

CONGO CHALLENGE
THE MONTHLY BULLETIN



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

Issue 62 | June 2022

Kinshasa, DRC



RESPONSIBLE EDITOR

MATATA PONYO Mapon

SUPERVISION

LOKOTA ILONDO Michel – Ange
NTAGOMA KUSHINGANINE Jean-Baptiste

EDITING

BAGENDABANGA Jean-Riche
BOKA MABELE David
ELANGA BOKANGA Arno
KADIMA KAZADI Joël
LUBAMBA NGIMBI Hector
MUYOMBO USENI Justin
WAULA LUZINGU Sacré

CONTRIBUTION TO THE BOX

NGONDO OTSHWE Josué

**GRAPHIC DESIGN &
DRAWING UP**

MANZAMBI Moïse

PHOTOGRAPHE

MATA Yannick

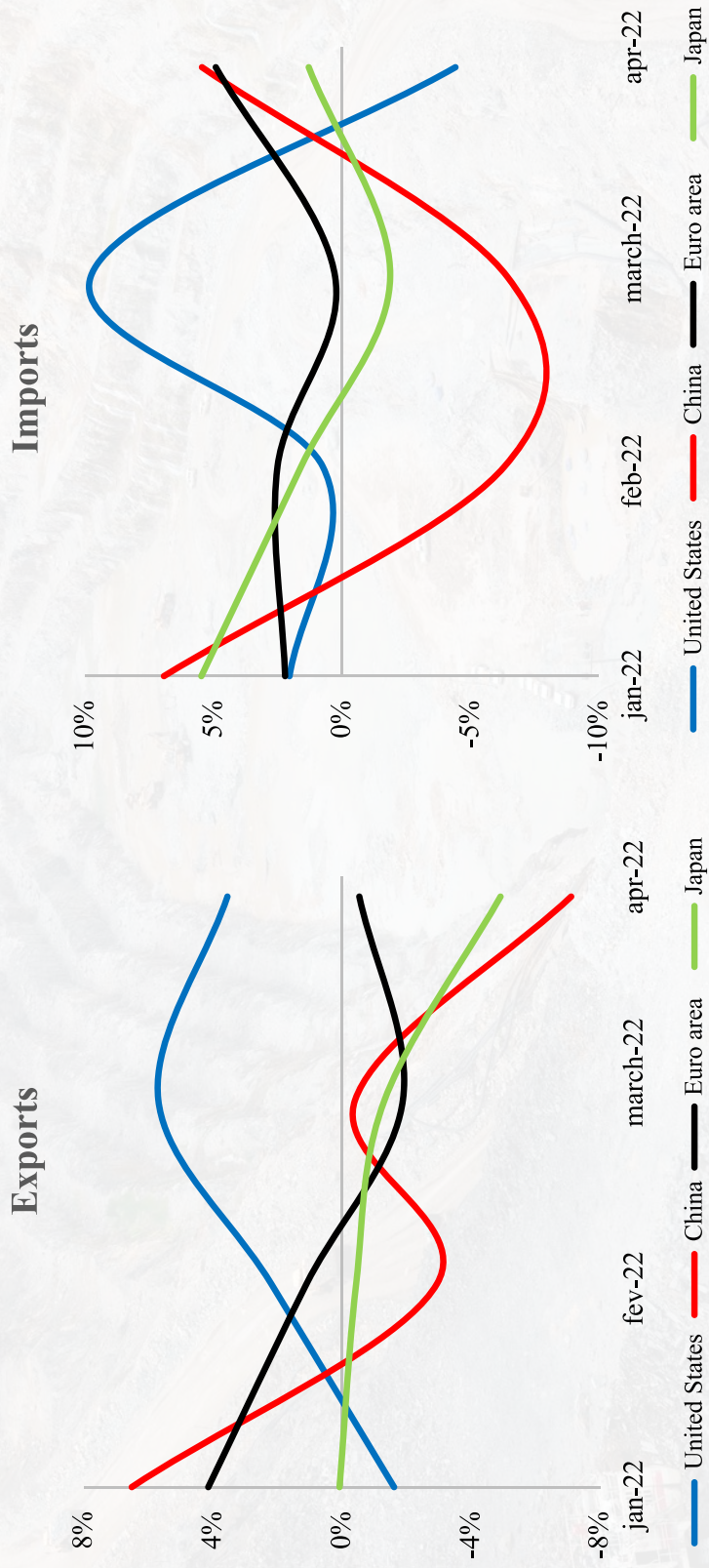
CONGO CHALLENGE
THE MONTHLY BULLETIN

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

Issue **62** | June **2022**

Kinshasa, DRC

Merchandise Trade Growth



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	25
Evolution of the national economy	25
Economic activity	29
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

Is the M23 a Rwandan aggression or an inter-Congolese rebellion ?

I think that the M23 is a military movement located in North Kivu and has its roots in the Congrès national pour la défense du peuple (CNDP) created in 2006. The CNDP was also a rebel movement established in North and South Kivu by General Laurent Nkunda, who was very close to the Rwandan government. The CNDP was composed mainly of soldiers of Tutsi origin who had previously belonged to the Congolese Rally for Democracy (RCD). The latter was a Congolese rebel group active in the eastern part of the country that fought against the Congolese armed forces. The movement was supported and guided by Rwanda, one of the major players in the second DRC war. The objective was to overthrow President Laurent-Désiré Kabila, who had been brought to power a few years earlier by the same Rwanda. The Rwandan military adventure did not succeed thanks in particular to the muscular and airborne intervention of the Zimbabwean army in the outskirts of the city of Kinshasa. As can be seen, Rwanda was behind the creation of the RCD, and even the CNDP, from which the M23 originated. The latter movement was born in May 2012 before being defeated in November 2013 by Congolese armed forces supported by Monusco forces. The M23 has yet to reappear in November 2021, as the German newspaper Frankfurter Allgemeine Zeitung warned in 2013. The group's claims remained politico-ethnic in nature. Its name derives from a peace agreement signed on March 23, 2009 between the CNDP rebels and the Congolese government.

I think that the M23 is in no way an inter-Congolese rebellion. It is a Rwandan aggression in the form of a rebellion for economic policy purposes. How can one understand that a rebellion is always born only at the border with Rwanda? And when it is defeated, its troops flee to the same country without being worried. And its leaders are well received there. Rwanda, which is considered to be the rear base of the movement, has always denied aggression against the DRC. This is diplomatically normal. No country in the world can openly accept aggression against another without good reason. To do so or to admit it would be contrary to the requirements of the United Nations Charter and the international law that governs relations between states.

The strategy generally used by aggressor states is to create or support a rebellion and hide behind it. This appears politically correct when the aggressed country has no evidence to denounce it. In the case under review, the evidence of support for the rebel movement is such that the Rwandan enterprise is politically incorrect, if not unacceptable. In 2012 - 2013, the United Nations conducted painstaking investigations that demonstrated on the basis of a duly established report that Rwanda had actively participated in the creation of M23. Rwanda also supported it in its military operations. In addition, Monusco had kept for several months in its facilities some soldiers captured on the battlefield who claimed to be members of the Rwandan army. I myself had to visit them in Goma when I was Prime Minister. They spoke English and Kinyarwanda. Even today, the Congolese armed forces captured two soldiers belonging to the Rwandan armed forces. Rwanda recognized them, claimed them, recovered them.

I think that the DRC needs to understand is that Rwanda will never stop creating rebellions and/or armed groups and supporting them as long as it does not have armed forces capable of guaranteeing the security of its citizens, its territory and its immense wealth, especially in the East. The Congolese government must understand that the destabilizing actions of Rwanda and other neighbors such as Uganda are justified, from their point of view, because they are based on economic policy objectives aimed at improving the living conditions of their populations. The annual reports of the Central Bank of Rwanda, for example, show that the country exports more mining and other products each year than it produces. Where does the surplus come from? From the DRC, of course. It is therefore up to the DRC to restore the strength of its army as it was in the 1970s and 1980s. During that period, it was considered the most powerful army in Central Africa. It was even called upon for operations to defend the interests of several countries such as Chad and Rwanda. Let us not forget that the Zairian armed forces (FAZ) of the time, commanded in particular by General Mahele, routed the RPF rebellion against President Habyarimana's Rwanda several times. At the time, it was unimaginable



that Rwanda or any other country could attack or destabilize the DRC. And yet, this is the case today.

I think that it is high time that the DRC government pulls itself together. Yes, it should get its act together for the honor of its citizens, its national heroes, and its ancestors. Criticism, sometimes the most humiliating, is coming from everywhere, as never before. Some African presidents and vice-presidents do not hesitate to publicly call the Congolese government incapable and irresponsible. Its people are described as dancers, enjoyers and not workers. The DRC must invest in building an army worthy of its people. A disciplined and well-paid army, with well-trained troops, adequate housing infrastructure, appropriate equipment, and effective intelligence services. As Ugandan President Yoweri Museveni has reminded us, no army will come to defend the territorial integrity of the DRC if it is not the Congolese themselves. He is not wrong. It is illusory to rely on the United Nations, let alone the sub-regional forces of SADC or the EAC. Monusco forces have been in the DRC for more than twenty years, costing more than one billion U.S. dollars each year. Funds spent for nothing, say the radicals! Indeed, armed groups abound and rebellions are born and reborn in the sight of Monusco. In other words, only the country itself can overcome all these movements that create insecurity and desolation in the east of the country.

I think that the voice of the DRC, better, that of its people, will only be heard on issues of peace and security when the country has a strong army. Otherwise, there will be cries of terrorism and the masters of the world against this scourge will never react. They only do so according to their geostrategic interests. For the record, they remained silent when the regime of President Kabila described the armed group ADF as terrorist. Even today, they do not react when the Congolese

government sings the song of Rwandan aggression or calls the M23 a terrorist movement. They may never react. And yet, they know more than anyone that this is indeed an aggression! Because they have the means and the technology to certify it. This means that as long as Congolese diplomacy remains less active as it still is, the great ones of the world, champions of the rule of law and respect for the principle of the intangibility of borders, will tolerate the Rwandan adventure as they did in the past.

I think that the DRC must rely on itself to put an end to this quasi-permanent security crisis that has plagued its development efforts for several decades. Otherwise, the superpowers will tell it to always negotiate with the rebellion or with armed groups when they themselves do not. "You don't negotiate with terrorists or armed groups," the spokespersons for the governments of developed countries always trumpet. Indeed, one cannot negotiate with members of one's own army who rebel for sectarian reasons and for the interest of another country! It is therefore necessary to have a real army that allows the government to impose its point of view on both armed groups and rebellions. Only in this way will the voice of the country be heard by the international or sub-regional community.

Salt Lake City (USA), June 29, 2022.



Executive Summary

Economic situation

- **At the international level**, the deceleration in economic activity is being precipitated by the consequences of the conflict in Ukraine. According to the World Bank's updated economic outlook, global economic growth is expected to fall to 2.9% in 2022, down from a previously estimated 4.1%.
- The food and energy price pressures caused by the Ukrainian crisis are expected to be a strong contributor to accelerating inflation. Thus, central banks will need 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 June 2022, the stock markets were characterized by strong downward trends due to the renewed commitment of central banks to continue their monetary tightening policies in order to control inflation caused by the war between Ukraine and Russia. These weak stock market performances reflect a deterioration in the level of financial confidence among private operators.
- In the international foreign exchange market, the US currency appreciated significantly against the euro and the pound sterling during June 2022, as falling equity gains stimulated demand for the safe haven US dollar. In Japan, the yen continued to depreciate against the greenback as US bond yields rose. Finally, the Chinese yuan fell sharply during the month, and this decline is expected to be exacerbated by the slowing global economy which poses a threat to Chinese exports.
- In terms of commodities, copper prices fell drastically during the month of June 2022, and this fall is believed to be driven by growing fears of a global economic slowdown triggered by the aggressive tightening of monetary policies by major central banks. Gold prices have stabilized around an average of USD 1,840 per ounce. Upside pressure in the U.S. bond markets reportedly dampened the appeal of the yellow metal. In the crude oil market, prices trended downward, which occurred against the backdrop of Russian oil exports resisting Western sanctions.
- The outbreak of the Russian-Ukrainian war has significantly clouded the trade outlook for the global economy in 2022. However, OECD statistics for the first quarter of the year show a fragile expansion in merchandise trade. Much of this growth is believed to be driven by rising commodity prices, while growth in services trade continues to slow, particularly in the transportation sector.
- **At the national level**, as in the previous month, the macroeconomic framework remained broadly stable. Indeed, the dynamics of the exchange rate remained stable in June 2022 although, compared to its level at the end of May 2022, the exchange rate depreciated slightly by 0.004 percent on the interbank market and by 0.38 percent on the parallel market. In the goods and services market, the weekly inflation rate was 0.22 percent in the third week of June 2022. This resulted in a cumulative inflation rate of 5.32% compared to 4.45% at the close of the previous month. The year-on-year inflation rate stood at 7.48% in the third week of June 2022. At this rate, the inflation rate at the end of December 2022 is expected to be 11.87% compared to 11.40% achieved at the end of May 2022. Compared to the situation of the previous year, an acceleration in prices of 124.81% was observed between the end of December 2021 (5.28%) and the expected inflation at the end of December 2022 (11.87%).
- On the public finance side, the Treasury recorded a deficit of 750,819 million CDF in the third week of June 2022. This deficit is the result of expenditures of 1,681,975 million CDF and revenues of 931,156 million CDF. Salaries accounted for 30.27% of total expenditures, while capital expenditures accounted for 26.44% 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 announcement by the President of the Republic on the creation of a special economic zone in the East of the DRC; (ii) the presentation



by the Minister of Finance of the report on the overall financial situation of the country; (iii) the reaction of the FEC in relation to new levies in the telecommunications sector; (iv) the placing of Afriland First Bank DRC under the supervision of a provisional administration committee of the Central Bank; (v) the first sovereign financial rating in local currency for the Democratic Republic of Congo; (vi) the suspension of trade agreements with Rwanda; and (vii) the analysis of the economic fallout of the crisis between the DRC and Rwanda by the rating agency Fitch Solutions.

Political situation

The month of June 2022 was particularly marked by the following political events:

- Reactions to the aggression of the DRC by Rwanda under the cover of the M23 insurgents;
- The visit of the Belgian King Philippe in DRC;
- The return of the relics of Patrice Lumumba;
- The swearing in of the judges of the Constitutional Court;
- The acquittal of Vital Kamerhe by the Justice.

