CONGO CHALLENGE
THE MONTHLY BULLETIN


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

Issue **59** | March **2022**

Kinshasa, DRC

CONGOCHALLENGE

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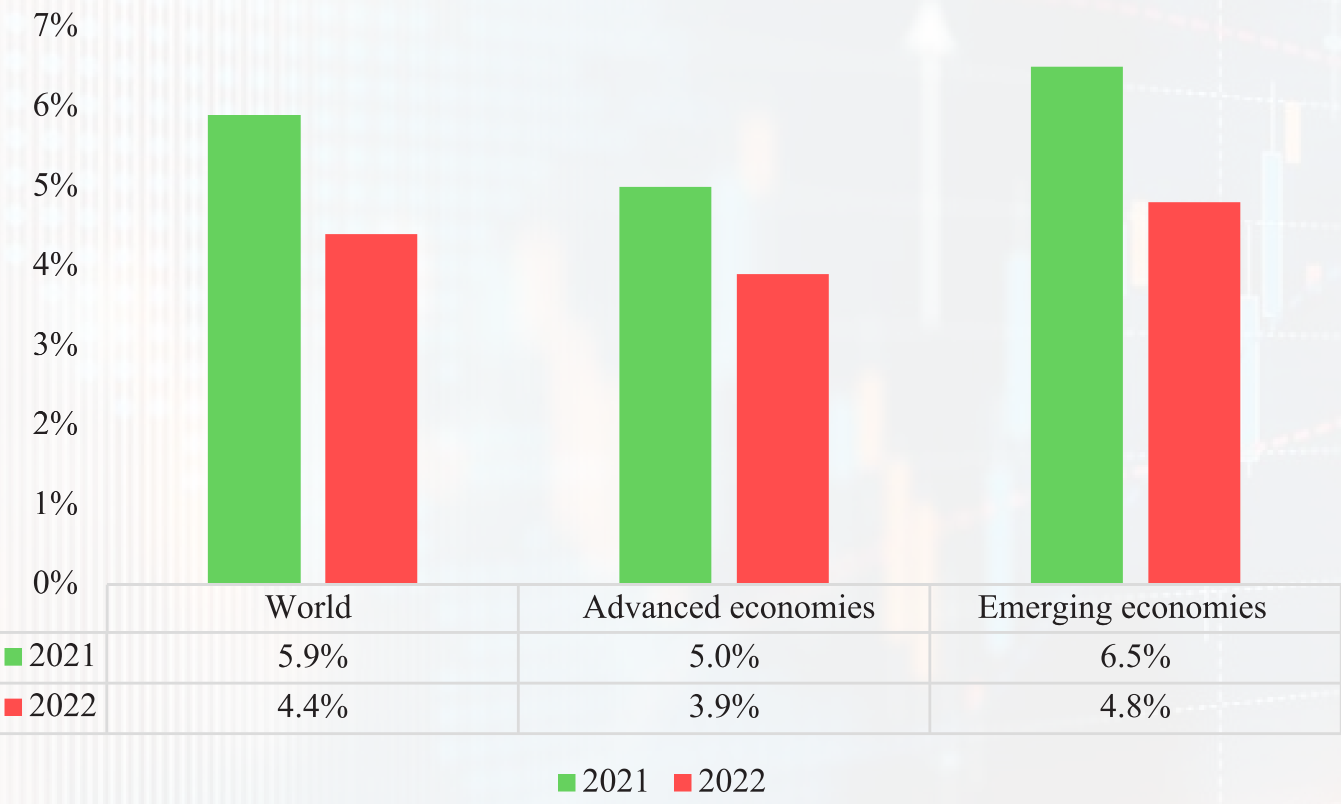
This monthly bulletin was translated by Congo Challenge staff. The original version is in French. Thus, the translated version may contain some shortcomings without altering the content of the original one.

Kinshasa, DRC

**Projections of economic growth in the world**




| | World | Advanced economies | Emerging economies |
|---|---|---|---|
| 2021 | 5.9% | 5.0% | 6.5% |
| 2022 | 4.4% | 3.9% | 4.8% |

# Summary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Matata Ponyo Mapon

# What I think about

## The election of provincial governors or the choice of development

**I think that** the province is a territorial entity that constitutes the real basis for the economic development of a country. At the political level, the province has a provincial assembly composed of directly elected deputies from the different territories, and a government composed of ministers in charge of the different sectors of economic activity. The provincial assembly is headed by a Speaker, who is a member of parliament elected by his or her peers in the province. The provincial government is headed by a Governor, who is also elected by the MLAs. While the Governor may not be an MLA, the Speaker of the Provincial Assembly is absolutely an elected member of the province. Ministers and other territorial officials are appointed by the governor, who takes into account the geopolitical space, the weight of political parties in the province and the career path of the public administration. At the administrative level, the province has all the territorial and administrative divisions from the ministry to the directorate, department, division and office, so as to allow for the balanced hierarchical management of all the sectors and entities of the province. In a word, a province resembles, mutatis mutandis, an entire country, with the only difference that it is headed by a governor instead of a president of the republic. This is why the development of the provinces is a prerequisite for the development of the country, which is ultimately only the unified representation of provincial socio-economic and political entities.

**I think that** the economic development of a province is only possible if the provincial assembly and government work in perfect synergy. The provincial government must develop an economic and social program capable of guaranteeing the socio-economic progress of all the territories, or rather, of the entire province. This program must take into account the potential resources and specificities of the province, its interconnection with neighboring provinces, as well as its harmony with the economic program of the national government. In fact, there are socio-economic competencies that fall exclusively to the central government, such as the army, security, foreign affairs, etc. Moreover, the central government must ensure the coherence of all provincial economic programs in order to preserve a balanced development of the whole country. This justifies the existence at the national level of an institution, the Equalization Fund. Furthermore, the provincial budget must be derived from the provincial economic program and represent an annual tranche of its implementation. The provincial assembly, for its part, must issue edicts to ensure the efficient functioning of the government. In addition, it must ensure effective downstream control of the implementation of the provincial economic program, which has been previously approved by it.

**I think that** the selection and appointment of the leaders of the provincial assembly and the provincial government are critical decisions that will either lead to the development or underdevelopment of the province. Indeed, given the key roles that both are called upon to play in the provincial sphere, leadership and management skills remain crucial to the success of the economic program. For this reason, the provincial governor, as head of the provincial government, must be competent, that is, have a solid intellectual knowledge base and proven management experience. The president of the provincial assembly, for his part, must be a politically experienced man capable of guaranteeing the stability and effectiveness of the provincial government. He or she must ensure a strategic, and sometimes delicate, balance between the interests of the political forces in the assembly and the socio-economic objectives of the province to be achieved by the provincial government. The binomial "president of the provincial assembly" (with all the deputies) and "provincial governor" (with all the ministers) are therefore the Gordian knot of the problem of the success of the territorial division.

**I think that** the territorial division initiated in 2013 is failing miserably. Not because the reform initiated is bad, but simply because its implementation is calamitous. Indeed, rarely have the conditions for its success been met. In most cases, provincial governors and their ministers do not meet the criteria for

effectiveness. Some of them do not have the required level of education to hold the office. Some of them are shopkeepers, sportsmen, musicians, hustlers, and other couriers, all of whom are intellectually limited and have no management experience. Some of them, although native to the province, have never lived there. They arrive for the first time just to take up the position. Most governors do not bring their families to the province. These are either in Kinshasa or abroad. The provincial capital is only an occasional place of work, not a permanent home. As soon as the office is over, the governor returns home, abandoning his fellow citizens of the province. Moreover, in most cases, the provincial governor does not have the support of the provincial assembly, whose objective is unfortunately often political rather than socio-economic. The president of the assembly and his fellow deputies often criticize the governor for not taking good care of the people's elected representatives. The latter are more concerned with their individual situations than with those of the population. This leads to motions of all kinds to remove the governor. The instability of governors is mainly justified by this perpetual war between the provincial executive heads and the provincial deputies for financial rather than development interests. The consequence is well known: nearly 16 out of 26 governors have been removed from office since the beginning of this legislature. This instability has been the same during the past judiciary.

**I think that** the failure of the division is not at all related to the question of natives and non-natives of provinces. The best provincial governors should be natives, as we see in the great democracies, in the United States, France or Great Britain. We do not have to invent the wheel in this area. The same applies to the mayors or burgomasters of cities or towns. This is based on the simplest logic: the person who is most connected to the environment he or she knows best is in a position to offer the best of himself or herself than someone else. It would be a monumental mistake to want to return to the principle of non-native governors. But the native governor must be competent and experienced to do the job! That his government be composed of ministers who are up to their tasks, and that his administration have the right executives to serve the province! That his government receives regular retrocessions from the central government. That his main objective be to serve the people and not to serve himself or the political mentors who brought him to office, as is most often the case. And that he has the support of the provincial assembly, and mainly of its president, which he needs to materialize his program. The latter should facilitate the adoption by the provincial assembly of the reforms needed to implement the provincial program and budget. This provincial legislative body must ensure the implementation of quality leadership and governance, which is a condition for the success of the provincial economic program.

**I think that** political operators and their groups must stop interfering in the appointment of provincial governors to satisfy their own financial and political interests instead of the socio-economic interests of the province. Currently, many of the candidates proposed by the political groupings are being challenged by the population of the provinces. Mediocre candidates, who are not accepted by the population, can never produce miracles once they are nominated. Moreover, the central government must stop continually violating the constitution and the laws of the country by blatantly interfering in the management of provincial bodies: some governors under motion of disqualification, often for bad governance, are recalled to Kinshasa to be protected, others who have been disqualified are forcibly reinstalled against the will of the population, just as some provincial assemblies are illegally forbidden to sit to decide the fate of governors involved in bad governance. Indeed, one cannot lament the instability of governors and at the same time fail to provide them with the financial means required for the functioning of their provinces. There are provinces that have up to 10 months of unpaid retrocessions. One cannot regret the underdevelopment of the provinces, and consequently of the country, and at the same time decide to appoint and protect the mediocre among the citizens as governors, essentially for electoral purposes. This is simply seeking one thing and its opposite. As for the deserving governors, once appointed, they must get to work for the interest of the people. The President of the Provincial Assembly as well as the provincial deputies should put the interests of the majority first and support the provincial economic program.

Kinshasa, March 22, 2022.

# Executive Summary

## Economic situation

- **At the international level,** the year 2022 is expected to be characterized by a recession in the global economy. According to the United Nations (UN), this deterioration in the global economic outlook will be driven by the conflict in Ukraine and changes in macroeconomic policies in advanced countries.

- The OECD projects an increase in the inflation rate for the year 2022, which is expected to be driven primarily by accelerating energy and food prices. It follows that an increase in key interest rates by the central banks of the advanced countries would make it possible to contain the price pressure generated by the war in Ukraine.

- On the financial markets, stock market indices have recorded strong performances during the month of March 2022, after having fallen drastically during the months of January and February 2022 following the escalation of geopolitical tensions in Ukraine. The low probability of a global recession in 2023 communicated by the Fed would have contributed to propel the stock market valuation during this month, as it improved the level of financial confidence.

- In the international foreign exchange market, the euro-dollar curve rebounded in March 2022, after sinking in the previous month due to tensions in Ukraine. The emerging hope of a breakthrough in the peaceful negotiations between Russia and Ukraine caused a slight depreciation of the greenback. On the Asian side, the Japanese yen depreciated sharply against the U.S. dollar in the last week of the month, due in part to rising U.S. yields and Japan's deteriorating trade balance.

- In terms of commodities, copper prices moved sharply up and down throughout March 2022, peaking at over USD 10,880 in the first week of the month. Gold prices maintained the upward trend that began in early 2022, surpassing the symbolic USD 2,000 mark at the close of the first week of March 2022. In the crude oil market, black gold prices fell sharply in mid-March 2022, after a solid uptrend over the past three months, following the intensification of diplomatic efforts to resolve the crisis between Moscow and Kiev. The increase in supply by major producers should consolidate the easing in the market by further mitigating the overheating of oil prices.

- After the collapse caused by the pandemic in 2020, trade has rebounded strongly in 2021, with growth estimated at 9.3% by the World Trade Organization. In terms of prospects, the projections of this UN institution are based on a growth rate estimated at 5.0% in 2022 and 4.5% in 2023. This deceleration in the recovery of trade implies that world trade will hardly return to its pre-Covid trajectory by the end of 2022.

