public on Wednesday, July 6, 2022, President Tshisekedi said that Congo will not stand idly by in the face of this aggression. "This possibility [war] cannot be excluded. If Rwanda's provocation continues, we will not sit back and do nothing. We are not weak," he said.

On the other hand, in an impulse of opponent, the Senator Francine Muyumba pushed a blow of gueule against the leaders of the Democratic Republic of Congo, deploring a weak leadership of the Congolese leaders at the base of the political, economic, even political stagnation in which the country of Lumumba is plunged 62 years after the Independence. For the senator, the change to which the Congolese people aspire since many years can be made possible only by the Congolese themselves.

In an interview with the press on Thursday, July 7, 2022, former Prime Minister Adolphe Muzito said that the talks to be held in Luanda were another way for Rwanda to distract the DRC, since, according to him, in the meantime Rwandans remain on Congolese soil. In order to do this, Adolphe Muzito said, the DRC must, in parallel, prepare for war. "We must wage war! They are already here. They occupy our land. We must push them out. As we do not have hegemonic ambitions, we must push them back and build a wall. All Rwanda and its partners are doing is to distract us. We must also distract them by pushing them out through war," said Adolphe Muzito.

Political scientist Freddy Mulumba Kabuayi is deeply concerned about the persistent insecurity situation in the eastern part of the DRC. Mr. Mulumba, who is a researcher in pan-African culture, raised his voice and said he disapproved of the hypocrisy of the international community on the aggressions of which the DRC is victim, notably by the M23 supported by Rwanda. "This hypocrisy and indifference of the international community in the face of the long and daily sufferings of our compatriots in the East of our country, who are repeatedly victims of acts of rape, massacres and systematic plundering of our natural resources as a result of this war unjustly imposed on us by Mr. Paul Kagame," said Freddy Mulumba.

For his part, the head of Congolese diplomacy, VPM Christophe Lutundula, indicated that Kinshasa will not compromise on one point: *"There will be no mixing, no blending, and even less power sharing"* in the de-escalation initiatives with Rwanda.

After the tripartite which gathered in Luanda, around the Angolan President, the Congolese Félix Tshisekedi and the Rwandan Paul Kagame, Christophe Lutundula indicated that among the objectives pursued in the roadmap of the Luanda Tripartite, there was the question of warming up the diplomatic relations between the DRC and Rwanda the establishment of a climate of confidence between the States of the region and the creation of optimal conditions of dialogue, the political concertation to solve the current crisis in the East of the DRC, and the prevention of territorial violations and the guarantee of the respect of the commitments taken by the States of the CIGRL and the verification of the reciprocal accusations of the DRC and Rwanda.

Julien Paluku, Minister of Industry and former governor of North Kivu, recommended that over a period of twelve years, the Democratic Republic of Congo should build its defense system.

Faustin Twagiramungu, former Rwandan prime minister and president of the Rwandan Dream Initiative (RDI) political party, an ally of the DRC who has become a real whistleblower on the security situation in eastern DR Congo, reveals the maneuvers to destabilize the DRC through the M23 supported by the power of Kigali associated with Kampala, where one of the generals and eldest son of President Museveni is also active with the Movement of March 23.

He did not fail to wake up the Congolese to consider the reality of "hima-tutsi army" evoked by General Muhoozi, the son of Museveni works, through the M23, to accomplish the balkanization of the DR Congo.

Sponsors Museveni and Kagame are not partners, but enemies of the Congolese people," Faustin Twagiramungu warned in a communication via his Twitter account, which he often uses to spread messages about security and peace in the Great Lakes region.

In a report released on Monday, July 25, 2022, the NGO Human Rights Watch (HRW) called for the suspension of military aid to governments that support the M23 or other armed groups responsible for abuses in the DRC. According to HRW, the UN, the African Union (AU) and the governments concerned should publicly denounce the abuses committed by the M23 and others in the DRC. "Sanctions against M23 commanders should be maintained and extended to others responsible for serious abuses, as well as to senior officials in the region complicit in the armed group's abuses. Any political settlement should reject amnesty for those responsible

for serious international crimes and not allow M23 commanders responsible for abuses to join the FARDC," HRW said, adding that the UN, AU, and DRC partners should support a clear strategy to address impunity for serious abuses, including a vetting mechanism for security and intelligence services, internationalized justice, and a comprehensive reparations and effective demobilization program.

iii. The media release of the former 1er Vice-President of the National Assembly Jean Marc Kabund

It was during a press briefing held on July 18, 2022 that the national deputy, Jean Marc Kabund, announced the exit of his political party called "Alliance for Change", and this, four months after his departure from the Union for Democracy and Social Progress (UDPS).