Despite calls for them to cease fire immediately, the M23 insurgents, visibly supported by the Rwandan army in terms of weapons and troops, continued their offensive, which led them to take the town of Bunagana, on the border between the DRC, Uganda and Rwanda, in a stranglehold. This situation, which has led to movements of the population, has provoked several reactions at both national and international levels.

Moreover, it was during the first half of June that the King of the Belgians Philippe began his first official visit to the Democratic Republic of Congo, against the backdrop of a painful colonial past, in order to relaunch the partnership with President Tshisekedi and to

continue the work of remembrance on the colonial period, still omnipresent in the minds, especially since this visit has a strong symbolic significance, two years after Philippe expressed in a letter to the Congolese head of state his "deepest regrets" for the "wounds" of colonization, a historical first.

The repatriation of the mortal remains of the first Prime Minister Patrice-Emery Lumumba in the Democratic Republic of Congo has undergone a series of ceremonies that ended with the burial, on June 30, at the mausoleum of Limete erected for the occasion, and now becoming a tourist site in memory of this national hero. Indeed, since the official handing over of the "Dent" (the only mortal remains of this illustrious character assassinated in very obscure circumstances), from Brussels, passing through his native village, Kisangani, Lubumbashi, the place of his death to the place of his burial, well deserved tributes were paid to him by thousands of Congolese who will always remember his role for the unity of the nation.

In the area of justice, the movements observed within the Constitutional Court have stirred up public opinion, both in the appointment of three new judges to replace two who left recently, and whose term of office came to an end after a draw on May 10, after the first three years of exercise, and in the election of Judge Dieudonné Kamuluete as the new president of this high court.

Finally, in the political-judicial arena, the surprising acquittal of Vital Kamerhe for insufficient evidence, a figurehead and leader of the Union for the Congolese Nation (UNC), sentenced to 20 years of hard labor in the first degree, a sentence reduced to 13 years in the second degree, has sparked reactions in national opinion, where many seem to have no faith in the justice system, which, in the eyes of many, is still politically oriented according to the wishes of those in power.



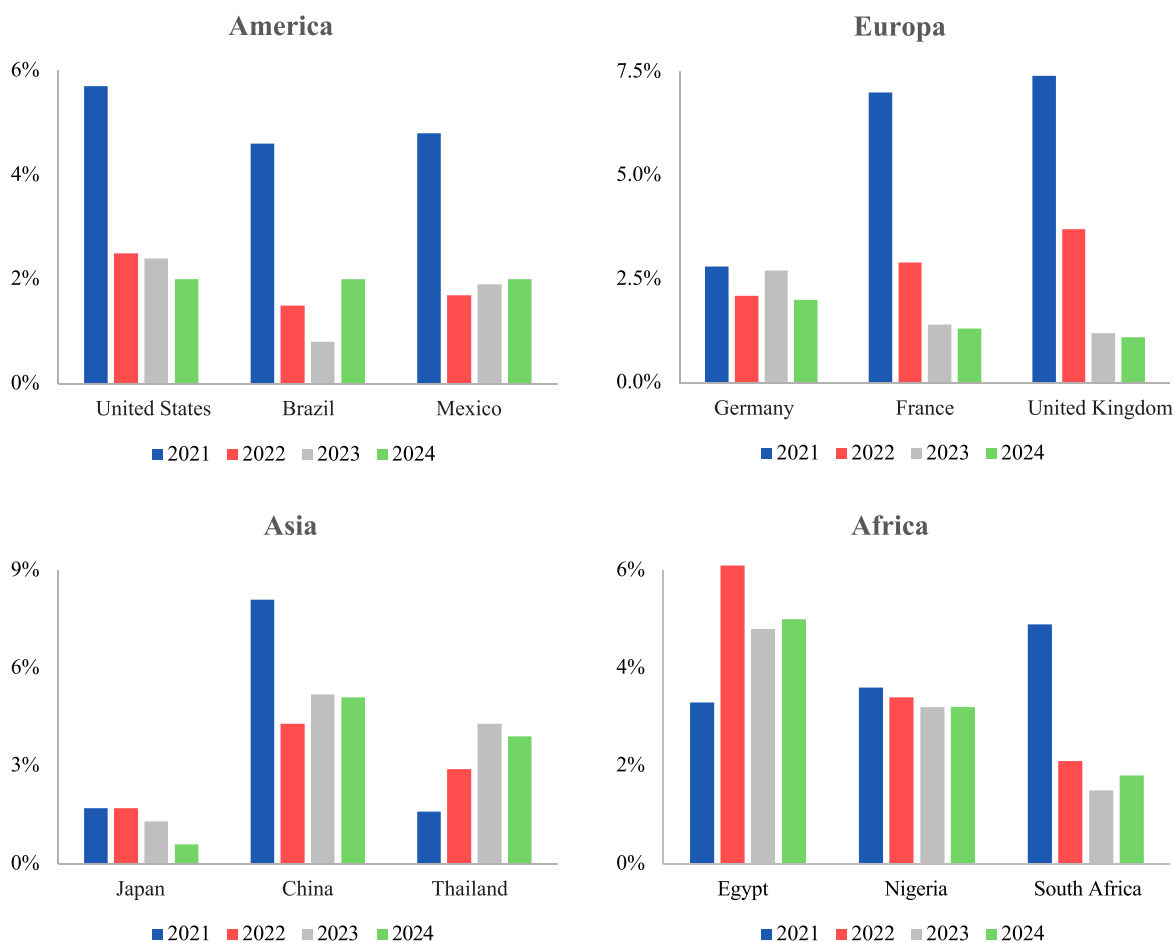
1. International context

I.1. Economic growth

The fallout from the Ukraine-Russia conflict is precipitating a deceleration in global economic activity. According to the World Bank's updated economic outlook, economic growth is finally 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, both globally and at the individual country level.

Figure 1 » GLOBAL ECONOMIC GROWTH PROJECTIONS



Source : World Bank.

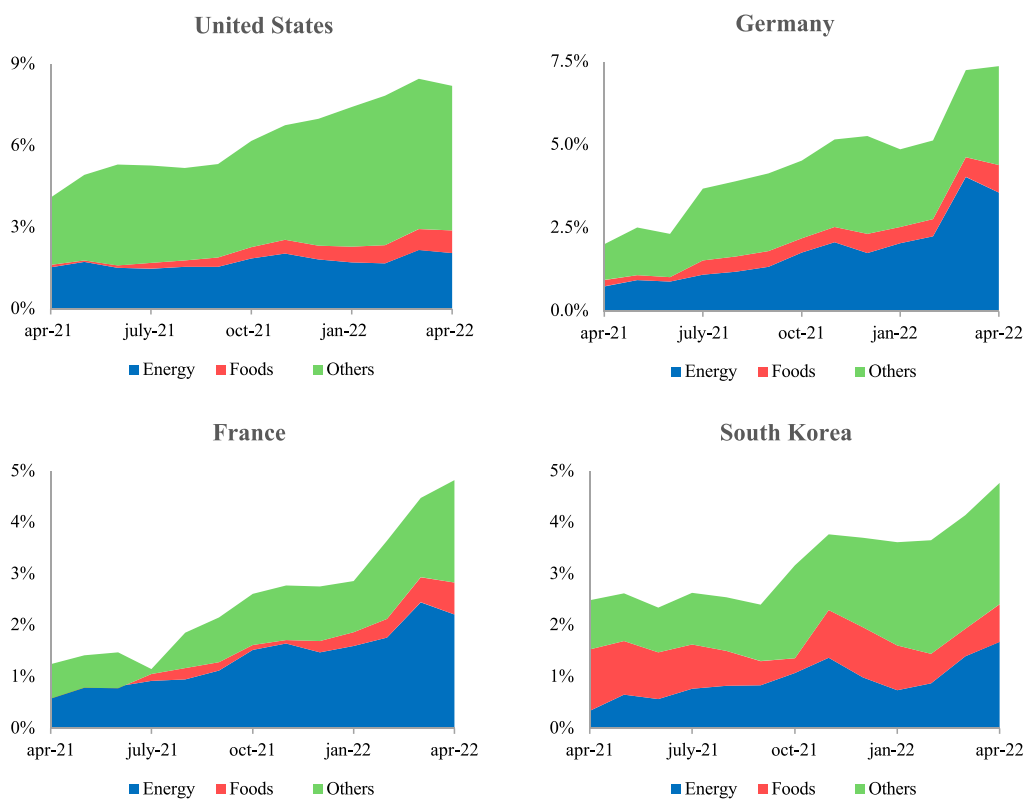


Russia's invasion of Ukraine has had adverse effects on commodity markets, supply chains, inflation, and financial conditions, exacerbating the slowdown in global growth, as shown in Figure 1. One of the main downside threats to the forecast is the possibility of high global inflation accompanied by sluggish growth, reminiscent of the stagflation of the 1970s. This could lead to a sharp tightening of monetary policy in advanced economies, which could cause financial stress in most 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, following the rise in commodity prices (food and energy) that it has caused. These tensions on food and energy prices due to the war in Ukraine should contribute to the acceleration of inflation in the world. The resulting inflationary spiral is reducing real household income, particularly in an environment where fiscal support to mitigate the impact of these commodity price increases is limited. The risk of inflation forecasts deviating from central bank targets is increasing, prompting policymakers to take monetary tightening measures to control inflation.

Figure 2 >> INFLATION RATE BY COMPONENT



Source : OECD.



Figure 2 shows that the contribution of food prices to inflation has increased significantly since the end of 2021, with the exception of South Korea, where the share of this component has remained stable. This can be explained by the preponderance of Ukrainian exports of agricultural products (such as wheat) on the international market, whose low supply is causing the inflation rate to rise. As for the energy component of inflation, its contribution increased remarkably in the first quarter of 2022, particularly in France and

Germany. As Russia is one of the world's leading oil producers, the scarcity of this raw material is likely to explain the rise in the weight of energy products in inflation dynamics. In terms of strategies, central banks will need to communicate clearly on monetary policy decisions and rely on credible monetary policy frameworks in order to effectively anchor inflation expectations and reduce the amount of monetary tightening needed to achieve the desired effects on inflation.



1.3. Financial market

After rebounding in the latter half of May 2022, following the Biden administration's announcement to reduce tariffs on Chinese products, stock market indexes have generally shown downward trends during this month of June 2022. On Wall Street, the Dow Jones, S&P-500 and Nasdaq reached lows of 29,880 points, 3,665 points and 10,645 points respectively during this month. The same is true on the European continent. On the Paris stock exchange, the CAC-40 was close to a low of almost 5,880 points; and on the Frankfurt stock exchange, the low was around 12,780 points for the DAX-40 index. The Tokyo Stock Exchange was also characterized by this same bearish

dynamic, with the Japanese Nikkei index posting a low of nearly 25,770 points in the month of June 2022.

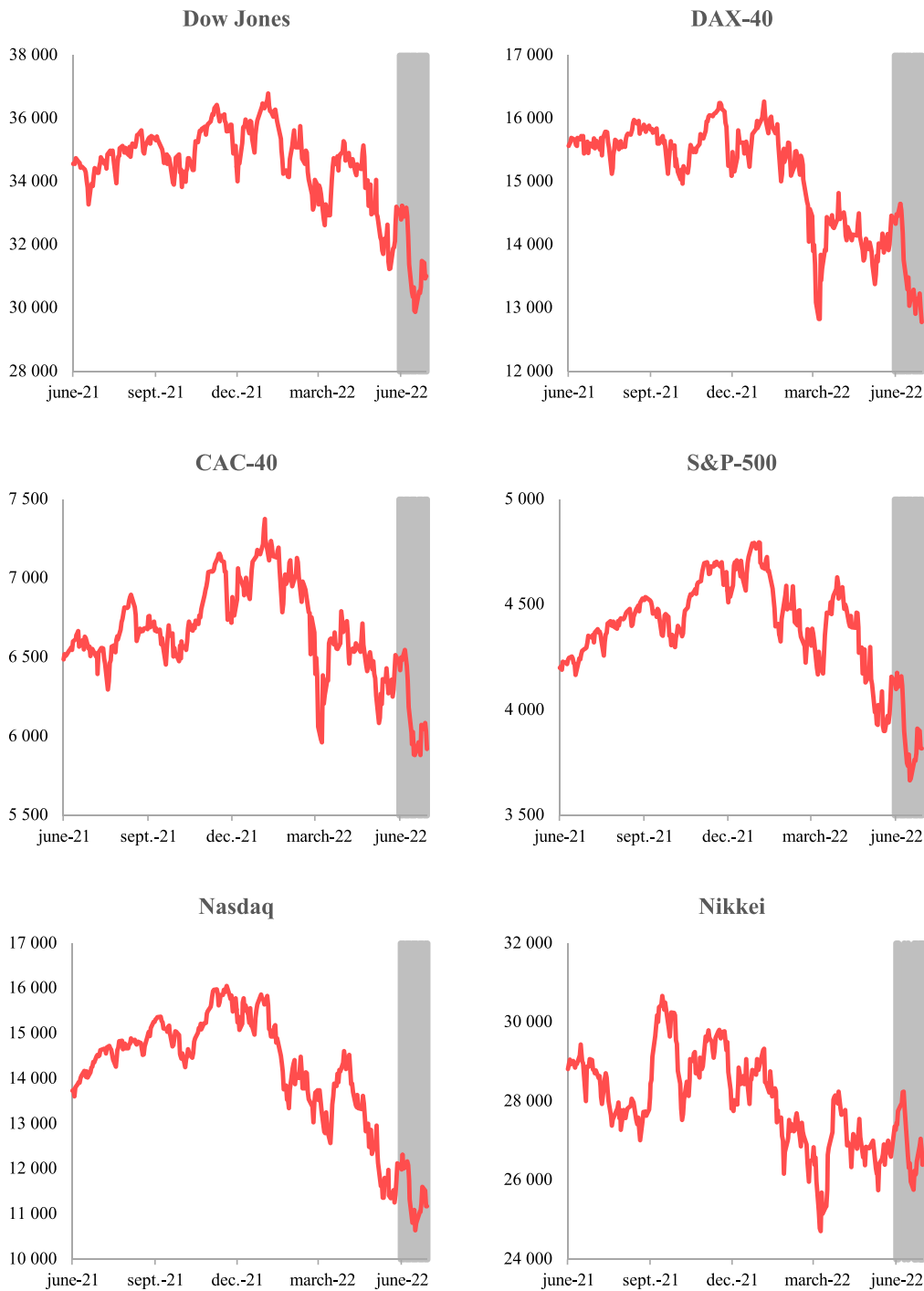
These falls in stock market indices during the month of June 2022 should be explained by the renewed commitment of central banks to continue their monetary tightening policies in order to control the cost inflation caused by the continuing war in Ukraine. As equity assets are sensitive to rising interest rates, their prices have fallen dramatically, reflecting an extreme deterioration in the level of financial confidence among private investors.