- **At the national level,** as in the previous month, the macroeconomic framework remained broadly stable. Indeed, the dynamics of the exchange rate remained broadly stable in March 2022 although, compared to its level at the end of February 2022, the exchange rate depreciated slightly by 0.01 percent on the interbank market and by 0.11 percent on the parallel market. In the goods and services market, the weekly inflation rate was 0.33 percent in the fourth week of March 2022. This resulted in a year-to-date inflation rate of 1.96% compared to 0.89% at the close of the previous month. The year-on-year inflation rate stood at 6.25% in the fourth week of March 2022. At this rate, the inflation rate at the end of December 2022 is expected to be 8.79% compared to 5.91% achieved at the end of February 2022. Compared to the situation of the previous year, an acceleration in prices of 66.48% was observed between the end of December 2021 (5.28%) and the expected inflation at the end of December 2022 (8.79%).

- With regard to the money market, it should be noted that the monetary aggregates remained relatively stable compared to February 2022. The monetary base fell slightly by 1.7% and the money supply increased slightly by 0.3%. Credits to the government rose from CDF 1,594,570 million to CDF 1,046,262 million between February and March 2022, while credits to the economy (claims on other depository institutions) rose from CDF 1,327,157 million to CDF 1,402,157 million over the same period.

- On the public finance side, the Treasury recorded a deficit of 1,045,737 million CDF. This deficit resulted from a level of expenditure of 1,932,322 million CDF against

revenue of 886,585 million CDF. However, March 2022 capital expenditures increased compared to February 2022 from CDF 277,000 million to CDF 616,861 million in the fourth week of March 2022.

- Finally, the economic news in March 2022 was marked by several important developments: (i) the renewal by Namibia of the DRC's fishing quota until December 31, 2022; (ii) the withdrawal of Kenya Airways planes from Congo Airways; and (iii) the presentation by Head of State Félix Tshisekedi of the development program for 145 territories to provincial deputies.

## Political situation

The news in March was dominated by: (i) the proposal on constitutional revision; (ii) reactions after the publication of the roadmap by CENI; (iii) the return to parliament, (iv) the attack perpetrated by M23 troops on FARDC positions in Rutshuru territory and (v) the vote of no confidence against the Minister of National Economy accused of incompetence and inaction in the face of the deterioration of the Congolese social.

During a media release, the MP castigated the attitude of some Congolese towards the President of the Republic Felix Tshisekedi who, according to him, shows enough willingness to change the social situation of the Congolese. This MP considers that in 3 years, the President of the Republic could not put an end to the misery of the Congolese, and that the project of 145 territories proves to be an opportunity for the DRC to lay the foundation for development. Also, he proposes a constitutional revision that will modify, among other things, the length of the presidential mandate from 5 to 7 years.

In the chapter on the preparation of the elections, the group of G13 personalities set up in July 2020, has given voice to the obstacles and constraints raised in the roadmap published by the CENI in the previous month, several points of which constitute deliberate choices likely to complicate the effective holding of the elections in 2023, 578 days before the legal deadline for the convocation of the general elections. At the opening of the March 2022 session on Tuesday, March 15, the president of the National Assembly, Christophe Mboso, returned to the constraints mentioned by the Independent National Electoral Commission (INEC) in its roadmap in the run-up to the December 2023 elections, reassuring that they will be addressed during this new parliamentary session, including the analysis and adoption of the bill amending and supplementing the electoral law, as well as the annual report of the Independent National Electoral Commission in application of Article 28 of its organic law. It was also an opportunity for him to invite the institutions of the Republic and other structures to respect the independence of the independent national electoral commission.

The incursions and attacks perpetrated by the M23 rebels on March 28 and 29 in the locality of Tchanzu in the province of North Kivu have caused upheaval both in the political class and among the entire population, where voices have been raised to particularly castigate the attitude of Rwanda, which is said to be providing substantial support to the said insurgents. Even when questioned by the Minister of Foreign Affairs of the DRC, the Rwandan ambassador quickly rejected these accusations of the involvement of his army, elected officials wanted to ask the Minister of Defense for an explanation of this umpteenth attack.

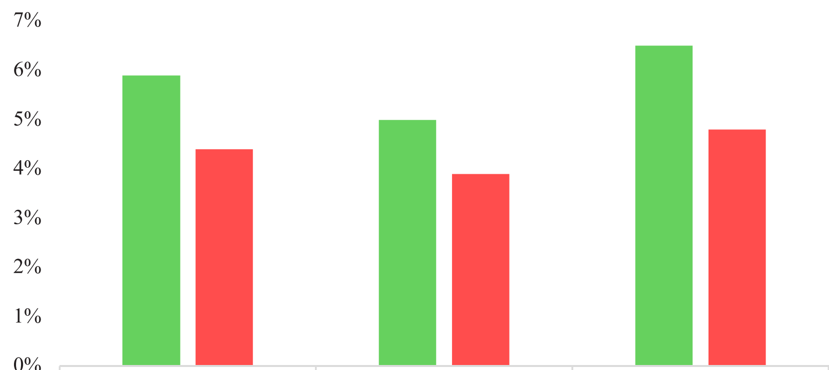
Finally, the month of March ended with a vote of no confidence in the Minister of National Economy. Indeed, on the basis of a motion, the minister, who is accused of incompetence, inaction and bad governance, and was given the opportunity to explain the causes of the vertiginous rise in prices, did not escape the pressure of the majority, who voted to dismiss him. In fact, although the minister is a member of the Union Sacrée, he has seen the majority of this ruling coalition disassociate itself.


# 1. International Context

## I.1. Economic growth

As reported in Congo Challenge's previous monthly economic newsletter, the year 2022 is expected to be characterized by a recession in the global economy. According to the United Nations (UN), this deterioration in the global economic outlook would be driven by the war in Ukraine and changes in macroeconomic policies in advanced countries. Projections indicate that the global growth rate is expected to fall from 5.9 percent in 2021 to 4.4 percent in 2022, or 1.5 percentage points lower. On average for the year 2022, advanced economies are expected to grow by 3.9% (compared to 5.0% in 2021) and emerging economies by 4.8% (compared to 6.5% in 2021).

**Chart 1 ›› Global Economic Growth Projections**




| | World | Advanced economies | Emerging economies |
|---|---|---|---|
| 2021 | 5.9% | 5.0% | 6.5% |
| 2022 | 4.4% | 3.9% | 4.8% |

2021 2022

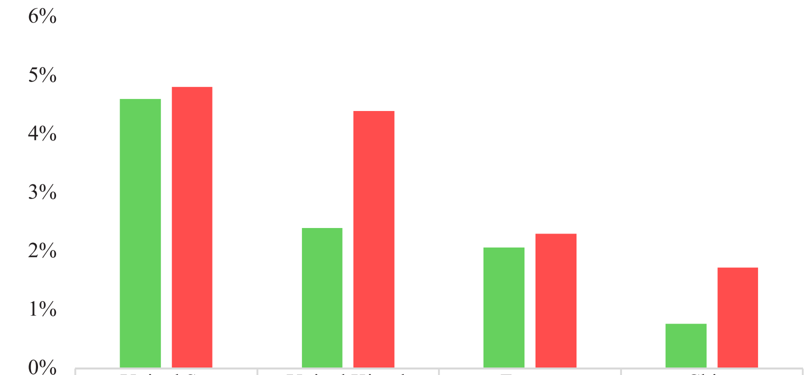
Source : IMF.

Chart 1 shows a widespread recession in both advanced and emerging economies. As stated above, this decline in global economic activity stems from the uncertainty caused by the Ukrainian conflict, which is likely to reinforce the trend of monetary tightening in advanced countries. As a result, the economic effects of this war will likely exacerbate the global economic slowdown and weaken the post-Covid recovery. Therefore, there is a need to implement sectoral policies, including price controls and subsidies, to address the inflationary pressures (mainly food and energy) that this climate of uncertainty generates.

## I.2. Inflation

Rising energy prices and supply disruptions are expected to keep inflation at high levels during the course of this year. According to the OECD, this high inflation will persist much longer, as supply chain disruptions and higher energy prices are expected to continue at the pace of the conflict in Ukraine. This increase in the inflation rate - as shown in Figure 2 - would be driven primarily by an acceleration in energy and food prices.

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




| | United States | United Kingdom | France | China |
|---|---|---|---|---|
| 2021 | 4.60% | 2.40% | 2.07% | 0.77% |
| 2022 | 4.81% | 4.40% | 2.31% | 1.73% |

2021 2022

Source : OECD.

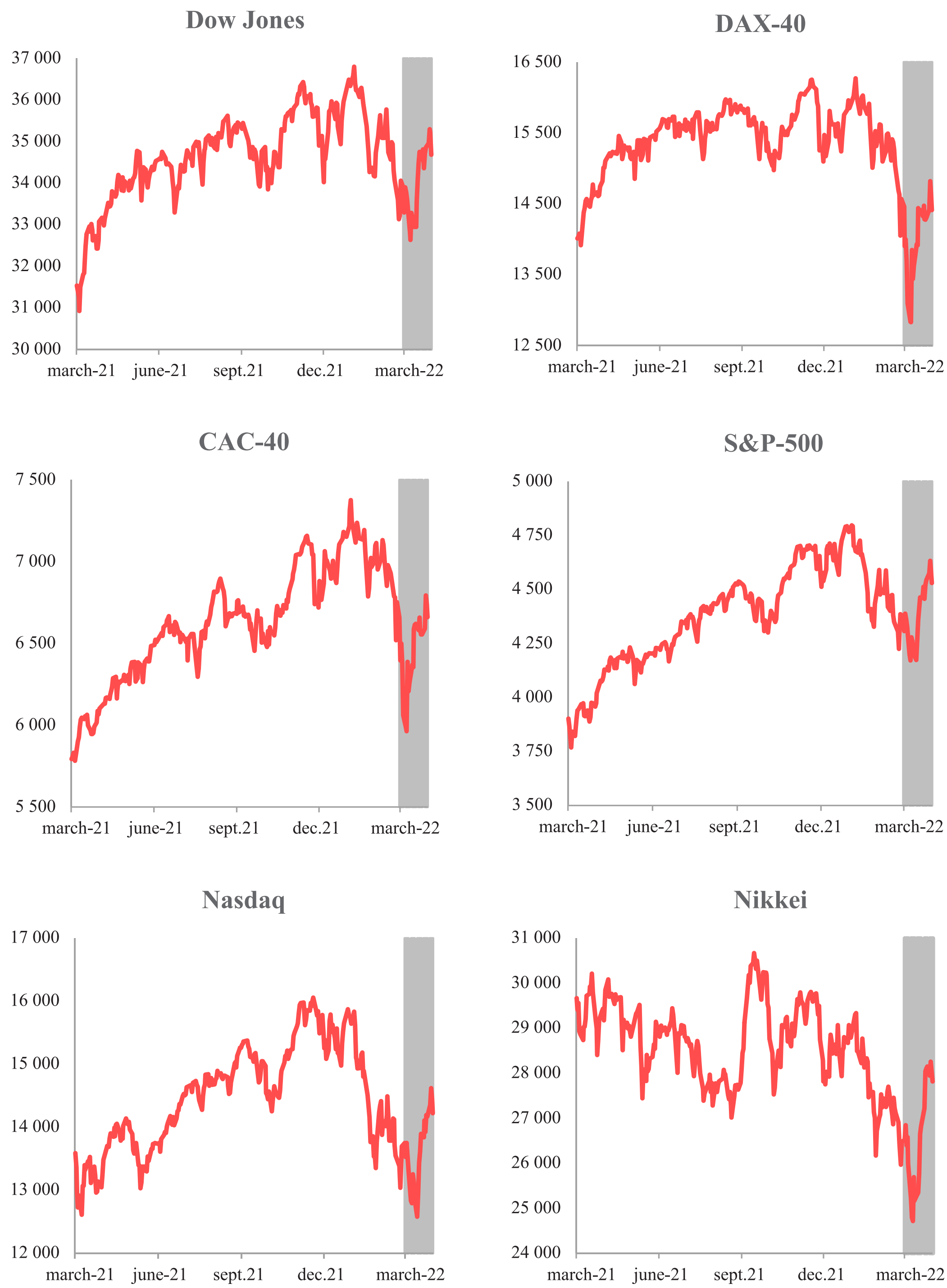
Given the uncertainties surrounding these inflation dynamics, the raising of key rates by advanced countries could jeopardize financial stability and pose risks to capital flows, currencies and public finances in developing countries. However, this tightening of monetary policy remains the optimal solution to contain the price pressure caused by the war in Ukraine.