Affirming that he does not want to accompany anyone in the next elections, Mr. Kabund promised to fight for the conquest of power at all levels.

On this occasion, Jean-Marc Kabund, accused the current regime of concocting a shift instead of organizing the next elections within the constitutional deadline. He said he was disappointed to announce that the Tshisekedi regime has decided to jeopardize the periodicity, sincerity and transparency of the elections by preparing the shift as well as orchestrating a massive fraud in the next elections," before revealing that he had told the Head of State that the retention of power should be done by legal means.

He went on to say that "Tshisekedi's plan is to take 300 seats in the National Assembly. Also, he promised to block the road to this "macabre" plan of the regime in place.

In a sort of revolt, Jean Marc Kabund pledged to fight his former party and its leader, Félix Antoine Tshisekedi, going so far as to ask the population to mobilize to oust Félix Tshisekedi. He also denounced "a regime of enjoyers" whose path must be blocked in the next elections, calling the head of state a trainee at the top of the state.

Considering himself now an opponent of the current regime, Kabund expressed his regret at having contributed substantially to the election of Félix Tshisekedi to the supreme magistracy. He said, however, that he did so in his capacity as president of the Union for Democracy and Social Progress (UDPS).

Opposed to several issues, notably the RAM and the question of elections, the former president of the UDPS also attacked the economic performance as presented by the government, pointing out that the state coffers are bleeding day and night, and also pointing to the unattainable promises of Félix Tshisekedi.

On the issue of insecurity, Jean-Marc Kabund believes that the current government has not provided any solution to the situation in the east of the country. "The Tshisekedi regime has not invested anything in the army, and what must be done is to mobilize the people to oust Félix Tshisekedi in 2023, to oust this regime of incompetents," he said.

Kabund finally blamed the Tshisekedi regime: "Millions of dollars that leave the country to be lodged in tax havens. The fractious declarations of MP Kabund have provoked reactions from the Congolese in all directions.



For Peter Kazadi, UDPS executive, provincial deputy of Kinshasa and close collaborator of Félix Antoine Tshisekedi Tshilombo, Kabund missed the opportunity to keep quiet. For he is an apprentice fabricator of lies who has carefully avoided saying the real reasons for his exclusion from Etienne Tshisekedi's party. Peter Kazadi considered that Kabund was gesticulating like a toad that measures itself against the hoof of the elephant and that desperately believes to reach, by its larva, the Great Eagle located thousands of kilometers away.

The National Assembly has opened a disciplinary file against him, with the probable consequence that Jean-Marc Kabund will be invalidated as a national deputy. In reaction, Kabund described the opening of the disciplinary file against him as "an approach that expresses panic and fear" and considered that this way of doing things shows that the National Assembly has been desacralized. For it has become a veritable sounding board, where we are witnessing the settling of scores.

On the side of the judiciary, a file has been opened against him, in the office of the General Prosecutor at the Court of Cassation. On the procedural level, the prosecutor's office at the Court of Cassation has requested that Kabund's immunities be lifted so that he can be heard on the facts against him for having made insulting remarks that undermine the honor of public institutions and the dignity of the Head of State.

On the side of the UDPS, the secretary general Augustin Kabuya stressed that it is important that the former first vice-president of the lower house of parliament helps the justice system to trace the money in the public treasury. Indeed, after having expressed reservations, Mr. Kabuya had expressed reservations on the lifting of the immunities of the man from Kingabwa, according to the request of the prosecutor. But it is later, after reflection, that he realized that it

is really important that Jean-Marc Kabund helps the justice system to trace the path of the money of the public treasury, from the Central Bank, to the tax havens.