20.556

06.381

Figure 3 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



Source : Macrotrends.

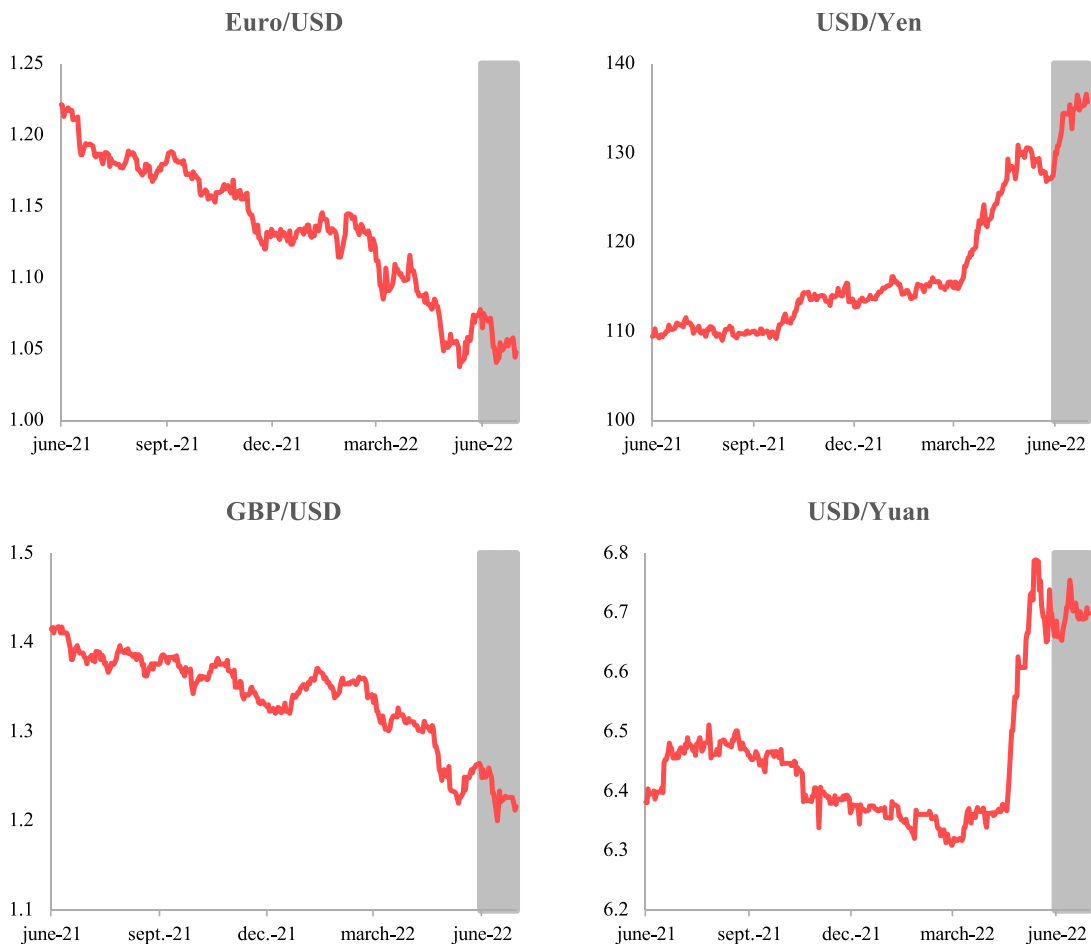
I.4. Foreign exchange market

As a result of falling gains in equity assets, given the Fed's talk of tight monetary policy, demand for the safe-haven U.S. dollar has been boosted. As a result, the U.S. currency has appreciated significantly against both the euro and the British pound during the month of June 2022.

On the Asian continent, the Japanese yen curve has been rising throughout the current month, reflecting the depreciation of the Japanese currency against the greenback, due in part to rising U.S. bond yields. Indeed,

the divergence between central banks continues to weigh on the yen, with the Fed raising interest rates while the Bank of Japan expands its quantitative easing program. In Beijing, after the recent consolidation of the yuan against the U.S. dollar due to the easing of health restrictions, the Chinese currency has come under attack from the greenback. This decline in the Chinese yuan is expected to be exacerbated by the slowing global economy, which poses a threat to China's exports.

Figure 4 » DAILY EVOLUTION OF THE MAIN EXCHANGE RATES



Source : Macrotrends.



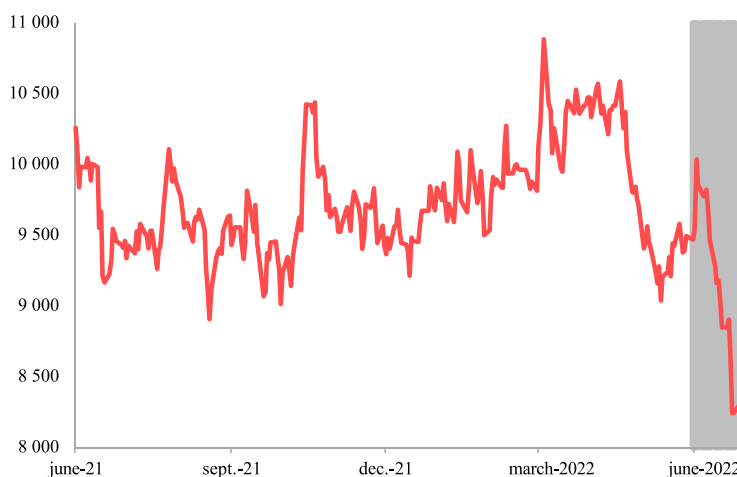
I.5. Market for strategic products

- Copper

After rebounding in the previous month due to the easing of health restrictions in China, copper prices have fallen drastically during June 2022. This drastic fall in prices is believed to be driven by growing fears of a global economic slowdown triggered by the aggressive tightening of policy by major central banks. In addition, the weakening of Chinese manufacturing and services activity due to Covid-19

would have accentuated this collapse in red metal prices. As a result, there are several concerns about the decline in Chinese copper imports, as China is the world's largest consumer of the red metal. In the absence of prospects for an increase in Chinese demand, we can expect prices to continue to fall to the point of reaching the USD 8,000 per metric ton mark in the coming weeks.

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

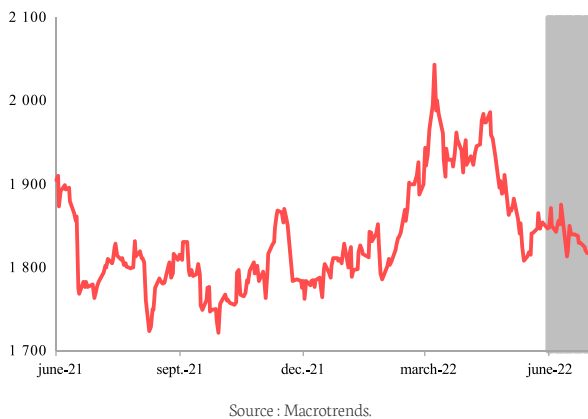


Source : Macrotrends.

- Gold

After rising during the previous month, gold prices have stabilized around an average of USD 1,840 per ounce in the month of June 2022. The upward pressure on the US bond markets would have sponged the appeal of the yellow metal. Indeed, the appreciation of the greenback has led to a low attractiveness of gold as a store of value, given the negative correlation between the US currency and the yellow metal. This state of affairs is likely to continue as long as the Fed remains determined to fight inflation caused by rising energy and food prices.

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



- Oil

After being boosted the previous month by the gradual lifting of anti-Covid restrictions in China, crude oil prices showed a downward trend during June 2022, as shown in Figure 7. This decline occurred against the backdrop of the resilience of Russian oil exports to Western sanctions, despite the European embargo. It is therefore the resilience of Russian supply that would have led to a decline in prices in the black gold market. However, the prospects of a revival in demand, particularly following the reopening of the Chinese economy, could reverse the trends observed during this month.

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

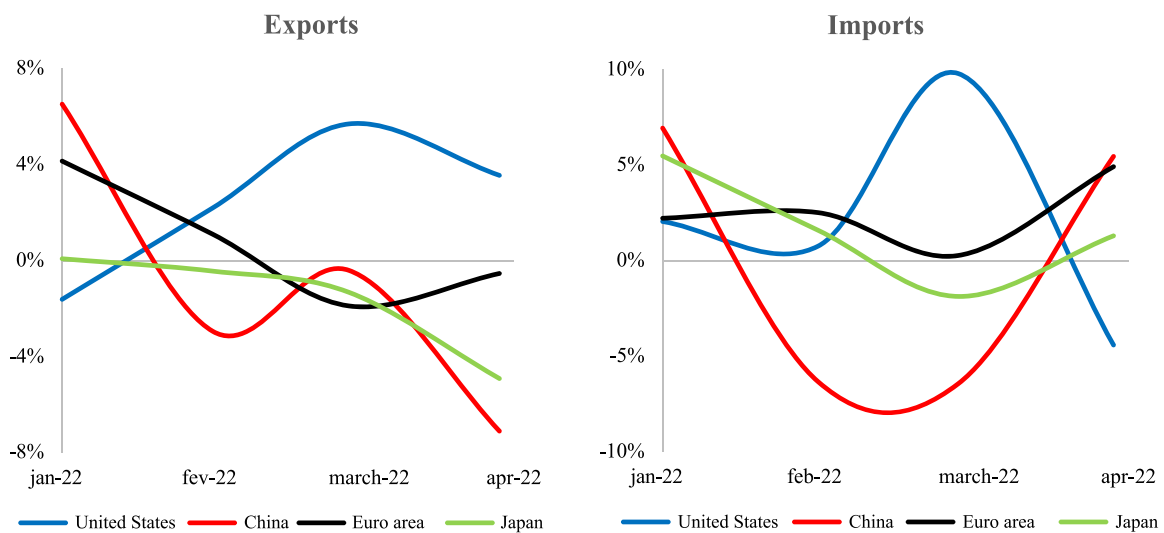


I.6. International trade

The outbreak of war in Ukraine has significantly clouded the trade outlook for the global economy in 2022, according to the World Trade Organization (WTO). However, statistics for the first quarter of the year show a fragile expansion in merchandise trade. Much of this growth is believed to be driven by rising

commodity prices, while growth in services trade continues to slow, particularly in the transportation sector. Covid-19-related containment measures in East Asia are expected to put additional pressure on the price of traded goods and on already strained value chains.

Figure 8 » MERCHANDISE TRADE GROWTH



Source : OECD.

Figure 8 shows that export growth to the United States, after increasing in the first three months of the year, fell slightly in April 2022 due to declines in the pharmaceutical and chemical fertilizer industries. U.S. imports show a notable spike in March 2022, driven by purchases of essential inputs for computers and telecommunications equipment.

In Asia, exports to Japan declined as a result of chip shortages that negatively affected shipments of vehicles and parts. China's exports are trending

downward, driven by weak sales of steel and plastic products and less consistent shipments of electronics. In contrast, China's import curve has picked up as a result of energy needs.

In the Eurozone, both exports and imports increased at the close of the first quarter of 2022. Exports are mainly driven by the aerospace sector, while imports are better explained by the dynamics of chemical and metal purchases.

Box 1. What lessons can be learned from the current energy crisis¹ ?

In an economic context that was already marked by post-Covid inflation, the war in Ukraine, which began on February 24, 2022, has further shaken up energy prices and impacted many sectors. This crisis has caused the biggest shock to the global energy markets since the 1970s. Like the oil shocks of this decade, it is forcing a fundamental rethink of the energy economy and policy. The strong rebound in energy demand as the global economy recovered from the impact of the Covid-19 pandemic, combined with a series of supply disruptions, helped drive up the prices of oil, gas, coal and electricity.

The decline in oil and gas sector investment from an average of \$750 billion per year in 2012-16 to only \$400 billion per year in 2017-21 is causing the sector to fail to meet rising demand. Compared to the 1970s, today the world is also addressing the problem of catastrophic climate change. To that end, according to the Paris Agreement, global warming should be limited to 1.5°C above pre-industrial levels, which would lead to a rapid decline in global greenhouse gas emissions to net zero by 2050. Policies, investment decisions and corporate strategies to address the climate threat have so far had only a marginal effect in terms of reducing demand for fossil fuels, which still account for about 80% of the world's primary energy. There is thus an inescapable tension between the urgent issues of energy security and affordability, and the long-term challenge of climate change.

Soaring fossil fuel prices pose a threat not only to consumers and the economies of energy-importing countries, but also to the energy transition itself. However, high fuel costs and energy shortages can also provoke backlash against climate policies.

Thus, in light of the above, the main lessons learned from the current energy crisis are listed below :

Lesson One

The Covid-19 pandemic and the war in Ukraine have highlighted the central importance of fossil fuels to the global economy and the fine balance of these markets. Lack of equilibrium leads to large and rapid changes in commodity prices, yet financial and physical markets are currently seeking a new equilibrium where supply and demand are broadly matched. Indeed, at the height of Covid-19, in April 2020, global oil demand had fallen by 20% as the mobility of more than a third of the world's population was restricted to stem the spread of the disease. On the one hand, demand for gasoline and jet fuel was hit hard, but the impact was less on diesel, as commercial activity continued. On the other hand, demand for petrochemical feedstocks was even more resilient, as plastics were essential for personal protective equipment such as masks. The price of West Texas Intermediate (WTI), which serves as a benchmark for crude oil, fell to \$22.39 per barrel during the March 20, 2020 intraday session, half the price it was at the beginning of the month².

The war in Ukraine has led to a further surge in prices. Sanctions-induced disruptions to Russia's crude and refined product exports highlighted the relatively limited spare capacity of supply.