## I.3. Financial market

After having fallen drastically during January and February 2022 following the escalation of geopolitical tensions in Ukraine, the stock market indexes recorded solid performances during this month of March 2022. On Wall Street, the Dow Jones, S&P-500 and Nasdaq reached 35,200 points, 4,630 points and 14,160 points respectively. On the European stock markets, the DAX-40 and CAC-40 indices reached levels of 14,820 points and 6,790 points respectively. As for the Nikkei, its trajectory indicates a peak of 28,250 points in the last week of March 2022.

These stock market performances were achieved despite the risks associated with a possible tightening of US monetary policy. At the same time, the Fed believes that the chances of the global economy entering a recession in 2023 are quite low. This last communication would have helped to propel the stock markets upwards, as it improved financial confidence and raised optimism among private operators.

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



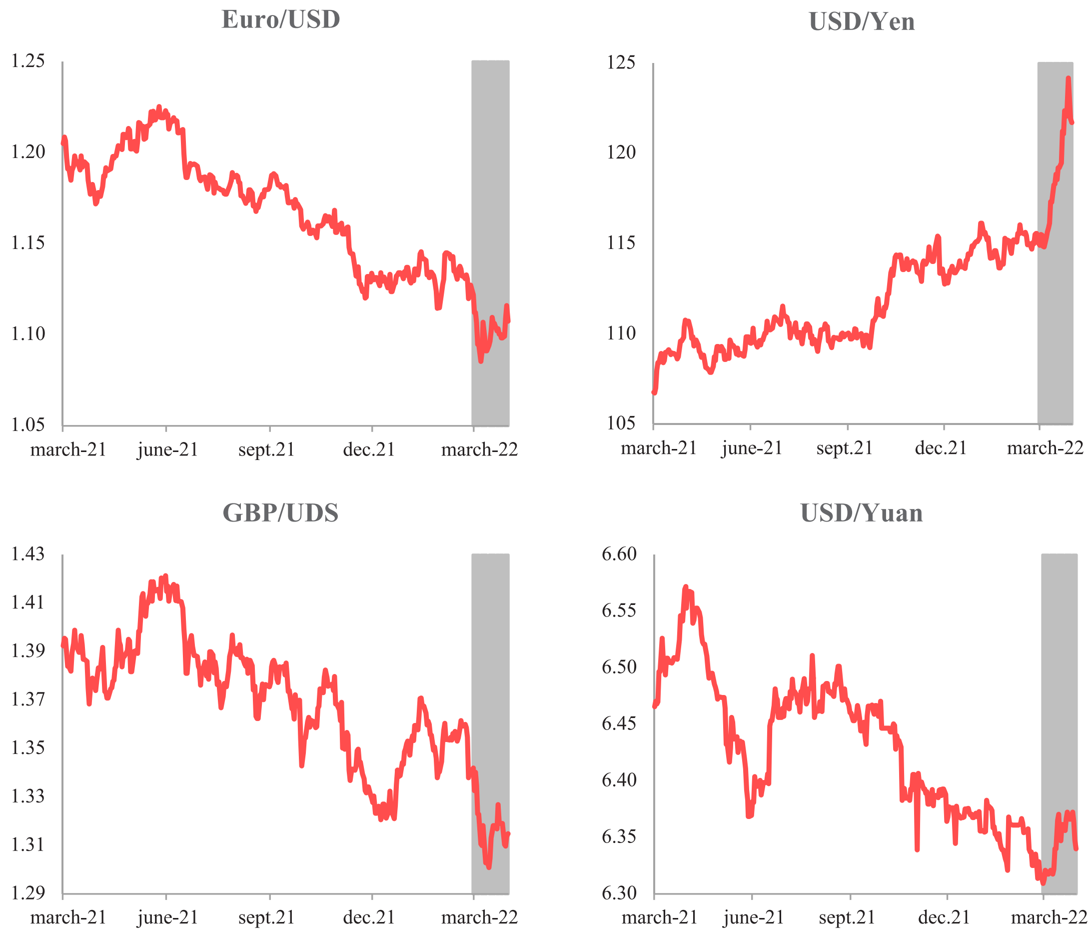

Source : Macrotrends.

## I.4. Foreign exchange market

After sinking the previous month due to tensions in Ukraine, the euro-dollar curve rebounded during this month of March 2022. The hope for a breakthrough in the peaceful negotiations between Russia and Ukraine caused a slight depreciation of the US currency. This emerging hope in a time of crisis has also supported the pound sterling, causing the greenback to fall.

On the Asian continent, the Japanese yen depreciated sharply against the U.S. dollar, approaching the 125 JPY/USD mark in the last week of the month. This weakness of the Japanese currency would have been accentuated by the rise in US yields and the deterioration of the trade balance. The same is true for the Chinese yuan, which has come under some pressure against the US currency. The exchange rate of the Chinese currency fell from 6.31 CNY/USD at the end of February 2022 to 6.34 CNY/USD at the end of March 2022, with a peak of 6.37 CNY/USD in mid-March 2022. Faced with this slight depreciation, the Chinese central bank is expected to initiate monetary easing programs (including a decrease in the reserve requirement ratio), but at the cost of inflation.

**Chart 4 ›› Daily evolution of the main exchange rates**



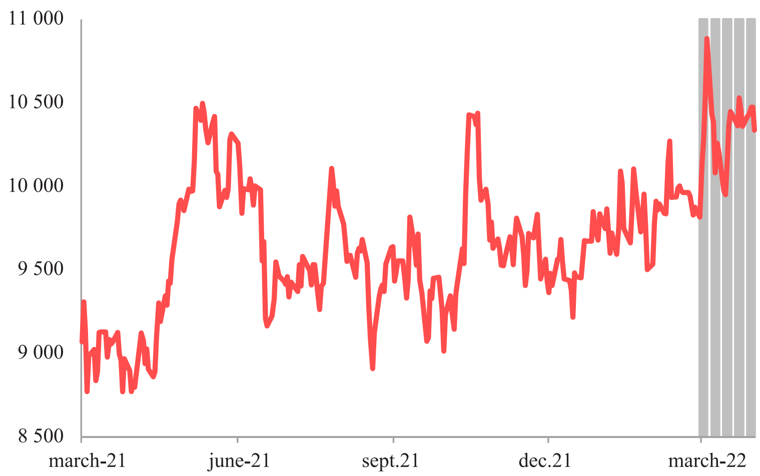

Source : Macrotrends.

## I.5. Market of strategic products

### - Copper

Throughout the month of March 2022, copper prices moved sharply up and down as shown in Figure 5. Within this dynamic, it is worth noting a peak of more than USD 10,880 per metric ton during the first week of the month. This upturn is likely to be explained by tensions in the supply of the red metal as well as by the remarkable increase in Chinese imports. The resulting price surge is likely to be sustained for a long time, so much so that it could jeopardize current energy transition efforts.

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

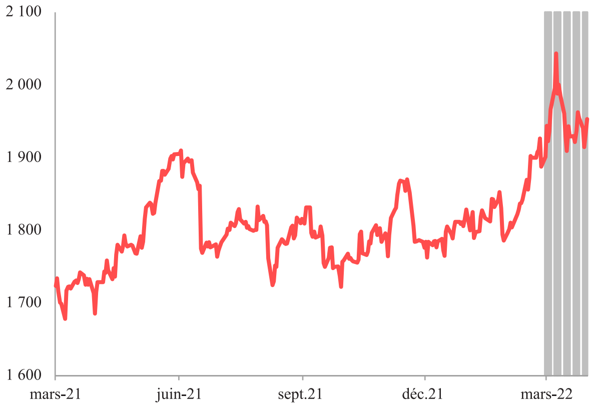



Source : Macrotrends.

## - Gold

During the month of March 2022, gold prices maintained the upward trend that began in early 2022. As predicted by Congo Challenge in its previous monthly economic newsletter, the price of the yellow metal has surpassed the symbolic 2,000 USD per ounce mark. Indeed, at the close of the first week of March 2022, an ounce of gold was worth USD 2,043. The main factor behind this price rally remains the escalating conflict in Ukraine, which continues to weigh heavily on equities and drives demand for precious metals as a safe haven. It goes without saying that gold prices will have to remain highly dependent on geopolitical tensions in Eastern Europe, barring a lull in prices.

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



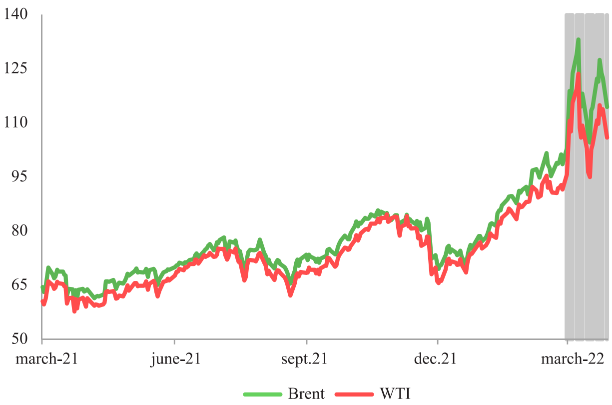

Source : Macrotrends.

## - Oil

After a solid uptrend over the past three months, crude oil prices fell sharply in mid-March 2022 as shown in Figure 7. Brent and WTI reached lows of USD 104 and USD 95 per barrel respectively. This price drop is believed to be driven by the intensification of diplomatic efforts to resolve the crisis between Moscow and Kiev. As the price of black gold is currently considered a measure of geopolitical fever, the easing of the crude oil market could only be expected.

At the same time, the threat of the introduction of sanctions (embargo measures) by the European Union on Russian hydrocarbon deliveries has pushed up the price of black gold in the last half of the current month. It is to be hoped that the major oil producers will revise their supply policy by increasing the volume of production, as this measure should consolidate the easing of the market by further mitigating the overheating of oil prices.

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

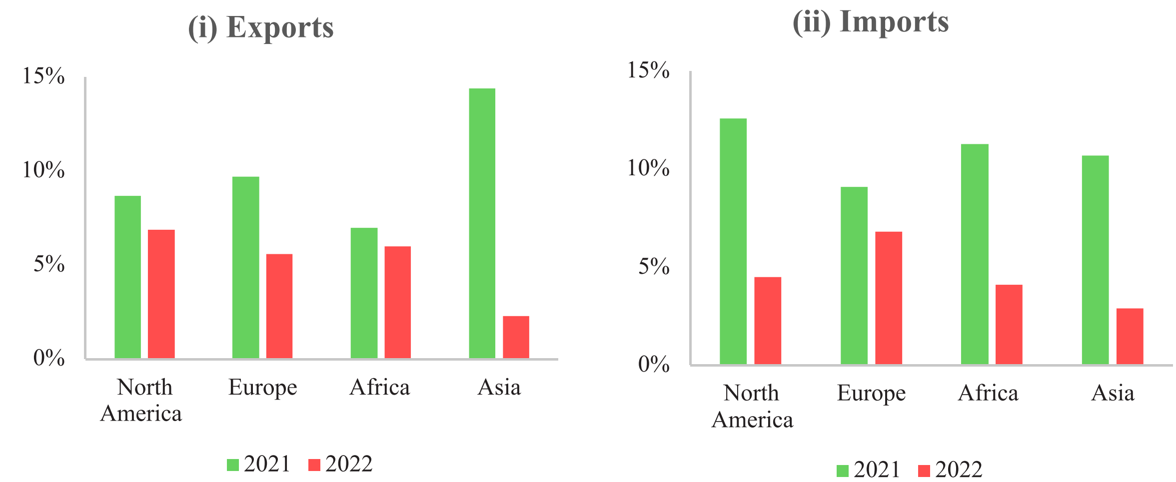



Source : Macrotrends.