On the side of the People's Party for Reconstruction and Democracy (PPRD), Permanent Secretary Ferdinand Kambere welcomed the arrival in the opposition of Jean-Marc Kabund-a-Kabund, whose wisdom and intelligence he praised, noting that this former right-hand man of Félix Tshisekedi has come to understand the poor management of the country.

Augustin Kabuya accused Jean-Marc Kabund of "embezzlement of several million dollars of membership cards and contributions, assault of an element of the Republican Guard as well as shamelessly exchanging positions of responsibility intended for the UDPS. Indeed, as a frustrated man, Jean-Marc Kabund has voluntarily chosen to vent his frustrations by spouting lies with the aim of distracting and diverting national opinion from its mobilization and solidarity with the Armed Forces engaged in the battlefield under the leadership of the supreme commander. Augustin Kabuya deplors the fact that, "driven by the madness of power, the evil Jean-Marc Kabund never stopped himself from setting himself up as a vigilante who not only had the audacity to question people, but also inflicted, without title or quality, corporal punishment on his victims.

Mike Mukebayi praised the former interim president of the UDPS. The opponent praised the courage of JM Kabund in his determination to fight the regime of predation embodied by Felix Tshisekedi.

Patrick Muyaya, Minister of Communication and Media, noted and welcomed the freedom of expression that prevails in the political arena under Felix Tshisekedi. "If there is one thing that is lived well in the Democratic Republic of Congo, it is the freedom



of expression. So, everyone has the right to say what they want. This is part of the democracy we all want. For him, it is not by displaying what looks like insults and slander that Jean Marc Kabund will propose an alternative to the Congolese people. The main difference between this government and previous governments is the sense of accountability.

In a message posted on Twitter, Jean-Claude Katende, president of Asadho calls on the Congolese to be careful with President Tshisekedi and his former collaborator, Kabund, who he says do not reassure. "The Congolese must be careful with President Tshisekedi and with Mr. Kabund. Neither of them reassures us. We know the players and their game," reads the message.

iv. Demonstrations against Monusco

Several demonstrations of the population were organized in the provinces of North and South Kivu, demanding the departure of the Monusco troops, for inefficiency and lack of real results after twenty years of deployment of the largest and most expensive mission of the United Nations.

As a reminder, during a briefing to the press in North Kivu on July 15, 2022, the President of the Senate, Bahati Lukwebo, decried the passivity of Monusco, which despite its size and the years spent in the DRC, still fails to restore security, particularly in the east of the DRC. On this occasion, he even wondered whether it is worth keeping Monusco on Congolese territory. 20 thousand men who have been in the country for more than 22 years, and have not been able to bring peace! Also, in the face of the Rwandan aggression that the DRC has suffered in recent days in North Kivu, Bahati Lukwebo suggested that it is time for the DRC to take responsibility for itself, because the international community disappointed the Congolese recently at the Security Council, when it did not want


to lift the embargo on the acquisition of arms by the Democratic Republic of Congo. Bahati went on to say that everything is clear and that the plot is complete, and that it was high time the Congolese were able to take responsibility. Also, he added, the greatest weapon is our population and the determination of the youth. He added that with an impulse of solidarity, patriotism and combativeness, the enemy would be defeated, whatever the case.

It is in this context that he called on the youth to join the Armed Forces of the Democratic Republic of Congo (FARDC) in order to pacify the East of the DRC.

In the days that followed, large-scale demonstrations followed by acts of vandalism (looting and destruction of sites and equipment) were organized by the population demanding that Monusco troops leave without delay. Unfortunately, the strong repression that followed resulted in several casualties and serious injuries, a situation that further increased the tension between the UN and the DRC.

The Congolese government, through its spokesman, Patrick Muyaya, called on Tuesday, July 26, 2022, the population to calm down, after these hostile demonstrations against MONUSCO in Goma and Butembo (Nord Kivu).

The Minister of Communication stressed that "the essential message is to launch an appeal for calm. Nothing can justify violence, nothing can justify in any way any form of attack on MONUSCO facilities," he continued, adding that the Government had information that there are people who want to attack all MONUSCO personnel. He also warned against confusing the issue and identifying the wrong enemy. Because within MONUSCO, there are not only foreigners, but also Congolese compatriots.