The pandemic and the war demonstrated the wild volatility of prices resulting from market imbalances that are small relative to the ambitious projections of declining oil, gas, and coal consumption included in the net-zero emissions scenarios. To avoid exacerbating the risk of future price spikes, the focus should be on reducing demand, with supply following as more expensive and polluting sources are no longer needed. Technologies for reducing fossil fuel demand vary from sector to sector, namely :

- **In transportation, we have :** electric vehicles and advanced biofuels ;
- **In the production of electricity, we have :** renewable energies, hydrogen and nuclear energy ;
- **For heating,** we will favor the use of heat pumps.

A transition focused on deploying these technologies as quickly as possible would spare future consumers from the crushing burden of energy costs that many face today.

1. Cette réflexion est tirée de Wood Mackenzie.
2. <https://www.banquemoniale.org/fr/region/mena/brief/coping-with-a-dual-shock-coronavirus-covid-19-and-oil-prices>, 01/05/2022, 14h00.

Figure 9 » CHANGES IN ENERGY DEMAND CAN LEAD TO MUCH LARGER PRICE CHANGES

Source : Wood Mackenzie [4].

Lesson Two

The globalization of gas, has only really emerged in the last decade, with liquefied natural gas (LNG) seeing its share of global trade grow from 35% in 2010 to 50% in 2021. U.S. LNG flexibility has emerged as the marginal supplier of LNG, linking price dynamics in the U.S., Europe and Asia.

By 2030-2035, Qatar, Australia and the United States will dominate LNG production and exports. Mozambique and Argentina (thanks to the development of its shale gas) are also emerging as potential LNG exporters³.

Gas and LNG prices have risen much higher than oil and coal prices, not only because Russia's market share is larger, but also because supply is less flexible. And the lead times for developing new sources of supply, including LNG, can take several years.

In contrast, the current crisis has shown how interconnected global markets can transmit shocks across sectors and regions, increasing the need for supply and demand flexibility to ensure resilience. In the past, coal-fired power plants in Europe and oil-fired power plants in Asia have helped limit the spike in global gas prices by providing alternatives for power generation. **But reductions in coal and oil capacity, due to climate policies and the economy, have limited their ability to play this role.**

Lesson Three

Until the war in Ukraine, Russia was a reliable energy supplier for Europe with a supply of 22% coal, 26% oil and 52% gas.

This crisis has also highlighted other potential threats to energy security, from both low-carbon technologies and fossil fuels, and from countries other than Russia. China, for example, has global leadership in the production of lithium-ion batteries, solar modules, and wind turbines, as well as the associated supply chains, and its low costs give it a competitive advantage in these sectors. This is compounded by the acquisition of the UK's largest semiconductor manufacturer by a Chinese group. More can be done to support diversity of supply in key sectors such as the supply chain for electric vehicles and batteries, through to critical mineral mining.

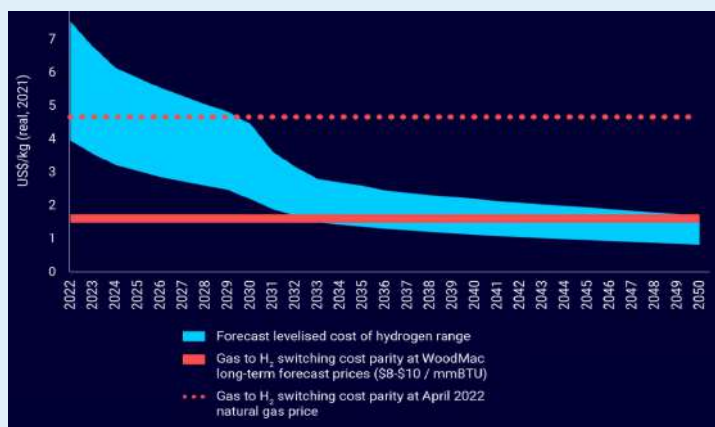
3. Canada's natural gas reserves would also allow it to be a significant exporter of LNG, especially since, given its geographic location, its transportation costs to Asia are significantly lower than those of American LNG. However, numerous constraints (regulatory complexity and fragmentation, labor costs, social opposition, etc.) significantly limit Canadian LNG exports today (on the order of 13 million tons/year. (Findlay, 2019)).

Lesson Four

Solar and wind power have made significant progress, but fossil fuels still dominate electricity supply in most markets, accounting for about 60% of global electricity generation in 2021. The EU and the UK have developed an impressive total of 428 gigawatts of wind and solar capacity this century, but over the same period their dependence on imports has increased from 44% to 60% of their primary energy. The variability of solar and wind generation means that ensuring reliability requires other technologies, including sometimes the continued use of fossil fuels. Lithium-ion battery storage, for example, can provide backup for a few hours, but is inadequate for areas of Europe and North America where weather conditions can be calm and dark for many days, reducing renewable generation.

Nuclear power can be part of the solution and is again attracting a lot of attention in several countries. Keeping existing plants operating as long as possible generally makes sense in terms of emissions, safety and economics, but building new plants poses cost problems. Small modular reactors could have lower costs, but they have not yet proven themselves. In the long run, lower costs for low-carbon energy should ease the burden on consumers. Until then, the only real solution to help those facing energy costs is through tax and spending policy.

Figure 10 » GREEN HYDROGEN IS EXPECTED TO BECOME COST-COMPETITIVE FOR ELECTRICITY GENERATION



Source : Wood Mackenzie [4].

Lesson Five

Ultimately, the only way to achieve a largely electrified energy system based on carbon-free generation will be through technological advances. Advanced geothermal energy, long-term energy storage, and ammonia or hydrogen combustion have shown promising progress in recent years. Hydrogen has the following advantages :

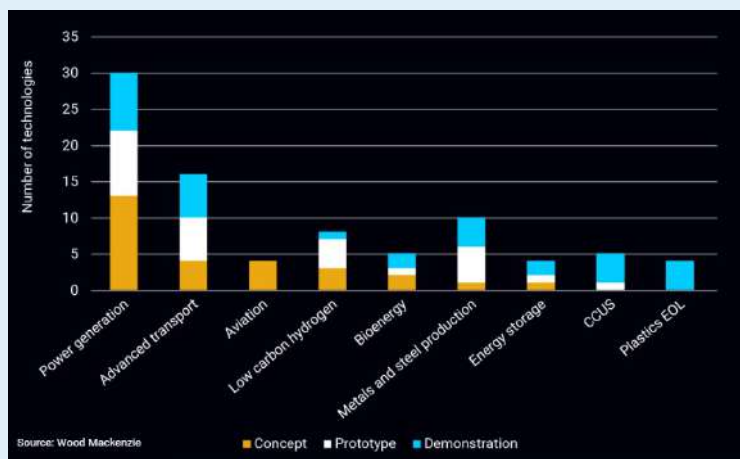
- Reduced emissions and increased safety ;
- A possibility of local production ;
- An import from a much more diverse set of exporters than for natural gas.
- Carbon capture, utilization, and storage (CCS) and nature-based solutions could also play a critical role, enabling the continued use of fossil fuels in areas where they are difficult to replace⁴. To achieve net zero emissions by 2050, we believe the world may need 5 billion tons of carbon removal capacity per year by

4. https://www.woodmac.com/horizons/security-alert-five-lessons-from-the-energy-crisis/?promo_name=horizonsapril22&promo_creative=roadblock, April 30, 2022, 0:00 am.

2035⁵. Energy efficiency can be an important way to curb demand and reduce vulnerability to price shocks, but only if there is a comprehensive policy to unlock it. This policy will focus on the following :

- Encourage consumers to use technologies to reduce energy waste, and to switch to heat pumps that are three times more efficient ;
- Encourage companies to use better insulation in new construction. But the price signal must be strong enough for them to change their behavior ;
- Support policy for innovation. If left to the private sector, the private sector will not move fast enough to meet the challenges of climate and energy security on the urgent timetable that is needed.

Figure 11 » EMERGING TECHNOLOGIES CAN DECARBONIZE DIFFICULT SECTORS



Source : Wood Mackenzie [4].

From this graph, it can be seen that the large number of emerging technologies that can decarbonize challenging sectors are held in power generation with 13% in design, 23% in prototype and 30% in demonstration. For the rest of the sectors the situation is as follows :

- Advanced transportation: 4% concept, 10% prototype and 16% demonstration ;
- Aviation: 4% concept ;
- Low Carbon Hydrogen: 2.5% concept, 7.5% prototype and 8% demonstration ;
- Bioenergy: 2% concept, 3% prototype and 5% demonstration ;
- Steel and metal production: 1% concept, 6% prototype and 10% demonstration ;
- Energy Storage: 1% concept, 2% prototype and 4% demonstration
- Carbon capture, utilization and storage (CCUS): 1% prototype and 5% demonstration ;
- End of Life Plastics (EOL): 4% demonstration.

5. Wood Mackenzie, Security alert: Five lessons from the energy crisis, April 2022, Ed Crooks, Vice-Chair, Americas, Prakash Sharma, Vice President, Multi-Commodity Research, Ann-Louise Hittle, Vice President, Oils Research, Massimo Di Odoardo, Vice President, Gas and LNG Research, Alan Gelder, Vice President Refining, Chemicals & Oil Markets, Murray Douglas, Research Director, Multi-Commodity Research.

Conclusion : A New Era for Energy Security

The lessons of the crisis can help policymakers focus their efforts as effectively as possible. The crisis was a wake-up call, highlighting weaknesses in energy systems that have been building for years and, in some cases, decades. The private and public sectors now have an opportunity to work together to correct some of these weaknesses. The key players for this new era are :

- **Governments** : who must implement climate policies rooted in long-term planning for the energy transition, not in responses to short-term pressures. The focus must always be on shifting demand away from fossil fuels, rather than limiting supply. Barriers to low-carbon energy investments should be removed as much as possible by streamlining regulatory approvals to accelerate their development. But policies must also be put in place to cushion the impact of volatile fossil fuel prices during the transition ;
- **Investors** : Like governments, they must review their climate strategies in light of energy security concerns. As they work to align their portfolios with the Paris climate goals ;
- **Business** : The crisis has demonstrated the urgent need for increased energy investments in a wide range of sectors and regions. Wood Mackenzie calculates that US\$60 trillion in investment will be needed to reach net zero emissions by 2050. The energy security imperative strengthens the case for rapid expansion of low-carbon infrastructure, while underscoring the need to invest in fossil fuel production to meet continued demand. Using technologies that offer a dual benefit for climate and energy security, including renewables, storage, and hydrogen, will present the best opportunities. And as the political pressure of high prices increases, companies will find that governments are more willing to collaborate on policies to support this energy investment.



2. National context

II.1. Evolution of the national economy

The economic news of June 2022 was marked by several notable facts. More explicitly, these facts are presented below: (i) the announcement of the President of the Republic on the creation of a special economic zone in the East of the DRC; (ii) the presentation, by the Minister of Finance, of the report on the overall financial situation of the country; (iii) the reaction of the FEC in relation to new levies in the telecommunications sector; (iv) the placing of Afriland First Bank DRC under the supervision of a provisional administration committee; (v) the first sovereign financial rating in local currency for the Democratic Republic of Congo; (vi) the suspension of trade agreements with Rwanda; and (vii) the analysis of the economic fallout of the crisis between the DRC and Rwanda by the rating agency Fitch Solutions.

1. Announcement by President Félix Tshisekedi on the creation of a special economic zone in the east of the DRC

The President of the Republic, Félix Antoine Tshisekedi, at the 56ème meeting of the Council of Ministers which he chaired, advocated the creation of a special economic zone in the east of the DRC. Taking the Maluku special economic zone as an example, the Head of State commissioned feasibility studies from the Minister of Industry, which should make it possible to determine the optimal location of the zone as well as to define its contours and synergies for the economic integration of local communities. The ultimate goal is to promote the culture of peace, thanks in particular to the emergence of an integrated network of small and medium-sized enterprises and industries active in various sectors such as agri-food, energy, tourism and new technologies. This special economic zone will also lay the foundation for the recognition of the economic renaissance of the eastern provinces which are rich in natural resources, gas, mining, agriculture, tourism and a remarkable human potential for their transformation.

The creation of a special economic zone, with the easing of investment conditions that it offers, could be beneficial for the Congolese economy in general and for the eastern part of the DRC and could influence both upstream and downstream security dynamics. Upstream, it will make it possible to respond to the economic demands of the warring parties, and downstream, by facilitating investment, it will help establish a framework and mechanisms for regional stability and the security of such investment.

2. Presentation by the Minister of Finance of the report on the country's overall financial situation

The Minister of Finance and Chairman of the Financial Stability Committee presented, during the 56ème meeting of the Council of Ministers, his report on the overall financial situation of the country and two main points were raised including the difficulties observed at Afriland First Bank as well as the state of financial stability, in the current international economic context and its possible impact on the national economy.

In his first point on the multifaceted crisis that Afriland First Bank is going through, Nicolas Kazadi reminded the regulatory authority, the Central Bank of Congo, of the imperative need for an orderly resolution of these difficulties, in order to protect the stability of the banking system as well as public savings.

In terms of financial stability, the report focused primarily on commercial banks, given their weight in the Congolese financial sector, which to date includes, in addition to the fifteen (15) commercial banks, one (1) savings bank seventy-one (71) savings and credit cooperatives, twenty-one (21) microfinance institutions, four (4) specialized institutions, eighty (80) financial messengers, two (2) pension funds, ten (10) insurance companies and eighteen (18) insurance



intermediaries. And according to this report, it should be noted that despite the rather difficult international context, the Congolese banking sector is globally stable with an overall solvency ratio of about 12.5% against a minimum required threshold of 10%. The banking sector also remains quite dynamic, with an increase of about 40% of the total balance sheet in 2021.

With this report, it should be noted that the overall stability as well as the dynamism of the Congolese banking sector does not manage to put in the background the fact that this sector, once again, is not immune to crises as evidenced by the difficulties encountered by Afriland First Bank. After the bankruptcy of many banks and financial institutions, the question of prudential management in this sector is becoming more acute, given the loss of confidence already fostered by previous bankruptcies.