## I.6. International trade

After the collapse caused by the pandemic in 2020, trade rebounded strongly in 2021, with growth estimated at 9.3% by the World Trade Organization (WTO). In terms of prospects, the projections of this UN institution are based on a growth rate estimated at 5.0% in 2022 and 4.5% in 2023. This deceleration in the recovery of trade implies that world trade will hardly return to its pre-Covid trajectory by the end of 2022.

**Chart 8 ›› GROWTH IN MERCHANDISE TRADE**




Source : WTO.

However, this dynamic in international trade masks significant geographic disparities. During 2021, the recovery benefited exports from Asia, particularly China, but the pace is expected to slow considerably in 2022 (see Chart 8). Imports, meanwhile, also grew by double digits in almost all regions of the world in 2021. The major consumer markets of the U.S. and Europe are expected to see further significant growth in 2022.


# 2. National context

## II.1. Evolution of the national economy

The economic news of March 2022 was marked by several notable events, including (i) the renewal by Namibia of the DRC's fishing quota until December 31, 2022; (ii) the withdrawal of Kenya Airways planes from Congo Airways; and (iii) the presentation by Head of State Félix Tshisekedi of the development program for the 145 territories to the national and provincial parliamentarians. More explicitly, these facts are presented as follows :

### 1. Renewal by Namibia of the DRC fishing quota until December 31, 2022

As a reminder, faced with the resistance of importers of consumer products in the DRC regarding the application of prices agreed with the Government, the latter had lifted the option of negotiating with Namibia on a fishing quota for horse mackerel to be made available to Congolese economic operators to ensure the application of the agreed prices. Thus, 6 million U.S. dollars were required to obtain a fishing quota of twenty-seven thousand three hundred (27,300) tons of horse mackerel in Namibian waters. However, this process was confronted with a major obstacle: the time taken by the government to release the necessary funds for the conclusion of this activity.

Despite this delay, the Congolese Government eventually obtained the quota in February 2021. Namibia decided to renew this quota for the year 2022 on March 15, 2022, in a letter from the Namibian Minister of Fisheries in which the latter informed the DRC Minister of the National Economy of this decision.

In this correspondence, the Namibian Minister of Fisheries specifies that the vessel that will be used for the fishing operations must use at least 55% Namibian labor. A way to create jobs for local people. In addition, the Congolese party is obliged to inform the Namibian party, at the end of the fishing season, of the metric tons of fish actually caught and the difference, if any. In any case, the Namibian party has specified that this quota expires on December 31, 2022 and that it will not be subject to an extension.

In the light of all the above elements, it appears that recourse to the Namibian quota to cover Congolese demand is not relevant and is only a short-term solution (expiry on 31 December 2022) and a loss of financial resources (6 million USD to obtain the quota) which only temporarily covers structural problems. Indeed, the DRC has a fishing potential estimated at more than 700,000 t per year through its numerous lakes, rivers and 37 km of Atlantic coast. However, despite this potential, the country's production (the current level of catch) remains very low, estimated at around 250,000 t per year, representing 31.1% of this potential, which is essentially centered on artisanal fishing according to the FAO. Thus, in order to satisfy the demand for fish, it is obliged to import 200,000 tons of fish per year, including horse mackerel, which is accessible to all, whereas the need for fish is estimated at 450,000 tons per year.

This shows the need to carry out relevant reforms in this sector in order to better organize and modernize this sector by installing new industrial or semi-industrial fisheries with fishing boats and by training and organizing artisanal fishermen in cooperatives. This is to ensure optimal production to meet local fish needs and generate foreign exchange by selling surpluses to the rest of the world.

### 2. Withdrawal of Kenya Airways aircraft to Congo Airways

In 2021, a partnership was concluded between Kenya Airways and Congo Airways as part of the memorandum of understanding signed in Kinshasa and validated by Presidents Uhuru Kenyatta and Félix Tshisekedi for the revival and expansion of the national airline. This cooperation between the two airlines included cargo code-sharing and Kenya Airways also offered courses through its Pride Center as well as exchanges of technical staff to ensure the transfer of skills between the two airlines. Unfortunately, this partnership was not successful due to several constraints, including (i) the insolvency of the Congolese party, according to Kenya Airways, which could not honor its commitment to the leasing contract and (ii) strictly operational difficulties, according to Congo Airways.

The withdrawal of two Kenya Airways Embraer E190 aircraft from the Congo Airways fleet has raised questions about the national airline's ability to ensure the continuity of its operations and the service of its various routes. These concerns have been heightened by the disruption of some flights and the lack of coverage on some routes served in the past.

This situation could further deteriorate the finances of Congo Airways and eventually, if no appropriate measures are taken, see this company go bankrupt like most of the large state-owned companies that the country has known in its history. In a country where communication routes between provinces are almost non-existent, such a scenario would accentuate the isolation of certain provinces from the rest of the country with all the socio-economic consequences that this entails.

On the other hand, there is also the fear of an increase in the price of air tickets by other private companies due to the high demand that would result from this situation. Hence the need to (i) implement relevant reforms in this sector in order to reinvigorate Congo Airways; (ii) bring order to this sector by providing the necessary support to companies active in the aviation sector; and (iii) rehabilitate the country's airport infrastructure, which is the access point to certain cities and landlocked provinces.

### 3. Presentation, by the Head of State Félix Tshisekedi, of the development program of the 145 territories to the national and provincial deputies

The President of the Republic presented to the national and provincial deputies a development program for 145 territories of the country (PDL-145T). This program provides for investments in road infrastructure (including those for agricultural access), education, social infrastructure (drinking water supply stations, etc.) as well as the construction of hospitals for a total funding of 1.6 billion U.S. dollars (nearly 110 million per territory), part of which is financed by the government and the other by its traditional financial partners.

The President of the Republic indicated that this program aims to reduce poverty as well as social disparities between the cities and the rural world. As such, he informed that the program will adopt an approach focused on the rural world.

Thus, to maximize the chances of success of the program, the Head of State drew the attention of the provincial deputies to the need to fight corruption, which is a scourge that drags the country down. In this regard, a memorandum of understanding was signed between the executive and the United Nations Development Program (UNDP), the Central Coordination Office (BCECO) and the Fragile States Financing Implementation Unit (CFEF) to ensure the proper management of the funds allocated to this program. This memorandum of understanding gives the aforementioned agencies the power to control the awarding of public contracts and to organize both internal and external audits.

On reading the above-mentioned elements, it appears that the concept developed in this program is interesting. However, certain elements may prevent the objectives from being achieved. These include the question of the funds allocated to the program. Indeed, for a better execution of the said program, it would be wise that the allocation of funds by territory is not

equiproportional due to the geographical differences and the levels of economic development of each territory. Thus, the average amount per province could be insignificant given that infrastructure projects require the injection of large sums.

Also, recent developments have shown that there is a growing trend of misappropriation of public funds allocated to infrastructure projects. The problem concerning this project would therefore be to choose competent firms and the right people to manage the said projects as well as to put in place rigorous control mechanisms to ensure the proper allocation and assignment of the resources made available to each territory. On this point, nothing is guaranteed and it is possible to witness new scenes of massive misappropriation of public funds. The above-mentioned memorandum of understanding between the executive, UNDP, BCECO and CFEF is a first step. The most important step is the operationalization of efficient controls and compliance with project management standards.

Indeed, project management is a rigorous discipline with precise principles that allow to maximize the chances of success (achievement of objectives) of the project. These principles take into account: (i) the definition of the pillars (vision); (ii) the identification of the stakeholders and the interests of each of them; (ii) the realization of the inventory of fixtures and specifications of the project; (iii) the definition of the relevant criteria; (iv) the awarding of contracts; etc.

For the PDL-145T project, the procurement process was initiated and a call for expressions of interest was issued to companies and individuals to submit their proposals. However, the said process did not respect the subsequent steps required in the framework of project management. This could have a negative impact on the achievement of the development objectives of the program.

Consequently, it is imperative to examine this program in depth and to make the necessary adjustments (in particular, to make up for all the important phases of project management that have not been carried out), to put in place appropriate control mechanisms as well as those for the disbursement of funds before launching such a program which, if well executed, could contribute to the country's development through the modernization of the rural world.



**Box 1. DRC's accession to the East African Community: What are the dividends for the DRC ?**

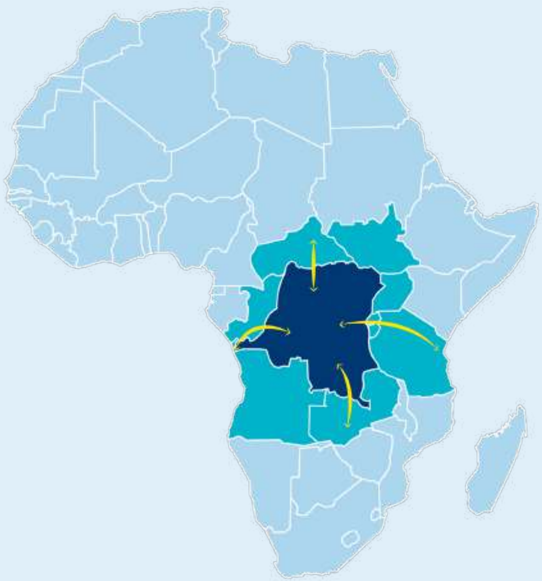
After applying for membership of the Community of East African States (EAC)[1] in 2019, the Democratic Republic of Congo officially joined the community on Tuesday, March 29, 2022, at a summit held online by leaders of member states. It is the 7th member country of this community and the largest in terms of demography, with enormous economic potential and investment opportunities.

The question remains unanswered as to the benefits that the DRC derives from its multi-membership in the regional economic communities (RECs). Some believe that the regional integrations of which the DRC is a part have not yet produced the expected results on all fronts. Worse still, it is not always in good relations with certain members in certain areas. On the other hand, some people claim that the DRC's membership in various regional economic communities is essentially based on (i) the search for peace in terms of security for certain border areas; (ii) the free trade of people and their goods.

1. The EAC is a regional economic community initially founded in 1967, dissolved ten years later and then truly recreated in 2001. It is made up of 6 member countries including Burundi, Kenya, Uganda, Tanzania, South Sudan and Rwanda. This community is a monetary union whose competencies range from financial integration to peacekeeping and respect for good governance.

This statement is justified by the fact that the DRC is located in the heart of Africa with 9 neighboring countries and is at the crossroads of several influences and possibilities of influence towards different regions of the continent[2]. The DRC is made up of three economic groups that are dependent on foreign trade[3].

According to the United Nations Conference on Trade and Development (UNCTAD) in its 2019 Economic Development in Africa report, intra-African exports accounted for 16.6% in 2017 and intra-African trade accounted for 15.2% of Africa's total exports during 2015-2017. While intra-regional trade of the regional economic communities was 3.1 billion in between the EAC states, representing 48.3% of intra-community trade share in total African trade. It appears that intra-regional trade among REC states was not significant compared to trade with the rest of the world.



Source: Congo Challenge, adapted from François Kabuya Kalala and Tshiunza Mbiye, (2009-2010).

Based on the above, the Democratic Republic of Congo's membership in the EAC would be motivated perhaps by political reasons whose aim is to bring peace to the Eastern region, which has been under the sway of armed groups for two decades already, and by the fact that the CEPGL and all its mechanisms put in place have not brought the expected results in terms of security and peace. By turning to this community, the DRC expects a resolution of its armed conflicts through a strong involvement and common commitment of all members. This could be explained by the fact that the DRC has for years put up with the hypocrisy of certain member states that are part of both the CEPGL and the EAC, which play a key role in these conflicts by arming militiamen and using part of their land as a rear base for these belligerents.

For economic reasons, the EAC is a very competitive region in terms of the dynamism of the market. The DRC through the Kasindi road via Kampala finds an exit to the Indian Ocean through the port of Mombasa, which is very advantageous for Congolese traders operating in the former Eastern Province and North Kivu. The DRC, which is a breeding ground, presents itself as an outlet for member states, some of which have strong economies and find this membership an investment opportunity. Through the DRC's membership, trade in the region will be able to increase thanks to the reduction of costs and the reduction of tariffs for goods.

2. François Kabuya Kalala and Tshiunza Mbiye, Regional Economic Communities: What Integration Strategy for the DRC? Kinshasa, May 2010, in Africa of the Great Lakes. Yearbook 2009-2010, p337.
3. According to the authors, a distinction is made between: (i) the Southern African movement, which includes the provinces of Katanga and the two Kasai; (ii) the Overseas and Central African movement, which includes the capital Kinshasa and the provinces of Bas-Congo and Equateur; (iii) and the Eastern African movement, which includes the greater Kivu and the Province Orientale.