As expected, this bloody repression was disapproved by the majority of Congolese, among whom some political and social actors did not fail to express their views.

In a statement read on Tuesday, July 26, 2022 by its spokesman, Albert Mukulubundu, Adolphe Muzito's *Nouvel Élan* condemned the brutal repression of the demonstrations demanding the departure of Monusco troops and demanded an investigation to establish who was responsible for these killings. The political party said it understood the population's frustration. Exacerbated by the repeated killings, twenty-two years after the arrival of United Nations troops in this part of the country, this party also said it feared that the deployment of troops from East African countries could produce the same effects decried today by the population. *Nouvel Élan* also reminded the government of its obligation to defend the integrity of the national territory and its responsibility to protect the population, and called on the government to provide the army with the necessary means to defend the integrity of the country and the population.

The European Union in the DRC, through Jean-Marc Châtaignier, its Chargé d'affaires, expressed its concern about the recent events that occurred in the city of Goma, capital of the province of North Kivu. He estimated and made known that the departure of the United Nations Organization Mission for the Stabilization of the Congo, without providing an accompanying action, would have disastrous consequences for the country. MONUSCO is currently a key element in the resistance to the war and destabilization actions of the M23, alongside the FARDC. Accelerating its departure without providing for accompanying action relayed by the regional forces of the Community of East African States would have disastrous consequences, warned EU ambassador Jean-Marc Châtaignier.

It was also an opportunity for him to propose some solutions, notably, that of making a mature reflection and having a strategic vision of the balance of power, but also to strengthen the capacities of the FARDC.

UN Secretary-General António Guterres strongly condemned the deadly attack on peacekeepers serving with the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) on July 26, 2022, in Butembo, North Kivu province. Through a statement issued by his spokesman on Wednesday, July 27, 2022, he expressed his deepest condolences to the families of the victims, as well as to the Governments and peoples of India and Morocco, and wished a speedy recovery to the injured peacekeeper.

Accused of having called for demonstrations against the United Nations Stabilization Mission in DR. Congo (MONUSCO), the President of the Senate Modeste Bahati Lukwebo says he has noticed that some politicians and opportunists are trying to take his words out of context, by attributing to him any responsibility in what happened at the end of July 2022.

Speaking as a man of peace, Bahati stressed that everyone knows this, and as a senator, he called for appeasement and calm, at a time when young people have been demonstrating for the past three days in Goma, Butembo and Uvira to demand the departure of MONUSCO, which is considered ineffective and has caused loss of life. He strongly condemned all violence, wherever it comes from, and also forbade all members of his party and group AFDC-A and all those close to him to attack, in any form whatsoever, the assets and personnel of the United Nations.



For Martin Fayulu, president of the political party Engagement Citoyen pour le Développement (ECIDÉ), the situation that currently prevails in North Kivu is not only worrying, but also makes us understand the frustration of the population, victim of so many

aggressions. Also, calling on the population to demonstrate peacefully, Fayulu did not fail to point the finger at both the government, which he considers de facto, and the Security Council, to take their responsibilities.

3. Political and economic perspectives

On the political level

The more we advance towards the 2023 elections, the more we see on the political scene, a kind of definition of probable coalitions in the form of a front. It seems that the Tshisekedi - Kamerhe front is taking shape and could confront the Katumbi - Kabila or Matata - Fayulu front.

In fact, the first camp of those in power is now ready with the return of Vital Kamerhe, the enfant terrible of South Kivu, whose base seems unperturbed with a tentacle in the Grand Kivu, an asset not to be underestimated. For the President of the UNC (Union for the Congolese Nation) has always been faithful to the regime of which he appears to be the first of the progenitors, the staunch defender even in times of drought as was the case recently. As a reminder, by throwing flowers at a prisoner recognized as an embezzler of public funds, Felix Tshisekedi seemed to understand that after the loss of J.M. Kabund, the release of Kamerhe would be beneficial to him. From this point of view, the president of the UNC again at the side of the current Head of State who has never hidden his ambitions for 2023, the team would be well on its way to face the duo Katumbi - Kabila or Matata - Fayulu. Kabund, who is currently facing the justice system, which he says is being used to silence him as an opponent, will certainly not fail to surprise with the alignment behind him of a fringe of bitter UDPS members.