3. FEC's reaction to the new telecom levies

Referring to the Decree n° 22/11 fixing the modalities of calculation and the rates of income of the services of the Authority of Regulation of Posts and Telecommunications of Congo (ARPTC) as well as to the Order of the Minister of Posts, Telecommunications and New Technologies of Information and Communication (PTNTIC) n°CAB/MIN/PTNTIC/AKIN/KL/KBS /009/2022 bearing modalities of execution of the above mentioned decree, the Federation of Enterprises of Congo (FEC) has, once again, confirmed the introduction by the Government of new levies to be operated at the expense of telecommunication operators on calls, SMS, Internet and whose impact will be reflected in the applicable rates in terms of increase of prices and services that are offered to consumers. It takes as evidence the invoices to be paid sent by the ARPTC in application of the Decree and the Ministerial Order mentioned above, which amount to several tens of millions of U.S. dollars covering the period from March 24 to mid-May 2022. This causes the obligation for telecommunication

operators to adjust prices, in order to integrate these new charges in their respective price structures, with the consequence of removing generous offers and other benefits that operators grant to their subscribers.

Indeed, in the current context where the living conditions of the Congolese people, already precarious, have been aggravated by the Covid-19 crisis, and who, since February, have been suffering the full force of the repercussions of the Russian-Ukrainian war, the introduction of new charges in the telecommunications sector is likely to deteriorate the business climate. Moreover, knowing that the telecommunications sector is a major contributor to the economy, both in terms of employment and revenue to the State, it would be wise for the Government to review this increase in charges, especially since the tax burden is already quite decreed by Congolese entrepreneurs.

4. Afriland First Bank DRC placed under the supervision of a provisional administration committee

The Governor of the Central Bank of Congo has appointed, this June 20, 2022, at the head of Afriland First Bank a provisional administration committee. This committee will have as its main missions to ensure the day-to-day management of the bank, to serve as an interface with all stakeholders to resolve the crisis prevailing in the bank and to prepare a recovery plan for Afriland First Bank. This decision follows the recommendations of the 56th meeting of the Council of Ministers during which the Minister of Finance brought this case to the attention of the Council.

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



The Central Bank's placing of Afriland First Bank under provisional administration is a reminder of the importance of regulation of the banking sector and the quality of leadership that the leaders of the regulatory authority, the Central Bank of Congo, must have. Indeed, the successive bankruptcies of financial institutions in the DRC, without making the Regulatory Authority complicit, demonstrate its culpable negligence in the conduct of its mission. Hence the need for a stricter application of the texts governing the sector.

5. First sovereign financial rating in local currency for the Democratic Republic of Congo

On Monday, June 20, 2022, in the presence of the Minister of Finance, Nicolas Kazadi and the Governor of the Central Bank of Congo, Malangu Kabedi Mbuyi, the sovereign financial rating agency Bloomfield Investment Corporation returned its sovereign financial rating to the Congolese government.

This rating follows two previous sovereign ratings. The first, by the international rating agency Moody's in 2021, changed the outlook of the DRC's rating from 'Caa1, Stable Outlook' to 'Caa1, Positive Outlook' in view of a possible rating upgrade. In January 2022, Standard & Poor's upgraded the DRC's rating to 'B-, Stable Outlook' from 'CCC+, Positive Outlook', reflecting the profound structural change in the Congolese economy and favorable developments in the country's external position. On the strength of these developments, the Democratic Republic of Congo, like other African countries, has requested a rating on its local currency. And in its report, the sovereign financial rating agency Bloomfield considered for the long and short term, respectively, the ratings 'BBB - with a stable long-term outlook' and 'A2 - with a stable short-term outlook'.

Indeed, for Bloomfield, over the long term, there are sufficient factors for prudent investment despite

considerable variability in risk over economic cycles. This long-term analysis is based on a series of factors including:

- An ambitious 2021-2023 action plan,
- A plan for in-depth public finance reforms,
- A moderate level of public debt,
- A strong concessional component of external debt that keeps the cost of debt low and
- A resilient and growing economy.

The report also notes that the Congolese economy has good short-term guarantees of timely repayment. Indeed, although current financing needs are likely to increase total financing requirements, access to capital markets is good and liquidity factors as well as corporate fundamentals are sound. Finally, the report finds that risk factors in the Congolese economy are minimal.

However, this report also notes the existence of some major factors of fragility in the quality of credit, notably the stability of the economy relative to the pressure of dollarization, a significant exchange rate risk on external public debt, a level of public investment that still needs to be improved, major challenges in the social and health fields, as well as a persistent security and political risk.

In light of this report, it should be noted that the main indicators for the DRC reflect a stable and sustainable situation in both the short and long term. This sustainability is, however, weak, given the risks facing the Congolese economy, which may deteriorate the main balances. Hence the need to initiate reforms, essentially to improve the level and quality of public investment.

6. Suspension of trade agreements with Rwanda

Following the resurgence of the rebel movement, which has since been branded a "terrorist movement," economic relations between the DRC and Rwanda, which the Congolese government accuses of supporting the terrorists, have deteriorated sharply. While small-scale cross-border trade has not been greatly affected to date, the Congolese government has taken a number of economic response measures. The first measures concerned the suspension of flights by Rwandair, the Rwandan national airline, which had just inaugurated twice-weekly flights to Lubumbashi and Goma, in addition to Kinshasa, which was already part of its network. New measures were announced on Wednesday, June 15, 2022, concerning various trade agreements that have been suspended for this purpose. According to the Congolese Minister of Foreign Affairs, Christophe Lutundula, the agreements affected by the suspension are those on the protection of investments, the convention aimed at combating double taxation on income and preventing tax evasion, but also the cooperation protocol between the gold company of Kivu and Maniema (Sakima SA) and the Rwandan company Dither LTD. Through this agreement, the DRC had agreed that the gold extracted by Sakima could be refined in Rwanda.

This first series of economic retaliation measures between the DRC and Rwanda, essentially concerning large investments, is not, at this stage, likely to affect cross-border trade, one of the essential links in the economic relationship between the DRC and Rwanda. However, the situation remains highly uncertain and its evolution will be intrinsically linked to the evolution of the conflict.

7. DRC-Rwanda Crisis: Fitch Solutions' report on economic benefits

In its rating released on June 21, Fitch Solutions dwelt on the potential economic consequences of the crisis that has been raging for several weeks between the DRC and Rwanda. For the rating agency, the evolution of the situation could lead to three main consequences; the most likely being that relations between the two states remain conflictual over the coming quarters, without the economic consequences being severe, due in particular to the minimal risk of seeing a large-scale military escalation, which will avoid disrupting the smooth running of the extractive industries present in the DRC. However, in this context, the rating agency has revised its short-term political risk index for the DRC from 25.8 out of 100 to 24.2 (meaning that the risk is higher). The same is true for Rwanda, with a score that drops from 69.2 to 68.3.

However, if mediation by the International Conference on the Great Lakes Region (ICGLR) and the Community of East African States (EAC) does not result in a full de-escalation, Fitch Solutions expects the stability of the sub-region to deteriorate in the medium term, causing market disruptions, particularly for exports. Indeed, Rwandan exports to the DRC represented 12.4% of the country's total exports in 2021, and Rwanda's only gold refinery relies mostly on Congolese minerals. And a disrupted market would result in slower growth for both economies, with fairly pessimistic projections of 5.5% in 2022 and 6.3% in 2023 for the DRC and 7.1% and 7.8% over the same period for Rwanda.

Finally, Fitch Solutions believes that if the conflict were to become regional in scope, it would severely curtail the development of the mining sector in the DRC, Rwanda's flagship project (Kigali Innovation City), and the Lake Albert oil project in Uganda, resulting in significantly lower economic growth and higher risks to long-term political stability.

II.1.1. Economic activity

According to the World Bank's Global Economic Outlook, the war in Ukraine has exacerbated the slowdown in the global economy which could lead to higher inflation and tighter financial conditions. In the long run with the prolongation of the war and its effects, there is a growing risk of stagflation⁶ which would have disastrous consequences on the world economy.

World growth is expected to fall from 5.7% in 2021 to 2.9% in 2022, compared with the initial forecast of 4.1% made in January. This slowdown could be observed until 2023-2024 in case the war in Ukraine persists, the consequences of which disrupt economic activity, investment and trade in the short term, the slowdown in the catching-up effects of demand and the gradual lifting of fiscal support measures and monetary support. As a result, the war in Ukraine and the Covid-19 pandemic have taken their toll on the level of per capita income in developing countries, which is down 5% from the pre-Covid trend.

While in emerging and developing countries, growth is expected to fall from 6.6% in 2021 to 3.4% in 2022. This growth will be below the annual average of 4.8% recorded between 2011 and 2019. In Sub-Saharan Africa, economic growth is expected to be 3.7 percent in 2022, 3.8 percent in 2023, and 4.0 percent in 2024. For the Democratic Republic of Congo, the forecasts remain unchanged with a growth rate of 6.0% in 2022, 6.4 in 2023 and 6.1 in 2024.

The current global economic situation is similar to, but also different from, the stagflation of the 1970s. It resembles the economic situation of the 1970s in that: (i) there are persistent supply disruptions driving inflation, preceded by a prolonged period of

highly accommodative monetary policy in the major advanced economies; (ii) growth is projected to slow; and (iii) emerging and developing economies are vulnerable to the need for tighter monetary policy to control inflation. The distinction from the 1970s can be seen from the following: the dollar is strong relative to that time, the magnitude of commodity price increases is more moderate, and the balance sheets of major financial institutions are generally strong. In contrast to the 1970s, it is worth noting that during the previous three decades central banks in advanced and many developing economies had implemented strong price stabilization measures and had achieved remarkable success in meeting their inflation targets.

To remedy this situation, both international and domestic policies are needed to mitigate the effects of the Ukraine war on the global economy. Interventions will include cushioning the shock of soaring oil and food prices, accelerating debt relief and continuing immunization in low-income countries. Within this framework, policymakers must ensure that demand is encouraged through measures that can spur domestic consumption and monitor public spending.

In another register, the DRC has received support from the World Bank in terms of credits and grants for a program whose envelope reached 7 billion US dollars at the end of June 2022. The World Bank commends the government's efforts in implementing all the projects selected under this program, which aims to stimulate economic growth, reduce inequalities and improve the living conditions of the Congolese population. In the meantime, the government has signed two financing agreements with the World Bank for a total of \$900 million to support women's entrepreneurship and improve access to water and electricity in the Kasai and Eastern provinces.

6. It is an economic situation characterized by low economic growth combined with high unemployment and rising prices. This situation was already experienced in the 1970s following the first oil shock in 1973.

In addition, it should be noted that in June 2022, the Democratic Republic of Congo received a total of US\$197 million in funding under the Equity and Strengthening of the Education System Project (PERSE)⁷. This funding aims to support and solidify the government's efforts to implement reforms in the area of free basic education.

On the other hand, at the end of its ministerial conference, and after several days of intense negotiations, the World Trade Organization announced that it had approved, in Geneva, historic agreements on fisheries, on the lifting of patents on anti-Covid vaccines as well as on food safety.

These agreements are a response to several difficulties that the world has experienced in recent months. Indeed, during the pandemic, countries had unequal access to vaccines and for the WTO, it was imperative to agree on the facilitation of trade in medical goods needed to fight pandemics, in order to prevent trade in goods and ingredients from being restricted at the time when they are most needed. Thus, the temporary lifting of patents on vaccines for developing countries was agreed.

In the context of the Russian-Ukrainian war, with its effects on the supply of food products, the agreement reached was intended to underline the importance of not resorting to export bans or restrictions that might be contrary to WTO rules. Through this agreement, the various negotiators formalized the fact that all emergency measures adopted by the various States in the area of food security should be temporary, targeted and transparent and should be notified to the WTO. In addition, a second text was adopted that aims to protect the World Food Programme's food purchases from protectionist measures that certain States may take.

The third agreement, on fisheries, although suffering from India's intransigence on many points, was adopted and aims to promote sustainable fisheries by eliminating subsidies that facilitate overfishing. This agreement also provides for the establishment of a fund to help developing countries, which will provide technical assistance and capacity building so that these countries can implement the agreement and promote the migration of their fishermen towards sustainable fishing.

The Democratic Republic of Congo was represented at this conference by Jean-Lucien Bussa Tongba, Minister of Foreign Trade, expressed the wish of the DRC, at the end of this conference, to see the strengthening of the multilateral trade system where the practice of free trade is protected by WTO rules guaranteeing equity, transparency, non-discrimination and predictability of rules. He also reassured on the improvement of the conditions in which fishing is practiced in the face of the rise of illegal and excessive fishing which damages the potential of fishing in the world, particularly in DRC where fishing is a vital, active and attractive sector and which mobilizes thousands of actors who draw from it the essential of their means of subsistence in terms of employment and income.

The Pan-African Trade and Private Sector Investment Committee surveyed 800 African business leaders from 46 countries on the impacts of the FTAA and the results show widespread optimism among respondents, although various obstacles and challenges need to be overcome.

Indeed, 93% of African business leaders expect an improvement in intra-African trade, an increase of 6.3% compared to the score for the year 2021. African business leaders base their optimism on the benefits of

7. This project aims to update the teacher registry, address the overcrowding of the education sector administration in 10 provinces, and expand merit-based recruitment for teacher and head teacher positions. The total cost of this project is US\$800 million.



the establishment of the zone, including the opening of new markets for the export of goods and services, increased trade potential within the region, investment incentives to develop business at the regional level, the encouragement of the creation of regional industrial clusters, the reduction of operational costs and the reduction of paperwork associated with exporting. And in this context of open markets, business leaders, up to 70%, still believe that the impact of the zone on their businesses is positive.

The establishment of the zone is thus welcome insofar as it will help overcome the obstacles faced by African business owners in intra-African trade. Among other obstacles to exporting, African business owners cite difficult access to information as one of the most important barriers. This difficult access is located at three levels, namely that of the markets, the opportunities to be seized and the commercial partners. Other causes include counterparty payment risks, insecurity and lack of security, unfair competition and the role of subsidies, infrastructure and/or transport services and logistics, political stability, high tariffs and long customs delays.

The report concludes, however, on a negative note by noting the lack of information among African business owners on the FTAA, stressing the need for greater outreach and provision of the necessary information to economic operators.

In addition, for Professor Claude Sumata, Congolese expert on the FTAA, to take full advantage of the establishment of the zone, it is necessary for policy makers not only to adopt national policies to promote access to information on opportunities arising from it, but also to strengthen the competitiveness of local products and compliance with international standards and the establishment of infrastructure and viable communication routes.

Indeed, strengthening the local competitiveness of companies will allow them to be inserted into international value chains. To do this, efforts must be made on the domestic market to strengthen the quality of exported products, but also to ensure that companies comply with international standards.

Finally, the construction of viable infrastructure should allow for successful integration, as the current infrastructure deficit is a bottleneck to successful free trade on the African continent.