However, the trend of trade in this economic zone has not been in favor of the DRC. Indeed, in 2019, exports from the DRC to EAC member states were valued at 5% of the value of exports, while members of this organization exported nearly US$940 million worth of goods to the DRC. Hence the need for the DRC to reorganize its mode of production and put in place mechanisms to increase its production and competitiveness in order to reverse this trend and take better advantage of economic exchanges in the said zone. Also, the DRC could benefit from cross-border road and energy infrastructure and from the proposed railroad linking the Tanzanian port of Dar es Salaam to the East via Rwanda.

From a linguistic point of view, the DRC's membership in the EAC will bring linguistic and cultural diversification as French will be added as a third language in addition to the two other languages, English and Swahili.

### II.1.1. Economic activity

Since the beginning of 2022 and during the month of March, the Democratic Republic of Congo, classified as a low-income country according to the World Bank's latest rating of countries by income, remains extremely vulnerable to external and internal shocks.

In March 2022, economic activity experienced a series of shocks that once again demonstrate this vulnerability, with negative consequences for the national economy, including the deterioration of certain economic indicators.

During the month under review, prices rose and foreign exchange reserves fell significantly. However, the exchange rate remained stable.

Also, food prices rose significantly, and this was the case for several categories of products that occupy a prominent place in the DRC household basket. These include the prices of rice, corn flour, palm and vegetable oil, vegetables, cosmetics, etc. However, while the value of the U.S. dollar has remained relatively stable on the foreign exchange market, the rise in market prices seems to have other explanations besides that linked to the dollarization of the Congolese economy. Given that the Congolese economy is an extroverted one, the global inflation induced by Covid-19 and the mechanical effect of the rise in oil prices following the invasion of the Russian army in Ukraine have been reflected in the prices of products imported into the DRC, notably rice, semolina, etc.

With regard to foreign exchange reserves, the economic situation committee reported a significant drop in foreign exchange reserves from $3.5 billion to $2.4 billion, although the exchange rate on the market remained stable. According to the committee, some of the reserves were used to finance the budget, including the 145 Territories Development Program. This drop in foreign exchange reserves could further deteriorate the country's socio-economic situation in a context where the country is facing several challenges, including food shortages, lack of institutional stability, increased political differences, armed conflicts in the east of the country, etc.

Indeed, foreign exchange reserves play the main role in stabilizing the currency in times of depreciation. In this case, it should be noted that despite the stability of the exchange rate on both the parallel and interbank markets, the prices of goods and services are only rising in dollars and local currency. Thus, the current level of foreign exchange reserves could not solve the above-mentioned problems, especially in this context where the country depends heavily on imports to cover national demand and where foreign exchange inflows are not substantial due to the low level of exports. As such, significant efforts must be made and relevant reforms should be implemented to reverse this trend and achieve the stabilization of the macroeconomic framework.



On the other hand, the International Monetary Fund (IMF) conducted a mission to the DRC from March 1 to 7, 2022, which ended with a large political troika meeting chaired by the Minister of Finance, which focused on the overall assessment of the DRC's economic situation under the three-year program with the IMF. During the mission, the IMF also assessed the use of part of the allocation of about 1.5 billion dollars approved in August 2021. As a reminder, this amount was allocated as a "special drawing rights" (SDR) allocation, an IMF mechanism to help its member countries cope with the dire consequences of the economic crisis due to the Covid-19 pandemic. At the end of the mission, the IMF concluded that (i) the economic rebound in 2021, with an estimated growth of 5.7 percent, was supported by the recovery of the mining and services sectors; (ii) downside risks to the outlook have increased significantly as a result of external developments and this requires the continuation of prudent macroeconomic policies; and (iii) intensified implementation of the authorities' reform agenda will support the recovery and strengthen the resilience of the economy.

On the other hand, the Congolese government has decided to allocate half of this sum to social projects and the other half to strengthening the international reserves of the Central Bank. According to him, this initiative will make it possible to finance the program known as the development of the 145 territories to facilitate the access of the populations of rural areas to basic services such as education and health. He therefore has an envelope of more than $700 million in an account of the Central Bank of Congo housed at the Bank for International Settlements, a transit financial institution. Of this amount, a first tranche of $300 million could be released shortly and made available to the agencies in charge of implementing these projects.

However, as previously indicated, there are still uncertainties regarding the design of these projects and the achievement of their objectives. The financial allocations by territory, the allocation of resources to the positions indicated and the monitoring and control mechanisms put in place remain problems to be solved in order to ensure the proper execution of these projects and the achievement of the expected objectives.

In another register, on September 24, 2020, the government of the Democratic Republic of Congo through its Ministry of PTNTIC (Post, Telecommunications and New Information and Communication Technologies) had decided to establish the Registry of Mobile Devices RAM, managed by the ARPTC (Regulatory Authority of the Post and Telecommunications of Congo) with the objectives of verifying mobile devices compliant with the standards of the GSMA and ITU (International Telecommunication Union) on the basis of the IMEI number; blocking access to any counterfeit device; blocking any stolen or lost mobile device etc.

These services had as a counterpart the compulsory levy of call units on all Sim cards in the Congolese national territory but without having a legal basis, while the remuneration of an unsolicited service by any individual becomes automatically a taxation. The funds collected through this tax after one year were estimated by ODEP at 266 million US dollars and were used for other purposes rather than those for which the RAM service was originally intended. For example, supporting free education or paying for ARPTC services were not the original objectives.

On April 01, 2022, through a communiqué, the FEC had sounded the alarm concerning a new tax having the same characteristics as those of the RAM. Indeed, the Congolese Government reinstated another form of tax of new remunerations of the Regulator on the services of Telecommunications striking the services of telecommunications and Internet and carried by the Decree n°22/11 of March 9, 2022 bearing on the modalities of calculation and the rates of the incomes of the services of the ARPTC.

The introduction of this new tax will have a negative impact on the prices of services offered (calls, SMS and Internet) by operators and this under the rule of truth in pricing enshrined in legislation. This impact on prices will affect the purchasing power of consumers in a country where the socio-economic situation has largely deteriorated and where the population is struggling to cover its basic needs.

Thus, it would be more relevant for the government to bring appropriate reforms in terms of revenue mobilization and to put in place adequate control mechanisms in order to provide itself with the means to finance the government's action instead of further asphyxiating the population by introducing this type of impoverishing tax with major impacts on the purchasing power of the population.

## II.1.2 Price dynamics

During March 2022, prices generally moved upward in contrast to the first two months of 2022 when price dynamics were stable.

Weekly inflation was 0.33% at the fourth of this month compared to 0.41% at the close of the previous month.

As for the year-on-year inflation rate, it stood at 6.25% during the same period, an increase of 14.50% compared to that recorded at the close of February 2022 where this rate was 5.56%.

As for the annualized inflation rate, it is expected to be 8.79% by the end of this year. This forecast is significantly higher than that of the previous month, when annualized inflation was 5.91%, a positive variation of 48.64%. At the same time, this forecast is higher than the one made at the end of 2021 where this rate was established at 5.28% observed at the end of 2021. Thus, this increase in inflation could lead to pessimism on the part of economic agents regarding future price trends. Such a scenario could lead to changes in the behavior of economic agents, with consequences that could further destabilize the macroeconomic framework. The table below shows the evolution of inflation in March 2022.

**Table 1 ›› Evolution of inflation (March 2022)**

| | Weekly inflation | Cumulative inflation | Year-on-year inflation in | Annualized inflation |
|---|---|---|---|---|
| Week 1 | 0.12 | 1.01 | 5.51 | 5.95 |
| Week 2 | 0.20 | 1.21 | 5.63 | 6.43 |
| Week 3 | 0.42 | 1.63 | 6.01 | 7.95 |
| Week 4 | 0.33 | 1.96 | 6.25 | 8.79 |

Source : BCC, march 2022.

As in its previous monthly reports, Congo Challenge stresses that certain important developments may further compromise the macroeconomic framework. These include (i) political instability fueled by tensions within the Union sacrée; (ii) insecurity in the east of the country; (iii) the significant expenses that must be incurred in preparation for the 2023 elections; and (iv) the continuing Russian invasion of Ukraine with potential consequences for the dynamics of fuel prices and other products imported by the DRC.

From an economic perspective, it is worth recalling once again that the acceleration of prices could be amplified by the inability of the state to mobilize sufficient revenues to meet the needs of the state, particularly with respect to the 2023 elections. If the state resorts to money creation or foreign exchange reserves to finance the upcoming elections, the consequences for the macroeconomic framework could be disastrous. Thus, Congo Challenge stresses the need for relevant reforms in public revenue mobilization to finance the state's needs and ensure macroeconomic stability.




### II.1.3 Monetary market

During March 2022, monetary aggregates remained relatively stable compared to the previous month. The monetary base fell slightly by 1.7 percent and the money supply grew slightly by 0.3 percent. The decline in the monetary base was due to the decrease in commercial banks' current account holdings at the Central Bank, and the increase in the money supply was due to the increase in currency in circulation.

On the counterpart side of the money supply, credit to the government increased from CDF 1,594,570 million to CDF 1,046,262 million between February and March 2022, while credit to the economy (claims on other depository institutions) increased from CDF 1,327,157 million to CDF 1,402,157 million over the same period. This increase in lending to the economy is the result of a refinancing policy applied by the BCC to enable commercial banks to finance various investment projects.



**Table 2 ››** **Key indicators of the monetary sector (in millions of CDF)**

| | Febr-22 | March-22 | Change |
|---|---|---|---|
| **Monetary base** | **5 582 530** | **5 486 356** | **-1.7%** |
| Fiduciary circulation | 2 861 652 | 2 946 627 | 3.0% |
| Reserves | 2 432 193 | 2 496 558 | 2.6% |
| **Money supply** | **26 327 578** | **26 412 553** | **0.3%** |
| Currency (M1) | 22 151 571 | 22 236 546 | 0.4% |
| Quasi-currency | 4 176 007 | 4 176 007 | 0.0% |
| **Net credits to the State** | **1 594 570** | **1 046 262** | **-34.4%** |
| **Credits to the economy** | **1 327 157** | **1 402 157** | **5,.65%** |

Source : BCC.

## II.1.4 Exchange rates and foreign exchange reserves

Throughout March 2022, the time profile of the exchange rate remained stable, as it has 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 February 2022, the exchange rate experienced a very slight appreciation of 0.01% on the interbank market where it rose from 2,000.97 at the end of February 2022 to 2,000.78 in the fourth week of March 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of February 2022 and the fourth week of March 2022 from 2,028.83 to 2,031.00 (a positive variation of 0.11%).

**Table 3 ››** **Exchange rate trends**

| | Closing february 2022 | march 2022 | | | | Change february – march 2022 |
|---|---|---|---|---|---|---|
| | | Week 1 | Week 2 | Week 3 | Week 4 | |
| Interbank market | 2 000.97 | 1 999.98 | 1 999.15 | 1 999.77 | 2 000.78 | -0.01% |
| Parallel market | 2 028.83 | 2 030.50 | 2 036.67 | 2 035.33 | 2 031.00 | 0.11% |

Source : BCC.

Foreign exchange reserves have deteriorated over the months. In fact, foreign exchange reserves fell from USD 3,482 million at the end of January 2022 to USD 2,800 million at the end of February 2022, before falling to USD 2,400 million in the fourth week of March 2022, representing negative variations of 19.59 percent and 1.43 percent between January and February 2022 and between February and March 2022, respectively. In terms of the number of months of imports, the Congolese economy has lost its capacity at the end of January 2022. The coverage of imports by foreign exchange reserves fell from 3.03 to 2.50 months between January and February 2022 and from 2.50 to 2.40 months between the end of February 2022 and the fourth week of March 2022, i.e., decreases of 17.65% and 3.75% respectively between January and February 2022 and February and March 2022.