Where the calculations tend to become more complicated is in Tshisekedi's record, far from meeting social expectations. A record, according to a polling institute, below average. Moreover, Kabund's latest statements on illicit operations, embezzlement and transfers to off-shore accounts of the regime's supporters, will not fail to make a splash! This may constitute an additional argument for the two opposing teams who are only waiting for the moment to jump on the opportunity. Here, it is necessary to note that the three starting teams do not ignore them

especially on the means to convince the voters in spite of the existence of the zones of influence of each leader.

Finally, another important element to emphasize is the maturity of the people. The Congolese of yesterday is not the Congolese of today. Even if they are subject to the logic of teleguided electoral results, they are always ready to surprise. It is at this point that each of the contenders is called upon to fight hard while being wary of the opportunities ready to offer the solution through flattery. The next few months will be decisive in delivering to the Congolese the real stakes!

On the economic level

Internationally, it is worth noting that in July 2022, the Euro depreciated further to the point of trading against the US dollar. This situation is dependent on the continued Russian invasion of Ukraine and the economic implications that follow. Indeed, the Russian-Ukrainian war continues to affect the Russian economy, the European and world markets via the stock markets, the money market, the energy market, etc. This invasion, which has already lasted five months, is affecting the world economy as well as African economies through the shortage of food and energy products. Given this situation, and if it continues, the world economy can only be negatively affected.

At the national level, the DRC's economic outlook is not encouraging. Political tensions between the DRC and Rwanda, repeated incursions by armed groups including the M23, and tensions and clashes between the population in the east of the country and MONUSCO forces are contributing to the deterioration of the country's economic outlook. Indeed, the eastern part of the DRC accounts for a large part of the country's economy and is an important hub for inter-regional trade. The persistent insecurity in this part of

the country hinders the smooth running of economic activities in the area. This situation could have a negative socio-economic impact on the country. Also, tensions and clashes between the population of eastern DRC and MONUSCO forces could further weaken relations between the DRC and this UN organization, exacerbate insecurity in the east of the country and deteriorate favorable relations with the Bretton Woods institutions.

Also, the alarming situation in which Afriland First Bank DRC finds itself could further destabilize and weaken the Congolese banking sector. Indeed, the collapse of several financial institutions in the DRC has had significant adverse effects on the financial and monetary system, particularly with the loss of public confidence leading to a very low rate of bank penetration. Thus, with the current situation of Afriland First Bank, the systemic risk could only increase and negatively affect the entire economy. If this situation is not resolved quickly, there could be a large influx of withdrawals from savers, which could spill over to other banks and collapse the entire system.

In addition, there are (i) increases in food prices; (ii) corruption and embezzlement of public funds; (iii) growing inequalities among the population; (iv) intra- and inter-institutional political wars; and (v) uncertainty about the organization of credible and transparent elections in 2023. These elements are precursors of a deterioration of the national economy. With respect to public finance, it should be noted

that no mechanism has been put in place by the government to ensure optimal collection of resources. The rate of collection of public revenues remains mainly dependent on the price of mining products, and therefore on the evolution of the economic situation. The tax burden remains low (around 10.8% compared to an African average of 20% for mining countries), which suggests that economic growth does not provide the state with sufficient financial resources.

Also, the continued decline in commodity prices (copper, cobalt, gold, etc.) as observed in July 2022 could have a negative impact on the Congolese economy. Indeed, with low budget margins and the upward trend in prices induced by the global crisis (shortages of food and energy products), there is reason to fear a further deterioration in the exchange rate with consequences for purchasing power, which could lead to widespread strike movements linked to the loss of purchasing power of a large proportion of the working population.

Thus, in order to overcome the above-mentioned problems, the government must take the necessary decisions and put in place the appropriate mechanisms to (i) increase the capacity to mobilize public revenues and broaden the tax base; (ii) establish the power of the State and definitively resolve the problem related to repeated aggressions and incursions by armed groups in the East of the country; (iii) set the Congolese economy on the path to diversification; (iv) stabilize and strengthen the financial sector; and (v) reduce corruption within the State administrations.

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Dixit Machiavel

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

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