II.1.2 Price dynamics

During the month of June 2022, prices moved up overall compared to May 2022.

As for the year-on-year inflation rate, it stood at 8.48% in the third week of June 2022, an increase of 7.60% compared to that recorded at the close of May 2022, when it stood at 7.88%.

As for the annualized inflation rate, it is expected to be 11.87% by the end of this year. This forecast is higher than that of the previous month when annualized inflation was 11.40%, a positive variation of 4.19%. 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 June 2022.



Table 1 » INFLATION TRENDS (JUNE 2022)

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.36	4.83	8.17	11.79
Week 2	0.24	5.08	8.35	11.86
Week 3	0.22	5.32	8.48	11.87

Source : CCO, June 2022.

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

II.1.3 Exchange rates and foreign exchange reserves

Throughout June 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 May 2022, the exchange rate experienced a very slight depreciation of 0.004% on the interbank market where it fell from 2 004.77 at the end of May 2022 to 2 004.85 in the third week of June 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of May 2022 and the third week of June 2022 from 2,034.00 to 2,041.67 (a positive variation of 0.38%).





Table 2 » EXCHANGE RATES TRENDS

	Closing May 2022	June 2022			Variation May-june 2022
		Week 1	Week 2	Week 3	
Interbank market	2 004.77	2 004.63	2 004.44	2 004.85	0.004%
Parallel market	2 034.00	2 044.00	2 043.33	2 041.67	0.38%

Source : CCO.

S'agissant des réserves de change, elles sont restées quasi-identiques entre mai et juin 2022 en passant de 3,77 milliards d'USD en fin mai 2022 à 3,93 milliards d'USD à la troisième semaine de juin 2022, soit une variation positive de 0,38%. Rapporté en nombre de mois

d'importations, il s'établit que l'économie congolaise a légèrement accru sa capacité comparativement à fin mai 2022. La couverture des importations par les réserves de changes est passée de 3,50 à 3,65 mois entre mai et juin 2022, soit une hausse de 4,24%.

Table 3 » FOREIGN EXCHANGE RESERVES TRENDS

	Closing May 2022	June 2022			Variation May-june 2022
		Week 1	Week 2	Week 3	
In billions of USD	3.77	3.73	3.73	3.93	4.24%
In months of imports	3.50	3.46	3.46	3.65	4.24%

Source : CCO.





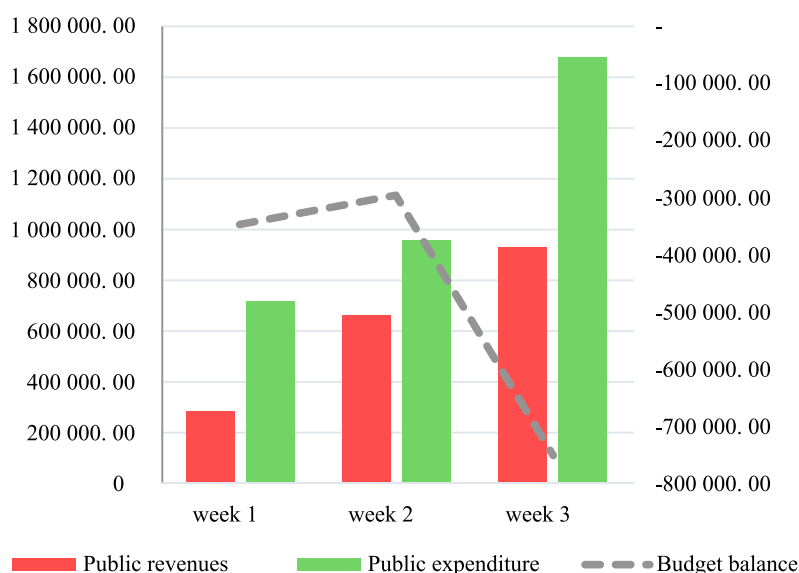
II.1.4 Public finance

CTR (Ministry of Finance) statistics show that in the third week of June 2022, the Treasury recorded a deficit of 750,819 million CDF. This deficit is the result of an expenditure level of 1,681,975 million CDF against revenue of 931,156 million CDF. The cumulative balance for this third week shows a surplus of 562,722 million CDF. It should be noted that capital expenditures for the month of June, and specifically for the third week, have increased significantly compared to those at the close of May 2022. It is encouraging that the central government is increasing capital spending

to revive various projects deemed productive for the Congolese economy, especially projects requiring a large workforce in order to reduce unemployment and limit the growing inequalities in the country between rich and poor.

As of this third week of June 2022, spending on salaries has accounted for 30.27% of total expenditures. To date, the payroll operations of civil servants are still ongoing, which means that these data will certainly undergo changes.

Figure 12 » PUBLIC SECTOR AGGREGATES AS OF JUNE 2022 (IN MILLIONS OF CDF)



Source : Congo Challenge based on CTR data.



II.2 Evolution of the political situation

The political news of the month of June was specifically dominated by the facts presented below :

1. The aggression of the DRC by Rwanda :

The M23 rebel group resumed its attacks just as the Nairobi Conclave began, with a strong mobilization of both arms and troops, which even managed to attack UN troops. This group is said to be receiving direct support from Rwanda, which was quickly put in the dock by the DRC. This movement and its sponsors aim only to keep the DRC in instability and to torpedo the peace efforts of the East African Community (EAC), said the Minister of Foreign Affairs.

Categorically rejecting these allegations, Rwanda maintained that these are Congolese nationals whose grievances must be heard internally in the DRC, so it saw the accusations of support for the M23 as a pretext used by certain Congolese troublemakers to externalize the conflict and gain political points. For the leaders of this country, he has absolutely no interest in destabilizing the DRC. On the contrary, he denounced instead the shelling of the DRC and DRC allies, namely the Democratic Forces for the Liberation of Rwanda (FDLR), the resurgence of anti-Rwandan hate speech and calls for genocide, encouraged by some officials and politicians in the DRC.

The DRC, its President, its government and all Congolese, the Minister of Foreign Affairs promised, are determined to defend the territorial integrity and sovereignty of their country.

This escalation between the two countries has set the community in motion to try to bring them to peace through negotiations. It is in this context that the Special Envoy of the Secretary General for the Great Lakes Region, Mr. Huang Xia, considered that if one can understand this determination with regard to the

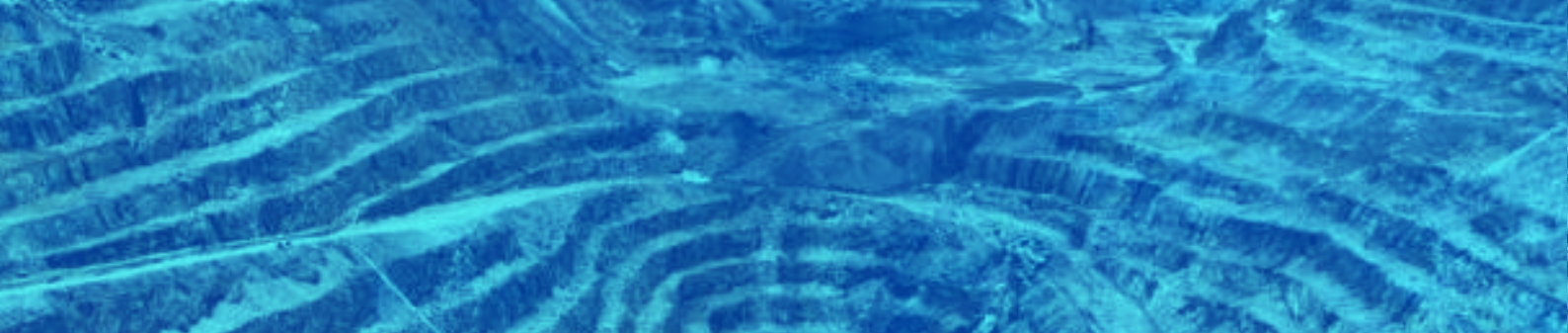
M23, one should not forget that the military option alone will not suffice, warning the relevance of his "strategy of engagement of foreign armed groups and local communities" that he intends to initiate to preserve the progress made in recent years and keep the channels of dialogue open at all levels.

As a reminder, the Minister of Environment and Sustainable Development, Ève Bazaiba Masudi, had transmitted on Tuesday, May 31, 2022, to the Rwandan ambassador accredited to Kinshasa, Vincent Karega, the government's message of protest and disapproval of the support of his country to the M23 rebel group.

In addition, the DRC is warning the Rwandan government that its attitude could disrupt the peace process, which is nearing completion with the Nairobi talks in which all the armed groups, with the exception of the M23, have committed themselves to the path to peace.

It should be noted that at the request of President Lourenço of Angola, the Democratic Republic of Congo agreed to release the two Rwandan soldiers who had been captured by elements of the FARDC, a measure that was intended to help reduce tension in relations between the two countries.

Reacting to this attack at the UN conference held on Wednesday, June 1, in Goma, North Kivu, Bintou Keita, Special Representative of the UN Secretary-General in the DRC, said that a firm military response to any provocation is one of the conditions for a definitive settlement of the M23 problem. She continued, "With our partners in the Congolese army, we have managed to restore a very relative calm in the two territories. But our efforts must continue to settle the M23 problem once and for all. This requires: 1) a firm military response to any provocation or attack"; 2) a good faith political commitment and operationalization of the



Disarmament, Demobilization, Community Recovery and Stabilization Program (PDDRC-S), province by province.

Before the United Nations Security Council meeting on the security situation in the eastern Democratic Republic of Congo, Foreign Minister Christophe Lutundula stated firmly that "there will be no more mixing, blending, or distribution of political functions without going through the democratic process. Indeed, while welcoming the importance of the United Nations for the peace process in the country, Mr. Lutundula recalled that the Congolese government is sparing no effort, under the leadership of Head of State Félix Tshisekedi, to silence the weapons in the East. He also recalled the political and diplomatic component used by the DRC to, in particular, dialogue and settle peace peacefully and at low cost. "To date, the political track has seen significant progress with the organization of the first consultations that brought together in Nairobi the delegates of the armed groups," said Christophe Lutundula, who thanked the Special Representative of the UN Secretary General in the DRC and the Special Envoy to the Great Lakes Region for their support to these consultations.

Still on the conflict in the East, activists, supporters, executives of the Lamuka platform were on Friday, June 3, 2022 in the streets of Kinshasa to demonstrate peacefully against the aggression of Rwanda, demanding in the process the break of diplomatic relations with the country of Paul Kagame. To this end, Martin Fayulu Madidi, national president of Ecidé and one of the co-founders of the Lamuka platform that organized this demonstration, said that the march had as its objective to say no to balkanization of the Democratic Republic of Congo and also to support the armed forces of the Democratic Republic of Congo. For him, "The Democratic Republic of Congo is a victim of aggression from the Republic of Rwanda, with the objective of balkanizing it and exploiting its natural resources. He further argued that this balkanization

is not only physical but also economic that wants to bring the Congo in the region of East Africa while the DRC is not to vocation of East Africa. "No to this balkanization, no to the plundering of the natural resources of the Congo," said Martin Fayulu Madidi. For him, the DRC is a democratic country despite the fact that this democracy has not reached its cruising speed "but we will not accept a dictatorship of the country like Rwanda and Uganda which do not advocate a democracy. Rwanda is organizing itself to attack us via proxies, notably the CNDP, the RCD Goma and today the FDLR and the M23.

During his working trip to Oyo from June 4 to 5, 2022, in the Republic of Congo, at the invitation of President Denis Sassou Nguesso, the President of the Republic, Félix Antoine Tshisekedi Tshilombo, recalled the many efforts he has made for peace since coming to power, maintaining that despite the destabilization maneuvers of his country through terrorist groups such as the M23, the DRC will always defend its sovereignty. He said he had "no doubt" about Rwanda's support for a rebellion that had come to "attack" his country, while reiterating his desire to maintain peaceful relations with his neighbors. Felix Tshisekedi went on to say that he has always maintained that it is better to build bridges than walls. This has always been his leitmotiv. Unfortunately, today we are where we are. Also, he hoped that the situation would not remain there and that "the fact of wanting peace, brotherhood and solidarity is not a weakness". "The DRC that I lead and that I want to see is a country where peace, security and hospitality reign, because our country has always been hospitable. But this should not be an opportunity for neighbors to come and provoke us," he continued, visibly concerned.

Concluding his remarks with bitterness, Felix Tshisekedi maintained "hope that Rwanda has learned this lesson because, today it is clear, there is no doubt, Rwanda has supported the M23 to come and attack the DRC," clearly accused the Congolese president. "I want

to prove it by the simple fact that in 2013, the same M23 had been totally defeated and their arsenal confiscated. If today they have regained their strength, it means that they have left from somewhere; then armed from somewhere," he concluded bitterly.

Denis Mukwege, Nobel Peace Prize winner, called on the Congolese population not to fall into the "trap" of "discriminatory" speeches, at a time when the DRC is facing a new «aggression» following attack by M23 rebels, who are said to be supported by Rwanda. In a tweet published this Monday, June 6, 2022, he said that these speeches that can lead to acts of violence, will only benefit the "enemies" of peace in the DRC. Denis Mukwege recalled that only justice raises a nation. Faced with the umpteenth aggression of which our country is a victim, let us not fall into the trap of discriminatory, supremacist, ethnicist, hateful speeches as well as violence that would only benefit the enemies of peace in the DRC and in the African Great Lakes Region," he explained.

Coming out of his silence, Senator Matata Ponyo Mapon openly supported the army and the President of the Republic, Felix Tshisekedi, against the military attacks of Rwanda targeting the eastern part of Congo-Kinshasa.

Indeed, the leader of the Leadership and Governance for Development (LGD) party urged his compatriots to resist and show solidarity with the armed forces in defense of the country. "I ask all Congolese to form a common front to oppose this Rwandan aggression. We must unite as one man alongside the FARDC and its supreme commander to protect the integrity of our country in the face of Rwandan expansionist designs," he said on Twitter.

The Belgian Prime Minister, Alexander De Croo, during a press conference held on Wednesday, June 8 at the Palace of the Nation, with the Head of State, Felix Tshisekedi, brought the support of his country


to the Democratic Republic of Congo which has been facing insecurity for two decades in its eastern part. A situation that has worsened in recent weeks with the resurgence of the M23 supported by Rwanda.