The Economic Committee said that the decline in these reserves is due to the fact that part of foreign exchange reserves has been used to finance the state budget, including the Development Program of 145 territories that require significant funds for its implementation in a context where the tax burden remains low. This raises the issue of internal revenue mobilization, public finance governance and budget sustainability. At this rate, there is reason to fear a return to square one and a situation where foreign exchange reserves would not be able to cover 12 weeks of exports. Hence the need for the government and the BCC to consolidate foreign exchange reserves, in particular by implementing the necessary reforms to support the growth of economic activities in order to avoid perverse effects on the foreign exchange market and domestic prices.

Table 4 ›› **Changes in foreign exchange reserves**

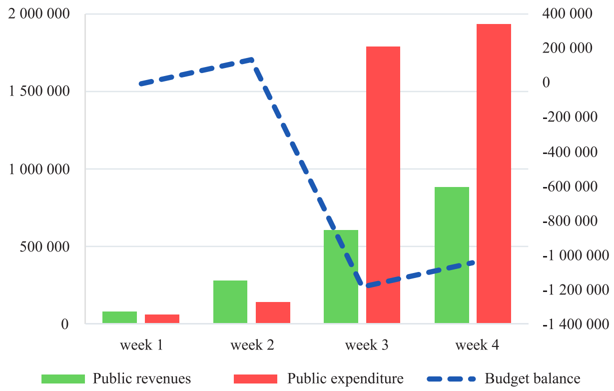
| | Clossing february 2022 | march 2022 | | | | Change february march 2022 |
|---|---|---|---|---|---|---|
| | | Week 1 | Week 2 | Week 3 | Week 4 | |
| In millions of USD | 2 800 | 2 820 | 2,810 | 2 400 | 2 760 | -1.43% |
| In months of imports | 2.50 | 2.50 | 2.50 | 2.09 | 2.40 | -3.75% |

Source : BCC.


## II.1.5 Public Finance

CTR (Ministry of Finance) statistics show that in the fourth week of March 2022, the Treasury recorded a deficit of 1,045,737 million CDF. This deficit is the result of an expenditure level of 1,932,322 million CDF against revenue of 886,585 million CDF. The cumulative balance for the month of March shows a deficit of 1,194,975 million CDF. It should be noted that capital expenditure in March increased compared to last month. They rose from 277,000 million CDF to 616,861 million CDF in the fourth week of March 2022. There is a growing awareness on the part of the Congolese authorities, who are now focusing on capital investments, and this is very encouraging in the sense that these investments are intended to make up for the lack of infrastructure, to build schools, hospitals, etc.

**Chart 9 ››** **Public Sector Aggregates as of March 2022 (in millions of CDF)**




Source : Ministry of Finance.

In fact, up to the fourth week of March, salaries accounted for almost 24.18% of all expenses incurred. However, these figures may be subject to significant changes, particularly with the payroll operations of civil servants.

**Box 2. Mining fraud and smuggling in DR. Congo: a major source of the country's impoverishment**

The Democratic Republic of Congo is a geological scandal. Indeed, there are more than 1,100 different mineral substances, forestry, oil, energy and gas resources. Yet, according to World Bank statistics, of the 186 countries listed in the ranking of those whose natural resource rents represent a high share of GDP, Congo ranked 16th. Total benefits from natural resources represented 26.9 percent of GDP. At the same time, during the same period, Congo ranked 104th out of 117 countries ranked by revenue collection capacity, having achieved only 14.4 percent of GDP. If there are channels for leakage or leakage of financial resources to replenish the state coffers, fraud and smuggling are one of them.

Mining fraud is defined as "the exploitation, possession, transport, marketing or export of mining products in violation of the Mining Code and its implementing measures, the Customs Code, the Tax Code and the provisions of foreign exchange regulations, with the aim of obtaining an illicit profit to the detriment of the interests of the State. It is clear from this definition that this offence lies at the crossroads of five legal disciplines: criminal law, tax law, customs law, mining law and financial law (exchange regulations). Equated with fraud, smuggling is often linked to the cross-border aspect. It is defined as "the export or import of mining products outside the official points of exit or entry to the national territory, or the exploitation, possession or transport of reserved mineral substances in violation of the rules to which they are subject. Substantially, mining fraud and smuggling are materialized by several forms and acts: the different successive operations of the mining circuit (prospecting, research, exploitation, processing, transformation, transport, commercialization and export of mineral substances), administrative and/ or judicial measures, violation of customs, tax and exchange regulations, concealment, bypassing of quantitative restrictions, bypassing of legal or international prohibitions,...

Mining fraud and smuggling take place in a particular context in the East of the DRC. The eastern part of the republic has a reputation for being the epicenter of insecurity and instability and is experiencing the curse of natural resources. The security challenge is to cut the link between armed conflict and the illegal exploitation of natural resources. To this end, two types of mechanisms to combat these scourges have been put in place: normative mechanisms and institutional mechanisms. The first consists of using techniques for the responsible supply of minerals through the certification and traceability of mineral substances, and the second consists of verifying the reliability of the mandatory documents of mining operators. It is worth mentioning that this verification concerns the registers, the activity reports, the account books, the register of the shipped samples, the extraction register, the sales register,... In short, the aim is to control the accuracy of the tonnage, the content and the requirements of the exchange regulations, the declaration, the payment of taxes, duties and royalties. The implementation of the normative mechanisms is supported by certain government departments referred to as institutional mechanisms. The services concerned are numerous:

To this end, two types of mechanisms for combating these scourges have been set up, namely normative mechanisms and institutional mechanisms. The first consists of using techniques for the responsible supply of minerals through the certification and traceability of mineral substances, on the one hand, and verifying the reliability of the mandatory documents of mining operators, on the other. It is worth mentioning that this verification concerns the registers, the activity reports, the account books, the register of the shipped samples, the extraction register, the sales register,... In short, the aim is to control the accuracy of the tonnage, the content and the requirements of the exchange regulations, the declaration, the payment of taxes, duties and royalties. The implementation of the normative mechanisms is supported by certain government departments referred to as institutional mechanisms. The services concerned are numerous :

- The General Directorate of Taxes determines and administers taxes on income, dividends, value added, and other taxes ;
- The Directorate General of Customs and Excise collects customs taxes, duties, export taxes, and export service fees ;
- The Directorate General of Administrative Revenue, Domains and Participations collects mining royalties, fees required for various permits and authorizations, and surface fees ;
- The Center for Expertise, Evaluation and Certification of Precious and Semi-precious Mineral Substances ensures the traceability of precious and semi-precious mineral substances as well as mineral substances of artisanal origin from the purchase counter or deposit until export ;
- The Commissariat Général à l'Energie Atomique issues to the exporter of the minerals a certificate of evaluation of the radioactivity for export ;
- The Central Bank of the Congo oversees the regulation of foreign exchange, for example in the aspect relating to the repatriation of export receipts of merchant mining products and the payment of the foreign exchange monitoring fee ;
- The Foreign Trade Division is responsible for recording data on import and export flows ;
- The Judiciary prosecutes alleged perpetrators of mining fraud and smuggling ;
- The Directorate of Investigation and Mining Inspection is responsible for periodic and ad hoc inspection of mining activities at offices, workshops or sites and during opening hours to check the veracity of reports and other documents ;
- The National Commission against Mining Fraud designs and plans strategies to combat mining fraud and smuggling.

As long as large-scale mining fraud and smuggling persist, the Congolese state will have difficulty reducing poverty and achieving the Millennium Development Goals, given that the mining or extractive sector as a whole contributes a high rate to the state budget. Considering that the reserved mineral substances, because of their ionizing radioactivity, are at the heart of strategic stakes on the international level, it is urgent that the DRC determines from now on its policy on the matter by decree of the Prime Minister. The DRC is urged to take advantage of the high content of its uranium, which is highly prized by the major nuclear powers, to contribute substantially to improving the socio-economic conditions of all Congolese.

## II.2. Political developments

The news in March was dominated by (i) the proposal on constitutional revision; (ii) reactions after the publication of the roadmap by CENI; (iii) the return to parliament, (iv) the attack by M23 troops on FARDC positions in Rutshuru territory and (v) the vote of no confidence in the Minister of National Economy accused of incompetence and inaction in the face of the deterioration of the social situation of the Congo. More explicitly, these major facts are presented as follows :

### 1. Controversy over the proposed constitutional revision

During a media release on Saturday, February 26, 2022, on the popularization of the actions of the Head of State, the MP and President of the Labour Party, Steve Mbikayi, invited to the forum organized by the Reflection Group of the Elites of Congo (GREC), castigated the attitude of some Congolese towards the President of the Republic Felix Tshisekedi, who, according to him, sufficiently shows his willingness to change the social situation of Congolese. Mbikayi considered that the criticisms formulated against President Felix are unjustifiable because in 3 years, he could not put an end to the misery of the Congolese. For him, with the project of 145 territories, the government will lay the foundation for development. He also proposes that there be a constitutional revision that will modify, among other things, the length of the presidential mandate from 5 to 7 years.

The MP Mbikayi estimated that "Our constitution is a constitution that has been copied, which is why the Labour Party and the Patriotic Front have initiated a petition that has been signed by 113 thousand Congolese to ask for the constitutional revision in order to give the Head of State the means of his policy. This constitutional revision will also allow the abolition of budgetary institutions such as the Senate, the CNSA, the provincial assemblies and the CENI. Mbikayi is of the opinion that the Economic and Social Council (CES), the Senate, the Independent National Electoral Commission (CENI), the National Human Rights Commission (CNDH), the Higher Council of Audiovisual and Communication (CSAC), the National Committee for the Follow-up of the Agreement (CNSA), the Provincial Assemblies... must be abolished, because they are considered "useless institutions". He revealed that these institutions cost the Democratic Republic of Congo US$200 million per year, "the equivalent of 200 km of roads. For him, a constitutional revision is necessary to abolish them, especially since the Democratic Republic of Congo is among the six poorest countries in the world. To justify the motivation of going from five to seven years for a presidential term, Steve Mbikayi maintained that the current constitution is the result of a compromise between former rebels of Afdl, RCD, MLC ... The democratic forces that have fought for change in this country are entitled to propose another that will lead us to the 4th Republic. The abolition of budgetary institutions or the restoration of the seven-year term of office can only be applied to the next legislature. Let us engage in a republican debate without referring to men". The transition from a five- to seven-year term of office has become a controversial issue in the Democratic Republic of Congo.

MP Steve Mbikayi officially petitioned the National Assembly on Friday, March 18, 2022 to schedule a debate on the revision of the constitution during the March 2022 session. His petition containing about twenty signatures was given to President Christophe Mboso. According to him, it is necessary that parliamentarians impose themselves to grant henceforth to a head of state "democratically elected" 7 years of work instead of 5 years. "In Africa, regimes are always presidential in fact. Even if on paper we say semi-presidential," he said. The changes he advocated, once voted by referendum, will have an incident of reset on constitutional mandates already consumed.

As expected, the opposition in the DRC fiercely rejects this suicidal project for the young Congolese democracy, because it believes that those who dream of changing the Constitution under the pretext of "sticking to the political reality" are mortgaging the fragile stability of the country.




For Olivier Kamitatu, for example, overcoming the uncertainties of the future simply requires enlightened leadership that reassures the Congolese.

Delly Sesanga, president of the Envol party, said "No to the change of the Constitution" at the Fatshisphere, and denounced "a tendency towards the presidential system" by calling on the Congolese to be vigilant when the debates on the electoral law are launched in Parliament. It is on this occasion that he launched again the operation "Touche pas à la Constitution". Sesanga warned against a "Machiavellian plan against the country and denounced the attempt by Fatshi's men to change the Constitution to give more power to the President of the Republic. What he opposes with all his strength, while asking all the democrats to stand up on the whole country to say "No" to this putsch of the Sacred Union as it was the case under Joseph Kabila in 2015 and 2016.

For him, trying to suspend the Constitution to remove the first term of the leader of their grouping, Felix Tshisekedi, thus putting the counter at zero, to claim to have two other additional terms, will never pass. He argued that he is ready to fight to the end, recalling that in 2015 and 2016, the population had taken to the streets of the country to say "no to the tailoring of the Constitution." In Sesanga's eyes, changing the Constitution will lead the country into chaos. He urged his party's activists and leaders, as well as the Congolese population as a whole, to follow the debates on the electoral law when it comes up in parliament.

Delly Sesanga also explained to the members of his party that the Envol petition was intended to strengthen democracy. It mainly demanded the return to two rounds of the presidential election, the election of governors and senators by direct universal suffrage to fight against corruption.

For his part, Francis Kalombo, a senior member of Moïse Katumbi's Ensemble pour la République, clearly pointed an accusing finger at Professor André Mbata on the constitutional revision. He warned that President Félix Tshisekedi does not yet have the blood of the Congolese in his hands and that he should not be led down this path," and recalled that the Head of State recently returned from a tour of the Great Kasai, whose observation is the famine that is at its zenith in this corner of the country. "Why not propose solutions to the Head of State to solve this problem? As a result, Francis Kalombo believes that the instigators of the constitutional revision are flatterers that Felix Tshisekedi must be wary of.

For the provincial deputy, Mike Mukebayi believes that the amendment of the Constitution to extend the presidential term of office from five to seven years, has no reason to be especially since everywhere in the world it tends to be reduced. "I believe that if an amendment to the Constitution is undertaken in the general interest, I would not stand against such an initiative. But that we come to the day today, while the world and everywhere else has moved to the reduction of the term, that there is someone somewhere who comes to take out the idea of a seven-year term, but a seven-year term for what? "he asked.

The coordinator of the African Association for the Defense of Human Rights (ASADHO) Jean Claude Katende did not fail to warn against the amendment of Article 220 of the Constitution, arguing that the Constitution can be revised at any time, but not for personal interests. "We can revise the Constitution at any time, but don't touch my Article 220," he said, adding, "we must not accept that Article 220 of the Constitution be revised to ensure the protection of individual interests of a few selfish Congolese. This article 220 has been at the height of several tensions with the Kabila regime. Twice in a row, this article, which contains the number of presidential terms and the length of a term, was attempted to be revised by the Common Front for the Congo, but the population and the opposition opposed it.

In favor of the modification of the fundamental law, Jimmy Ambumba, president of the political-administrative and legal commission of the UDPS, maintained that their concern is to revisit certain articles of the fundamental law which, by spite, exist in our Constitution.

The MP Claudel Lubaya for his part recalled that no change of the Constitution of the DRC can be made as long as the country is under state of siege. Without comment, this elected representative of the people brandished article 219, which stipulates that: "No revision can take place during a state of war, a state of emergency or a state of siege, nor during the interim presidency of the Republic, nor when the National Assembly and the Senate are prevented from meeting freely," says the Constitution. To date, there is a state of siege in the DRC, which was declared on May 6, 2021, in the provinces of Ituri and North Kivu to combat the rebellions in that eastern part of the country.

A former member of the Constitutional Court, Professor Eugène Banyaku sees no need to revise the constitution at this time. He is convinced that nowadays there are no indicators that require a constitutional revision. "The provisions related to the duration of the number of terms of office of the President of the Republic are to be found in the explanatory memorandum of the constitution", he reminds. Professor Eugene Banyaku suggested that the Constitution does contain provisions that are obsolete today, but they can be corrected by an interpretation of the Constitutional Court. "What is the interest of the President to get a seven-year term?", this professor wonders.

Professor Bily Bolakonga suggested that we should avoid that adventurers and former torturers who transited to the opposition before returning to power set fire to the DRC. Indeed, he sounded the alarm by stressing that to question the sacredness of certain principles enacted in the current Constitution is to spit on the nation and its martyrs in the name of selfish, circumstantial and immediate interests. Professor Bolakonga was keen to point out that the Constitution is a set of fundamental texts - also called fundamental law - structuring the life and functioning of a State. In this sense, it has a soul with a sensitive emotional and historical charge. Therefore, a constitutional revision can only be based on solid, valid, vital reasons and above all only in favor of the greatest good of the people, according to the Latin principle "salus populi suprema lex esto" (let the salvation of the people be the supreme law).

For him, articles 219 and 220 set the impassable boundaries that concern at least 5 prohibitions, namely: (1) the republican form of the state (cf. art. 5); (2) political pluralism (cf. art. 6); (3) restrictions on rights and freedoms (cf. art. 61); (4) the number and length of terms of office of the President (cf. art. 70) and (5) the independence of the judiciary (cf. art. 149).

These prohibitions constitute the soul, the heart of the constitution and seal the republican pact of the people with themselves, with their representatives and leaders in the presence of God, as attested by the preamble of the said constitution. To want to question the sacredness of these principles is to spit on the nation and its martyrs in the name of selfish, circumstantial and immediate interests.

For his part, Professor Auguste Mampuya, a constitutionalist who was part of the team of Congolese experts who drafted the Constitution of February 18, 2006, the idea of constitutional revision during this period cannot be conceived. To this end, he referred to article 219 of the DRC Constitution, which formally prohibits a constitutional revision during a state of siege. The professor said he was amazed to see that the leaders of the DRC ignore the Constitution. Article 219 of the constitution formally prohibits a constitutional review during a state of siege. "I don't know if they know that. Their proposals will have to wait until the state of siege is lifted. Mbikayi should not table this bill now. But there is also a problem with the form of his proposed law. The majority of the points he addresses, notably the seven-year term, the abolition of the Senate and the provincial assemblies, are provisions prohibited from revision by Article 220," he explains. He added: "Abolishing the Senate goes hand in hand with the Provincial Assemblies, because the Senate represents the provinces which have autonomy of management. And Article 220 prohibits a revision that affects the prerogatives of provincial institutions. To abolish the provincial institutions is nonsense.




For him, the duration of the mandate of the President of the Republic is also locked by article 220. So the idea of changing from five to seven years does not pass.

"The seven-year term is also a provision prohibited by Article 220, which locks the term of office of the President of the Republic from any revision. The duration of a President of the Republic does not change a country, but rather it is his vision and the proper functioning of institutions that count. The Constitution is not revised to give someone a longer term. It is necessary to change when we assess the functioning of the Constitution and identify the recurring problem and look for solutions to this problem," said Auguste Mampuya.

## 2. Reactions to INEC's roadmap for the organization of elections

As highlighted in our February report, it was during a press briefing held on February 3, 2022 that the Chairman of the Independent National Electoral Commission (INEC), Denis Kadima, presented the roadmap for the 2021-2027 electoral process. On that occasion, Mr. Kadima reiterated the need for his institution to organize the elections within the deadline, while stressing that a number of constraints could undermine the momentum if they were not addressed in time. Among the constraints identified by INEC were the pooling of population identification operations, the population and housing census, which should be coupled with voter registration, political and security constraints, financial constraints, the delay in government support and the expected reforms of the legal and regulatory framework for elections.

It should be noted that the 10 G13 members made this statement in the form of recommendations addressed to the political class, civil society and the international community to ensure a free, independent and transparent electoral process.

These ten personalities, members of the G13, including the honorable deputies Jacques NDjoli, Jean Jacques Mamba, Delly Sesanga, Claudel Lubaya..., have in a statement, observed that 578 days before the legal deadline for the convocation of general elections, the roadmap published by the CENI presents a matrix of constraints, several points of which constitute deliberate choices likely to complicate the effective holding of elections in 2023.

This group points out that "the presentation of constraints made by INEC does not take into account the general report published at the time by the electoral commission on the previous electoral process. As for the problem of financing the elections, the G13 group of personalities calls on all institutions to prioritize transparency in electoral finances by examining the real cost of the elections, by imposing respect for the laws relating to public contracts and by rationalizing the management of INEC's existing assets.

In addition to election financing, the G13 recalls that the holding of free, democratic and transparent elections is more a factor of political will, starting with CENI, the political institutions and the stakeholders: political parties and civil society.

During an audience granted to them by the President of the National Assembly, Christophe Mboso N'kodia, on Wednesday, March 9, 2022, the Cenco and the ECC represented by their justice and peace commissions, under the leadership of the General Secretary of the CENCO, Father Donatien Nshole, and Reverend Maurice Mandengo, Director of Communication of the ECC, demanded the holding of the elections within the constitutional deadline.

*"We are driven by the sole concern to see credible, inclusive and peaceful elections held within the constitutional deadline in 2023. We should put aside everything that can serve as a pretext to go beyond this deadline,"* said Father Donatien Nshole. He added: "For that, we will put all that will be in our moral, pastoral power to contribute to the success of these elections. Our two commissions have worked on the roadmap presented by the INEC, which mentioned some constraints that also engage


the National Assembly, constraints related to the legal framework, financing, but also political constraints.

Father Donatien Nshole said that the president of the lower house of parliament reassured them of the groundwork being done, and that he is aware that the stability of the country in the years to come will depend much more on what remains to be done especially in the legal framework of the electoral process. He said that he has set up groups to reflect on this, while reminding them that the major stake of the analysis and treatment of the draft laws relating to the electoral process is to have credible and peaceful elections within the constitutional deadline; and to add that the CENCO and the ECC are there to show their willingness to accompany the electoral process without giving credit to anything that would bring the country into difficulties.

On Friday, March 11, these two religious denominations also met with the president of the Independent National Electoral Commission (CENI). It was a question of talking about the roadmap of the CENI relating to the elections of 2023, based on the various constraints raised by the electoral center, notably technical, financial, security and legal.

Two influential U.S. Senators Michael T. MacCaul, member of the Committee on Foreign Affairs of the House of Representatives of the United States of America, and his colleague Gregory Meek, chairman of the same committee, are concerned about the not very reassuring evolution of the electoral democracy in the Democratic Republic of Congo. To this end, in the correspondence they sent to Antony Blinken, U.S. Secretary of State dated March 16, 2022, these senators expressed their concerns about the Congolese electoral process by recalling that the 2018 elections were neither free nor fair and, were marred by corrupt and anti-democratic actions. Moreover, they point out that the current CENI, installed in a climate of total contestation, does not seem to reassure. They also ask the American government to obtain from President Tshisekedi the grooming of the election management body. Because the stability of the DRC will depend on the 2023 elections. It is this widespread corruption and mismanagement of the electoral process that led the United States to impose financial sanctions on former CENI officials.

A United Nations mission arrived in Kinshasa over the weekend of March 19 at the request of the Independent National Electoral Commission (CENI) to explore the feasibility of electoral assistance.

Led by Simon-Pierre Nanitelamio, Deputy Director of the Electoral Assistance Division of the Department of Political Affairs and Peacebuilding, the UN delegation was received by President Kadima and members of the Bureau on March 22, 2022.

Each time the United Nations receives a request from a member state of the organization for support in electoral matters, a team is deployed to come and discuss with the main actors. The approach consists of trying to assess together the context in which the elections will take place: the various challenges, the constraints and also identify together the necessary needs. And also to see under what conditions the United Nations could accompany the Member State. In the context of the DRC, the CENI had submitted its request in December 2021.

The delegation was also expected to meet with other actors in the government, other institutions, political parties, civil society organizations, and international partners in Kinshasa. These exchanges should allow the team to assess the political, security and electoral environment in the DRC, and seek to understand the legal and institutional framework governing the electoral process. Once this assessment is complete, the capacities and needs of various electoral stakeholders will be better known. UN assistance could then be better defined.




### 3. Issues for the March 2022 Parliamentary Session

At the opening of the session on Tuesday, March 15, 2022, the President of the National Assembly, Christophe Mboso, returned to the constraints mentioned by the Independent National Electoral Commission (INEC) in its roadmap in the run-up to the December 2023 elections. On the issue of legal and security constraints, President Mboso reassured that they will be addressed during this new parliamentary session: "Without doubt this debate is likely to be invited to the National Assembly where will be examined during this session on the one hand the bill amending and supplementing the electoral law and on the other hand the annual report of the Independent National Electoral Commission in accordance with Article 28 of its organic law.

Christophe Mboso invited the institutions of the Republic and other structures to respect the independence of the independent national electoral commission. "In view of the imperatives surrounding the holding of a credible and peaceful electoral process, I urge institutions and other structures to respect the independence of the independent national electoral commission, its administrative and financial autonomy as well as the organic law that confers it and to contribute to efforts to remove any security and financial obstacle that could have an impact on the organization of the electoral process scheduled for 2023," he added.

The return to Parliament on March 15, 2022 at the National Assembly was exceptional in that it recorded the presence of many members who signed their political return. This is the case of Jeanine Mabunda Lioko, former president of the National Assembly, who, since her eviction and her entire office, had never set foot in the Hemicycle. The elected representative of Bumba has seized this opportunity to sign not only his presence but resume his place as a deputy to sit. The other very noticeable presences are those of Willy Bakonga, former Minister of Primary, Secondary and Technical Education -EPST- and Martin Kabuya, former Governor of Kasai Central. Sitting alongside their colleagues, these deputies followed with attention the speech of the speaker of the lower house.