Alexander De Croo believes that the DRC has the right to demand that its neighbors respect its territorial integrity and take responsibility. His country, he says, is ready to play a role in ensuring that these responsibilities are respected.

German ambassador to the DRC Oliver Schnakenberg has called on the DRC's neighbors to respect the integrity of Congolese territory. Berlin says it is waiting for the results of the ICGLR's Expanded Joint Verification Mechanism's investigations into Rwanda's alleged support of the M23 rebellion to have evidence of what really happened on both sides. Pending these results, the German diplomat urged all stakeholders to refrain from escalation and calls for violence: "We share the position expressed by the UN Security Council very recently. We therefore call on all neighboring countries to respect and protect the territorial integrity of the DRC and to refrain from any inflammatory statements or actions and from any incitement to violence. This is not acceptable on all sides of the borders.

On Monday afternoon, June 13, VPM Christophe Lutundula gathered the diplomats of the permanent members of the United Nations Security Council accredited to the DRC, to whom he explained the current situation in the East, marked by the activities of the armed group M23.

To the Russian ambassador in Kinshasa, Christophe Lutundula asked him to support the position of the DRC in relation to the conflict between Kinshasa and Kigali. Russia, for its part, announced its support for the DRC's efforts to find a solution that could bring the situation in the east under control. "He informed us about the capture of the city of Bunagana. He asked



us to condemn the attitudes of Rwanda at the level of the Security Council or within the framework of the bilateral relations between our two countries. We are going to transmit this message to our hierarchy to take a decision," reassured Victor Tokmakov, Russian chargé d'affaires.

I have already reassured the Minister that Russia supports and continues to support the DRC and its President Félix-Antoine Tshisekedi Tshilombo in the efforts to find a solution that could control the situation in the East of the DRC and in the region in general.

For its part, France has promised a diplomatic, political and humanitarian response to help the DRC find a rapid solution.

During the plenary session held behind closed doors at the National Assembly on Monday, June 13, 2022, President Christophe Mboso revealed to national deputies that there will soon be arrests. He argued that MPs should be prepared to see some of their fellow national deputies being brought to justice because of their involvement in what is happening in the East of the country. On this occasion, Mboso also denounced the betrayal of Museveni's son, General Muhoozi Kainerugaba, commander of the Ugandan army's ground forces and son of President Yoweri Museveni, who signed agreements with Kigali to destabilize the East of the country. While the armed forces of the Democratic Republic of Congo have refrained from mentioning Uganda by name, the president of the National Assembly has not minced words about the involvement of Museveni's country in the fall of Bunagana.

Meeting in conclave on the security situation in the East of the Democratic Republic of Congo, the Heads of State of the East African Community (EAC), Uhuru Kenyatta, Félix Antoine Tshisekedi, Yoweri Museveni,

Salva Kir, Evariste Ndayishimiye, Paul Kagame and the representative of President Samia Suhulu, decided on the imminent deployment of the regional military force to the East of the country, which is plagued by insecurity characterized by the resurgence of the M23 rebels. According to the Presidency, Paul Kagame's troops are not part of this regional force. According to the same source, the force to be deployed will be placed under the military command of Kenya and will be operational in the coming weeks. The size of the force, the duration of operations, and other operational details of the force have not been disclosed. According to the Presidency, this will be announced at a later date. At the end of a day of discussions, which at times were very tense, the six heads of state also noted with satisfaction the significant progress made in the Nairobi political process with the consultations conducted by the joint DRC-Kenya team.

For her part, Senator Francine Muyumba criticized the decision of the East African Community (EAC) to send a regional military force to the eastern DRC to restore peace, which is not welcomed by everyone. The latter considers this project as something very dangerous for the country and asks the SADC to urgently meet on the security situation in the east of the country.

"We call on SADC to convene an extraordinary summit of heads of state and government on the security situation in the DRC, we the Congolese people do not believe at all in the regional forces of the East African Community set up to help the Congo," Francine Muyumba wrote in a message posted on her Twitter account. Instead of this regional force,

"We need to strengthen our army, I do not believe in any of the regional forces set up to help the DRC, most of them have conflicts with the Congo in one way or another, the UN peace mission in the DRC contains some countries and for more than 20 years, we have no peace," she stressed.

Martin Fayulu, did not fail to express his dissatisfaction with the establishment of a regional force in the eastern DRC to eradicate armed groups there. "A country does not subcontract its security, even of a tiny part of its territory! The communiqué of the EAC heads of state lays bare their proven intention to balkanize the DRC. No Congolese worthy of the name can accept the EAC's regional force. The DRC will remain whole," he wrote.

Among the politicians against the agreement is former U.S. Assistant Secretary of State for African Affairs Herman Cohen, who says the security problems in the eastern provinces of the DRC can only be solved by the country's own army, the FARDC. "In the eastern Democratic Republic of Congo, citizens are right to reject a proposed peacekeeping force in East Africa. The destabilization of northeastern DRC originates in the countries to the east (Rwanda, Uganda, Burundi, etc.) of the DRC. Only the DRC military can solve the problem provided that the necessary reforms are introduced," he said on his Twitter account.

Indeed, former U.S. Secretary of State Herman Cohen takes a dim view of the arrival of a regional force, as announced on Monday by the heads of state of the East African community in Nairobi, Kenya.

2. The visit of the king of Belgium Philippe in DRC

During the first two weeks of June, Philip, King of the Belgians, visited the Democratic Republic of Congo, particularly the cities of Kinshasa, Lubumbashi and Bukavu. Accompanied by his wife, Queen Mathilde, and members of the Belgian government, including the head of the government, Alexander De Croo, this first official visit of King Philip was part of the re-launch of the partnership with President Tshisekedi and the continuation of the work of remembrance of the colonial period, which is still omnipresent in people's minds.

This six-day trip, at the invitation of Felix Tshisekedi, had a strong symbolic significance, two years after Philippe expressed in a letter to the Congolese head of state his "deepest regrets" for the "wounds" of colonization, a historical first. As a reminder, the sovereign who has reigned since 2013 had regretted the "acts of violence and cruelty" committed at the time when his ancestor Leopold II had made the Congo his personal property (1885-1908), before the half-century presence of the Belgian state.

This stay which was punctuated in three stages had planned in Kinshasa, the speech of the sovereign in front of the two chambers of the Parliament; Wednesday, June 08 during a ceremony with Mr. Tshisekedi in front of the seat of the Congolese Parliament, then Friday, June 10 in front of the students of the university of Lubumbashi (south). "There will also be a reference to the colonial past. In front of the representatives of the people, King Philippe of Belgium deplored, on Wednesday 8 June, at the People's Palace, the paternalism, discrimination and racism that characterized the colonial period. "I wish to reaffirm my deepest and most sincere regrets for these wounds of the past," he said. King Philippe also noted the dynamism, creativity and vitality of the Congolese youth and called on the Congolese and Belgians to write together a new chapter of their history. He reaffirmed to the Congolese people the affection and friendship of Belgium towards the DRC. He supported the preservation of the territorial integrity of the DRC, recalling Lumumba's fight for the unity of this country. "The insecurity in the east of the DRC cannot continue," King Philippe stressed.

Several reactions were recorded and for some political actors in the DRC who welcomed this "sincere speech" of the Belgian King Philippe, it is time to translate his promises into concrete actions.



The King of the Belgians brings to the Congolese two important messages, according to Christophe Mboso, who speaks in particular of a page of history turned: "The first message is to bury a painful page of history between the DRC and the Kingdom of Belgium. Secondly, to open a new page of dynamic and privileged cooperation.

For the Honorable Mboso, President of the National Assembly, "we are being held accountable. Everyone will pay their bill. And we will have the body of our first Prime Minister returned to us; this is a good thing. Belgium has taken a good step by recognizing and returning the remains of the body (of Patrice-Emery Lumumba) to us.

The First Vice President of the National Assembly, André Mbata, said that this is a promise made to the Congolese people. According to him, the latter "is now waiting to see how Belgium will be able to accompany the promises that have just been made officially by His Majesty the King. For him, the Congolese people "hope that Belgium will support them in the fight against poverty, against underdevelopment. And also, in this type of conflict-our country is a victim of armed aggression, our country would like Belgium to really invest so that peace returns to the eastern part.

National deputy Marie-Ange Lukiana said the same thing: "We have followed the King's message. He said that the DRC is the most privileged partner for Belgium in Africa. We think that this will reinforce the realization of this vision. In any case, we felt that the King was sincere and it was not only a diplomatic action, but that he really believes in the good of the partnership.

For Noel Tshiani who also welcomed the support of the Belgian king to the territorial integrity and sovereignty of the DRC, "Beyond the speech, it will be very useful and appreciated to engage the Belgian army alongside the FARDC to fight the Rwandan

army disguised as terrorist rebels of the M23," he said on his Twitter account.

Jean-Pierre Lisanga, coordinator of the Dynamique pour une sortie de Crise (Dysoc), has asked Brussels to make reparation for the death of Patrice-Emery Lumumba, the first Prime Minister of the DRC.

Senator Francine Muyumba welcomed the gesture but said the Belgian sovereign should accompany it with an apology and a promise of reparation. "I welcome the sincere speech of the King of the Belgians. Nevertheless, in the face of the crimes committed by Belgium, regrets are insufficient. We expect an apology and a promise of reparation. This is the price we will pay to turn the page for good," she said on her Twitter account.

As for Seth Kikuni, the diplomacy of Felix Tshisekedi is a disaster, it is a disaster on all levels, there are only blunders since he took the power. What is sad is that he does not understand that he is weakening and calling into question the fight that we have led as a people and as an independent state on the one hand, that he is visibly spitting on all the people who have shed their blood unjustly, whether during the colonial era or during the war in the East of the DRC. His speech was a disappointment for all the Congolese people. Seth expected with the arrival of King Philippe to apologize, which was not done. He only expressed his deep regrets. "During the colonization, the facts exist, the history also speaks about it, the king Léopold imputed and killed approximately 10 million Congolese, the king said it himself that the system was advocated by the inequality where one found the dominants and the dominated, a system where one massacred the people. From the apology, we were going to proceed to a system of reparation. Unfortunately, this has not been done," said Seth Kikuni.

For his part, Bishop Donatien Nshole spoke of forgiveness in relation to what has not worked. He also said that he expects Belgium to commit to



accompany the DRC to move forward: "So far, although independent, we must recognize that we have difficulty in taking off, I believe that together with them, we can do many things for the interest of this country.

The government spokesman, Patrick Muyaya, considered the visit of the Belgian royal couple as an opportunity to "rewrite history in the most beautiful way between the DRC and Belgium.

3. Return of the relics of Patrice Lumumba :

During a ceremony held in Brussels on Monday, June 20, 2022, the head of the Belgian Federal Prosecutor's Office Frederic Van Leeuw handed over to the family of Patrice Lumumba a box containing a tooth of the Congolese hero killed in 1961 that one of the police officers who executed him had in his possession and that the prosecutor's office had seized in 2016.

In the name of the whole family, Juliana Lumumba, daughter of Patrice Emery Lumumba, made a moving funeral oration in front of the Congolese and Belgian Prime Ministers. In tears, the daughter of the national hero reminded the audience that "our hearts bled for 61 years. Speaking directly to her late father, Juliana said that "we mourned your death without having done the eulogy. Father, how did you die? We don't know. When did you die? We don't know. Where were you murdered? We don't know. Who murdered you and why? We are still searching. All we know is that you were condemned by your executioners to remain a dead man without a burial, a body without flesh or bones, a soul in perpetual wandering, a hero without a pantheon.

Belgian Prime Minister Alexander De Croo, who, during a ceremony to return Patrice Emery Lumumba's tooth to his family, renewed Brussels' apology "for the moral responsibility" in Lumumba's disappearance. For Roland Lumumba, one of the sons of Patrice

Lumumba, if the relatives of Patrice Lumumba will now be able to "finish their mourning", they are still waiting to "know the truth" about his assassination, hoping that the Belgian justice system will be able to complete its work.

Several reactions to the assassination of the first post-independence prime minister of the Congo have been recorded among executives, politicians, writers, journalists, university professors, and members of the Lumumba family.

After landing in the Congolese capital, the coffin was taken on Wednesday to Lumumba's native village of Onalua, in the central province of Sankuru, to Kisangani, which was his political stronghold, and to Shilatembo (south) in Katanga, where he was assassinated. A national mourning period was declared from June 27 to June 30, the day on which the relic was placed in the mausoleum in the Limete interchange square.

During the recollection on the relic of Lumumba on Sunday, June 26, in Shilatembo, François Lumumba insisted on the perpetuation of the achievements of his father Patrice-Emery Lumumba. For him, to speak about the ideology of Lumumba is equivalent to speak about the future of the country. In a direct style, François maintained that "I am among you not to talk about Patrice Lumumba, but to talk about our country," he said. For him, it is time to have courage and to look at the situation of the country. "Our country is in a difficult situation for a long time. This requires us to have courage to examine and see how to reorganize our country. Because the social and economic situation is very critical," he said.

Later in this speech, François Lumumba regrets the fact that we talk about his father without talking about his political ideology. "You must not forget that the assassination of Patrice-Emery Lumumba was a

national drama. He could not finish his program. He died very early," he said before adding: "That is why our generation must make the necessary effort to continue this program.

Thus, François Lumumba thinks that it is time to put in place social programs for the benefit of citizens. However, he insists that national unity must be the leitmotiv. With the situation in the east of the country, at any moment, the country can find itself in a serious situation. And for this, national unity is important. Without national unity, we cannot go further," he continued.

Lambert Mende Omalanga pleaded for the responsibilities to be established in the assassination of this worthy son of the country. "I wish that the responsibilities are established about the death of Patrice Emery Lumumba," he said. "To finally know the truth about what happened is a necessity. But unfortunately, at this stage, officially, there is no culprit 61 years after the horrible assassination of the one who is elevated to the rank of national hero.

4. The swearing in of the judges of the Constitutional Court

The judges of the Constitutional Court and the members of the Public Prosecutor's Office near this Court, were sworn in this Wednesday, June 15, before President Félix Tshisekedi. The ceremony took place at the People's Palace, in the presence of national deputies and senators gathered in Congress.

In this case, it is the former senator Dieudonné Mandza Andie, appointed by the Congress on Saturday, May 28 to replace the deceased Polycarpe Mongulu T'Apangane, who died on April 8 of this year. The other two new senior magistrates are those respectively designated: Sylvain LUMU by the President of the Republic and Christian YUMA by the Superior Council of the

Magistracy (CSM). They replace the former President of the Constitutional Court and the CSM, Dieudonné Kaluba Dibwa, and Judge Prince Funga Molima, whose mandate ended after a draw on May 10, after the first three years of exercise.