Among the priorities for this March session, which opened in a particular political, security, social and environmental context, is the examination of texts on subjects that have real effects on the population.

Indeed, on the political level, Christophe Mboso said that: "The political debate remains focused on the Roadmap of the electoral process 2021-2027, as published on February 3, 2022 by the Independent National Electoral Commission as well as the related security, financial and technical constraints that may affect the timing of the next electoral cycle scheduled in 2023. Without doubt, we will have to wait for heated debates on the proposed law amending and supplementing the electoral law on the one hand, and on the other hand, the annual report of the CENI in application of article 28 of its organic law.

In view of the imperatives surrounding the holding of a credible and peaceful electoral process, he urged the institutions and other structures to respect the administrative and financial autonomy that the organic law confers on CENI and to contribute to efforts to remove any security and financial obstacles that could have an impact on the organization of the electoral process.

He also acknowledged that the DR-Congolese are waiting for the deputies to come up with a legislative agenda that will remove the legal obstacles to the holding of elections in 2023. "We will diligently examine the texts relating to electoral reforms in order to offer the country free, inclusive, transparent and peaceful elections and to respect the constitutional deadline.

The President of the National Assembly was receptive to the criticism of the deputies and promised to correct his working method. On their return from parliamentary vacation, the honourable members were very critical of the office regarding their parliamentary oversight initiatives and wished to fully exercise their prerogatives in terms of oversight of executive action.

Finally, President Mboso promised to ensure the systematic programming, every Wednesday, of the control initiatives deemed admissible in order to allow the deputies to exercise their constitutional prerogatives. He maintained that far from being perceived as a political attack on the government or the managers of the State Portfolio, the parliamentary control is a normal exercise in any democracy. It allows the latter to account for the management of public affairs and public enterprises and establishments for which they are responsible to the elected national representatives. Indeed, the DR-Congolese will appreciate the work of their elected representatives not by the high number of control initiatives, but rather by the corrective and concrete responses that they will formulate in terms of improving governance and the daily life of the citizens following these controls. This is what will strengthen the confidence of the compatriots in their representatives.

These words show that the future of President Mboso at the head of the office of the National Assembly seems to be threatened. Especially since he recognized the slew of remarks that are constantly being made to him by the national elected representatives.

Parliamentary control and the policing of debates are the two points of disagreement between the President and some deputies who oppose his methods, which are considered undemocratic. Some believe that if the promised change is not forthcoming, he could be ejected from his perch.

For his part, Senate President Modeste Bahati urged the government to look at the fiscal measures already defined in order to achieve its objectives. The concern expressed is to see the Lukonde team achieve its program by a good execution of the 2022 budget.

For him, it is time to avoid the paradox between the poor living conditions of the population and the abundance of resources in the country. "The government's struggle must absolutely prioritize the improvement of the living conditions of our fellow citizens, with a view to creating wealth rather than managing poverty. To this end, and in accordance with the program and especially its component of diversification of the economy, support for productive sectors is required by the State's contribution to the financing of social sectors that bring growth, "he said. However, Modeste Bahati asks the government to provide efforts for the optimal mobilization of revenue through the financial regimes and all the services of the tax base. "Financial orthodoxy must be strictly applied in terms of spending. All measures to increase revenue, including the fight against tax evasion, leakage of revenue, corruption, tax and customs fraud, require strict enforcement of the law to capitalize on the mobilization of revenue for better implementation of the 2022 budget," said Bahati Lukwebo.

4. **Controversy over the incursions of the March 23 Movement and the support received from Rwanda.**

The FARDC saw their positions attacked by elements of the M23 during the night of March 26-27, 2022 in the localities of Runyonyi and Chanzu.

Speaking at a press briefing on Monday, March 28, 2022, in Goma, General Sylvain Ekenge, the army spokesman, clearly identified Rwanda as a supporter of the M23, after presenting two prisoners of war. For this spokesman, these rebels did attack FARDC positions







in Rutshuru on Sunday night. This has created a big stir in both political and military circles. As was to be expected, the "high hierarchy" has instructed that all army communications should henceforth come from the General Staff in Kinshasa.

Indeed, "the spokesman for the military governor has been ordered not to undertake any communication without the express authorization of Kinshasa. In addition, General Ekenge has clearly been threatened with sanctions and his prerogatives as spokesman have been withdrawn.

Reacting on TV5, the government spokesman refused, in an interview yesterday with RFI, to name Kigali as a supporter of the M23.

It is worth recalling the results of these clashes, which showed 17 soldiers wounded and three (3) others killed in action. These were Colonel Alege, commander of the 3409th Regiment, who had come to reinforce the 3413th Regiment, Major Ewayo, commander of the 34321st Company based in Chanzu, and a soldier.

### 5. The vote of no confidence in the Minister of the Economy

The Minister of Economy, a member of AFDC, was dismissed by the national deputies at the end of the vote held during the plenary session of March 2022.

According to the petitioners, JM Kalumba is accused of having violated the code of conduct for public officials by giving money to minors; of having imported horse mackerel from Namibia instead of acquiring fishing boats and supporting local fishermen; being at the root of the recent increase in the price of basic necessities on the Congolese market; the failure of air transport operators to respect official tariffs; the shortage of gasoline in some stations in the capital and the relatively high price of fuel in the interior of the country.

Of the 364 deputies who took part on Wednesday, March 30, 2022, in the vote of no confidence in the Minister of the Economy Jean-Marie Kalumba, 272 voted for, 81 voted against and 11 abstained. As a result, the Minister of Economy was removed from his position in the government.

During the plenary session, the dismissed minister presented his defense, which did not convince the national elected representatives. The latter, after the vote, decided to dismiss him.

The Minister of the Economy had left the room before the vote of no confidence was completed. For some national elected officials, this is a lack of consideration for the second institution of the Republic.

Several reactions were recorded on this issue.

The national representation is savoring the dismissal of the Minister of Economy from the government this Wednesday, March 30, a first in history since 2006. One of the initiators of the motion of no confidence against Jean-Marie Kalumba, Eliezer Tambwe, reacted in these terms:

"The dismissal of the Minister of Economy is the victory of the Congolese people. The practices of the Sacred Union are not the same as those of the FCC where there are instructions from the moral authority, the Minister of Economy could not convince people.

For Marie-Ange Mushobekwa, national elected representative of the opposition (FCC), "now that the office of the National Assembly lets the deputies exercise parliamentary control freely, the first results are there tonight: the Minister of Economy has just been removed from office," she tweeted.

For her part, Henriette Wamu said she was satisfied, for once, with the democratic game of this day. The elected representatives of the people have met the expectations of the population.

In a statement to the press on Thursday, March 31, Jerry Lubala, national president of the political party Nkita, denounced the amateurism, clientelism and the dramatization of the institutions of the Republic shown by the National Assembly following the dismissal of the Minister of Economy.

He recalled that "any action taken by a minister is approved in the Council of Ministers. What shows that it is the President of the Republic and the Prime Minister who are at the head of this incongruous and unhealthy show.

For him, "The evil is deep. It is not a matter of removing a man, a minister, but a whole government. For the actions that characterize them, prove enough their scheme to lead the country into an indescribable chaos. Unfortunately, "while these elephants [authorities] are fighting to [hijack and attempt to slip into the 2023 elections], it is the grass [the population] that is paying the piper," he denounced.

As the only way to empower the state authorities, the Nkita chairman called on the population to "closely scrutinize the actions of the faltering Sama Lukonde government. If they are not able, as they have not been since the beginning, to satisfy your needs, let them at least organize the elections within the deadline.

Already vomited by the population, Jerry Lubala demands that Prime Minister Sama Lukonde "not look for scapegoats and resign for the good of the Congolese," he concluded. He added that the dismissed Minister of Economy "is only a scapegoat for a government that is losing momentum.

Steve Mbikayi, leader of the Labour Party, blames the moral authority of the AFDC for the dismissal of the Minister of Economy in the National Assembly. For him, Jean-Marie Kalumba would be "partly a victim of the antagonistic behaviour" of the Senate President.

To this end, the setback suffered by the AFDC is a prelude to the fall of Bahati Lukwebo. "The Minister Kalumba, who was crushed today by the national deputies, is partly a victim of the antagonistic behavior of his moral authority, a national rogue, in conflict with the majority of the political class and deputies. It is a prelude to his own downfall that is on the horizon," he warned.

In the wake, the initiator of the Patriotic Front 2023 points out to Bahati who has always boasted of his political weight that "no member of parliament among the 41 claimed loudly, has defended the minister during the debate" despite his call.

For Steve Mbikayi, this is a "proof of his unpopularity in the Sacred Union and that the figures put forward to get the lion's share of the vote are false.

# 3. Political and economic perspectives

## On the political level

Many informed political observers believe that the proposed constitutional revision would renege on the pact sealed in Sun City, South Africa. The mere mention of it has already sparked a battle in political and civil society circles, ready to sing in chorus the song "Don't touch my Constitution"! So the modification of the Constitution on the eve of the elections would lead the country into a chaos whose consequences would be incalculable.

However, it should be noted that these new reforms divide the Congolese. Some support them and think that these new legal provisions will make it possible to secure access to power for everyone, and that only Congolese who want to work for the interests of the country will be elected. Others reject them, because they believe that Steve Mbikayi is not the right person to launch his reforms given his political instability.

In addition, Nehemiah Mwilanya Wilondja, former director of cabinet of former President Joseph Kabila was on the set of the French-speaking TV channel TV5 this Friday, March 18, 2022. He was answering questions on Congolese current affairs, notably the return of Joseph Kabila to the next elections in 2023. According to this executive of the Common Front for the Congo (FCC), Kabila can return whenever he wants. To the question of whether Kabila would like to return to power, the former director of cabinet answers: "nothing prohibits it, but when the time comes he will have to decide himself obviously with his political family and options will be raised democratically.

All these elements announce a redefinition of the cards on the political scene with a probable return of Joseph Kabila.

## On the economic level

In March 2022, the global economy experienced a rise in inflation as a result of rising energy prices. As predicted by the World Bank, the military hostilities launched by Russia on Ukrainian soil have changed the situation. Indeed, following the continuation of military confrontations between the Russian and Ukrainian armies on Ukrainian soil, the United States, Canada and some European countries have imposed on Russia a range of sanctions essentially of an economic nature which have had perverse effects on the Russian economy as well as on the European and world markets via the stock market, the currency market, the energy market, etc. This situation could have negative implications on the global economy as well as on the economies of African countries which are mostly extroverted and vulnerable to external shocks.

Domestically, in contrast to the previous month, the economic outlook for the DRC has deteriorated. The increase in domestic prices (mainly food) and the significant decline in foreign exchange reserves are precursors, if nothing is done to redress the situation, of a slowdown and deterioration of the national economy.

In addition, there is a low capacity for revenue mobilization, compared to a high fiscal potential. Indeed, the low level of public revenue mobilization is a factor that could have a negative impact on the country's economic outlook, especially with the upcoming elections, which require significant financial resources (close to $600 million for their organization). Low external revenues could lead the government to resort to foreign exchange reserves to finance the elections. If the government resorted to this mechanism, the national economy would deteriorate further.




In addition to the economic arguments, other factors point to a slowdown in economic activity in subsequent periods. These include: (i) corruption and massive misappropriations in the execution of several projects; (ii) existing differences of vision and opinion within the Sacred Union; (iii) insecurity and multiple military confrontations in the East of the country; and (iv) repeated strikes in several sectors including education (university teachers).

In this respect, major efforts must be made and relevant reforms implemented to reverse this trend and stabilize the macroeconomic framework. It is therefore necessary for the government to rethink the governance of public finances and to implement relevant reforms in this sector in order to provide the government with the necessary means to implement its policy and to continuously improve the economic situation of the country.

Thus, Congo Challenge once again invites the government to combine more efforts in the implementation of structural reforms essential for the development of the country. The relaunch of relevant infrastructure projects, the establishment of appropriate monitoring-evaluation and control mechanisms in the execution of projects and programs are levers that should be activated to improve the country's economic prospects.

# 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.




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

# THE VALUES OF CONGO CHALLEN

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**

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