If the successor of the deceased Polycarpe Mongulu is already well known to the public, this is not the case for the other two. Since their designation was made in all discretion of the mandating institutions, namely the President of the Republic and the CSM.

These appointments were made in accordance with article 158 of the constitution of February 18, 2006, which provides that the Constitutional Court may have a total of nine members appointed by the President of the Republic, three of whom are appointed by the Parliament in Congress and three of whom are appointed by the Supreme Council of the Judiciary. Two-thirds of the members of the Constitutional Court must be jurists from the judiciary, the bar or university education.

On the basis of Article 158 paragraph 4 of the Constitution, it is Judge Dieudonné Kalumete who was elected by his peers for a period of three years renewable only once.

5. The acquittal of Vital Kamerhe by the court of appeal of Kinshasa/Gombe

Sentenced in 2020, to 20 years of hard labor as well as 10 years of ineligibility in the first degree and then reduced to 13 years in the second degree for an alleged embezzlement of funds allocated to the so-called 100 days program. Vital Kamerhe had just been cleared of all these charges that were stuck to him.



It is therefore with great satisfaction that the militants of the Union for the Congolese Nation (UNC) learned the news of the acquittal of their president on Thursday, June 23, 2022, by the Court of Appeal of Kinshasa/Gombe.

The secretary general of the UNC welcomed the decision of the judiciary, before thanking the President of the Republic Felix Tshisekedi and all the leaders and activists who remained firm and faithful. "We thank the Head of State because the request of the UNC was that the president remains the referee because it is he who guarantees the proper functioning of institutions," said Billy Kambale.

He continued: "We are back in our fights and the challenges are major. Vital Kamerhe has a great role to play in this country. This appeal decision overturns the verdict of the High Court of Kinshasa-Gombe, which had sentenced the former director of the office of the head of state to 20 years of hard labor.

After the acquittal of Vital Kamerhe, the inter-federation of the Union for the Congolese Nation (UNC) in South Kivu province says it has always believed in Congolese justice to acquit its national president. According to Maitre Daniel Lwaboshi, inter-federal of the UNC in South Kivu, the fact that his party has never seized an international mechanism proves that it knew that Congolese justice would do its job. "We have never cried to injustice or else we would never appeal. We have always believed in this justice. We never appealed to an international mechanism, we always appealed to our justice because we knew it would do its job. If our constitution had provided for the double jurisdiction, it is because it clearly knew that the human work being imperfect, the first judge can make a mistake, then the second judge will correct", he declares.

The UNC party thanked God, all the Congolese people and the President of the Republic who promised the rule of law in the DRC.

As for the role Kamerhe could play, the UNC Inter-federation believes it is not the position that counts, but the person. "While he was on trial, he had always said loud and clear that he was innocent. That is why, when he was convicted, he appealed because he knew that in the end, the truth will come out and he will be cleared. What he should do for the country, it is not for us to say, the head of state had already said in June 2021, that Vital Kamerhe is an honest man, intelligent and he still has a great role to play for his country. We are reassured that as he has been cleared and is a free man, he will still devote himself to work and serve his country. Our country must develop, and Kamerhe must participate in the development of this country. Kamerhe has always said when he was director of cabinet that it is not the position that makes the man, but the man that makes the position. He is ready to serve the country no matter where he is used," said Daniel Lwaboshi.

For Aaron Bukasa, national coordinator of communication in the southeast zone of the Congolese Union for the Nation (UNC), Vital Kamerhe will make his return to the political scene. More than two years after the opening of this trial, it must be said that Vital Kamerhe has reached the end of his legal battle. For the UNC, his political party, this is only justice. "Today, to see the justice of our country get its act together, to see the justice say the right and the true right, and to see the truth triumph over the lie, it is only justice", explains Aaron Bukasa.

"When you're in criminal court, you have to gather all the irrefutable evidence of the guilt of the accused. That was not the case in this trial. And yet, his accusers said they had serious evidence of his guilt. But they were not able to establish his guilt," he explained.

For this UNC communicator, there is no doubt that this was a political trial. "They made up certain accusations out of thin air. In particular, the famous file of the 15 million discount of the oil companies", he said before accusing some politicians and even some people close to the head of state. He believes that they did not want to see Vital Kamerhe alongside Felix Tshisekedi.

For Aaron Bukasa, the boss of the UNC will make his return to the political scene. "Vital Kamerhe is a great political pillar in our country. Now he will return to the political scene and all the cards will be redistributed. The UNC, which has concluded a political agreement with the UDPS for power sharing, hopes that this agreement can be implemented. According to the agreement, Vital Kamerhe should hold the post of prime minister during this legislature. And the next legislature, he will be able to run for president.

On the other hand, others believe that this acquittal seems to have been politically driven, referring to the words spoken a few months ago by President Tshisekedi.

Indeed, words fly, writings remain. In politics, however, these bits of wisdom do not tend to hold true. In practice, words are worth the same weight in gold with the evolution of technology.

In response to a question about his political ally Vital Kamerhe, who was detained at the time in the central prison of Makala for misappropriation of public funds, Felix Tshisekedi said the following: "Vital Kamerhe is a serious and correct person, I am convinced that he will play a role in this country again", it was not about writings but about words that remained engraved in the memory of every Congolese citizen.

Coincidence or providence, several months later, Kamerhe is sent back free of all movement, cleared of all charges, and especially that it was already whispered when after several requests for provisional release, it was granted and allowed him to leave the country for appropriate care.

What some would call a prophecy may be coming true. All we have to do is cross our fingers. Is it time for the so-called Peacemaker to play the role predicted by the leader?

For many observers of Congolese political life who do not stop reading and deciphering the meaningful message of the head of state, so far silent about the Kamerhe case: Tshisekedi has set the tone for the release of his comrade in arms during the 2018 presidential election.

This is the reason why for many Congolese, there is the hold of politics on justice as on other domains of life, becoming for the DRC, an incontestable reality, where from their disinterest and their distrust. Only to get there, the same justice was used tactfully for the Kamerhe case. It will come as no surprise to those in the know to see Vital Kamerhe back in business.

3. Political and economic perspectives

On the political level

First, some informed political observers believe that the impotence of the world's largest political machine with regard to the tiny Great Lakes country leaves public opinion in a daze. By protecting Rwanda, the UN has endorsed the thesis of an international plot against the natural resources of the DRC.

Faced with the explosive situation in the Democratic Republic of Congo, the United Nations Security Council is ranting and raving about the weak Congolese diplomacy. Despite the evidence presented to the press and the decisive correspondence addressed to the same Council by Kinshasa attesting indisputably to the presence of the regular Rwandan army in support of the M23, the voice of the country of Lumumba has not been heard. Even the very voluntarist oration of Christophe Lutundula Apala Pen'Apala, Minister of Foreign Affairs, before this supreme instance of world governance did not move the pro-Kagame fixism one iota. While some European countries have weakly taken symbolic measures against Rwanda because of its unfriendly activism towards the Congo, the members of the powerful United Nations Security Council have favored urging an internal dialogue to settle the security dispute that seriously indexes some states in the Great Lakes region, including Paul Kagame's Rwanda.

While others wonder whether the war in the East is not a new form of colonization? The war and its cohort of misfortunes have been going on for more than two decades in an almost total indifference of the international community. This is astonishing in the 21st century when the world has become a global village, more interconnected than ever. The silence that surrounds the tragedy suffered by the hundred million Congolese who have lost more than 10 million of their compatriots speaks volumes. This has not been the case as Lumumba's country has gone through two decades

of stupefaction and astonishment at the horrors of violence that have overwhelmed it. Ten million direct or indirect deaths caused by the war unleashed against the late Marshal Mobutu in the wake of the infamous Tutsi genocide in neighboring Rwanda, the bill is more than salty.

Secondly, analysts believe that President Tshisekedi has been caught in a trap by regional military forces. East African leaders decided in Nairobi to send a regional force to try to end the conflict in the eastern Democratic Republic of Congo (DRC). A strategy that is being greeted with suspicion in Congo, where Rwanda is accused of supporting the M23 rebels and Uganda appears to be playing dirty.

Félix Tshisekedi finds himself in a very uncomfortable situation. For three months now, the Congolese president has been watching the advance of the M23 rebels, who are gradually taking control of villages in Rutshuru (North Kivu), until they recently seized the town of Bunagana on the border with Uganda. The Congolese army is already struggling to contain the M23, which Kinshasa accuses of being supported, in men and weapons, by neighboring Rwanda. The situation in the region is becoming explosive. Two Rwandan soldiers were captured on Congolese soil, validating the theory that Rwanda was supporting the M23, and Kigali accused the Congolese army of firing two rockets into its territory. Tshisekedi has clearly raised his voice, claiming to be facing "an attack by Rwanda" under the guise of the M23, "which seeks to occupy our land rich in gold, coltan and cobalt to exploit it for its own profit. Kigali refuted these allegations, accusing the Congolese army of collaborating with the FDLR, a Rwandan rebellion fighting against Kigali.



The problem is that these mutual accusations have now been going on for more than 20 years and the situation in eastern Congo has not improved since then. Who between the DRC and Rwanda is telling the truth? Time will tell.

Finally, many analysts believe that Vital Kamerhe appears to be a valid replacement for Jean-Marc Kabund. This shared view is based on the common features of the two. If Kabund was feared for his political and managerial skills, giving him the image of an unbeatable warrior of the Chief since the immemorial times of the opposition, today far from the pre-square, there is reason to affirm without fear of being contradicted that Vital Kamerhe is positioned in the first line as a valid replacement of the one who was nicknamed 520 gigas.

For some observers of the Congolese political scene, President Tshisekedi would have detected this hidden corner of his main political ally in the 2018 presidential election. This being the case, they believe that the acquittal of Vital Kamerhe has replayed the political calculation on the internal level. If the former Director of Cabinet of the Head of State chooses to return to the National Assembly as a national deputy, he would risk becoming the president of this institution, which would make another political partner of President Tshisekedi uncomfortable, namely the president of the Senate, given that both chambers of parliament cannot be headed by nationals of the same province (South Kivu) due to geopolitics. If Vital Kamerhe were to be appointed Prime Minister according to their agreements with the Head of State, this appointment would also hinder the interests of Moïse Katumbi's Ensemble pour le changement and especially those of the greater Katanga region. Would the president of the UNC agree to return to his former position as Director of Cabinet? What role would the former Director of Cabinet of the Head of State play after his acquittal by the Court of Appeal of Kinshasa/Gombe?

These are all questions that will certainly fuel the debate in the coming weeks.

On the economic level

As the Russian invasion of Ukraine continues, global inflation continues its upward trend. This Russian-Ukrainian war continues to affect the Russian economy, the European and global markets via the stock markets, the money market, the energy market, etc. This invasion, which has already lasted four months, is affecting the world economy as well as African economies through shortages of food and energy products.

At the national level, the DRC's economic outlook is not encouraging. Political tensions between the DRC and Rwanda, particularly with the breakdown of agreements signed between the two countries, following Rwanda's support for the M23 group at the root of the killings in eastern DRC, are contributing to the deterioration of the country's economic outlook. Indeed, the eastern part of the DRC represents an important part of the country's economy and is an important pole of intra-regional trade with Rwanda, Burundi, Uganda, etc. The breakdown of agreements with Rwanda and the closure of borders could negatively affect trade activities in this part of the country and have a negative socio-economic impact on the country.

Also, the placing of Afriland First Bank DRC under the supervision of a provisional administration committee further destabilizes the already fragile Congolese banking sector. Indeed, the collapse of several financial institutions in the DRC has had significant negative effects on the financial 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.



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. In addition, the tax burden is low (around 10.8% compared to an African average of 20% for mining countries). This weakness in resource mobilization contributes to the deterioration of the DRC's economic outlook and suggests that economic growth does not provide the state with sufficient financial resources.

Also, the decline in commodity prices as observed in June 2022 could have a negative impact on the Congolese economy if this trend persists. Indeed,

with low budgetary 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 action.

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 the financial sector; and (v) reduce corruption within the State administrations.

DIFFERENT PUBLICATIONS OF CONGO CHALLENGE

1. CONGO CHALLENGE JOURNAL (THE SEMI-ANNUAL)

The Semestriel (Revue Congo Challenge) is a completely disinterested scientific periodical, published every semester, with the main objective of promoting scientific studies aiming at contributing to the advancement of knowledge in economic sciences and to offer to economic operators as well as political decision makers, a set of recipes likely to enlighten their decision making or to justify on a proven scientific basis their decision making.



2. QUADRENNIAL BULLETINS

This bulletin is published every four months and offers a general and precise overview of economic and political developments at the national, regional and global levels. It allows the reader to adjust his or her forecasts according to the observed developments or to make anticipations taking into account the available information package.



3. THE MONTHLY BULLETIN

This publication is published monthly and provides a factual overview of the economic indicators and presents the highlights of the monthly political situation in the country.



4. ANNUEL RAPPORT



INTERVENTION MODULES OF CONGO CHALLENGE

1. Training
2. Assistance
3. Advice
4. Lobbying
5. Conduct of studies
6. Organization of conferences
7. Support for quality management
8. Support for the design of government economic programs
9. Support for public revenue mobilization policies
10. Strategic support to governments in the monitoring and evaluation of economic programs
11. Quality control of infrastructures activities

THE VALUES OF CONGO CHALLENGE

Congo Challenge believes in the cardinal values of which it is the vehicle.
These values are based on :

- Abnegation ;
- Sacrifice ;
- Hard work.

Also, the ambitions of the Think Tank are translated through three virtues
which are :

- Ethics ;
- Morality ;
- Good governance.

How do you keep a bunch of «niggers» on a leash?

You isolate the most valiant by demonising them and you promote the most mediocre by granting them undue privileges. Aware of this swindle, the latter will be even more aggressive towards the former to preserve their privileges.

Dixit Machiavel



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

The monthly bulletin Issue 62

Published in July 2022

July 2022. Copyright©CongoChallenge2022
364, Boulevard du 30 juin, Immeuble Kiyo ya Sita, 5th floor, room 501,
Kinshasa/Gombe, DR Congo +243 812763003

www.congochallenge.cd/info@congochallenge.cd