



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

Issue 71 | March 2023

*Depreciation of the Congolese franc, rising prices in several sectors of the national economy
and insecurity in the east of the country: what prospects for the DRC ?*

Kinshasa, DRC

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Global Economic Growth Projections



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Matata Ponyo Mapon

What I think


The false democracy

I think that democracy seems to have won the battle over the prosperity of nations. Indeed, the ultimate goal of all political regimes is to provide the best living conditions for the people. From an economic point of view, democracy is based on liberalism, a school of thought that advocates economic freedom. It is the laissez-faire or free market, symbolised by capitalism. Man is at the centre of the production activity. He is the main actor in the creation of wealth. The state, for its part, plays the role of facilitator and supervisor. It creates the necessary conditions for economic activity to be carried out in an optimal manner. At the political level, democracy advocates the free choice of the leaders of the main state structures. Voting is free, transparent and fair. It is up to the best to win. This is meritocracy. Socialism, on the other hand, gives precedence to the general interest over particular interests by means of concerted organisation. The role of the state is preponderant. It looks after everyone's interests. The aim is to avoid a glaring gap between rich and poor, as is the case in capitalist countries. From a political point of view, the state party is in charge. Free and direct voting is not the appropriate way to choose political leaders. The latter are appointed by the main state political bodies. They are not necessarily the best.

After several centuries of practice, countries that have used democratic regimes are at the top of the list. They are ranked highest in the Human Development Index published by the United Nations Development Programme (UNDP). They occupy the top 20 places in this index. Russia and China, the main socialist countries, occupy 62nd and 79th place respectively. The same is true of GDP per capita, which places the United States in 9th place with USD 69,185, while China and Russia are relegated to a lowly 80th place with USD 12,437 and USD 12,259 respectively. However, in terms

of wealth creation, the US, with a GDP of USD 25.3 trillion in 2022, is followed by China with USD 19.9 trillion. In the end, the capitalist economies are still in the lead, the socialist ones are lagging behind, with the exception of China.

I think that democracy, with its shortcomings, is today the best political system to enable the country to significantly improve the living conditions of the population as we see in Western countries. Unfortunately, this is not the case for almost all African countries implementing the same political system. The DRC is a case in point. Why is this so? The reality is that democracy is not effectively applied. We talk about democracy, we sing about democracy, but in reality, we apply something else. In a democracy, elections are held to choose the best. In the DRC, they are designed to appoint anyone, including mediocre people. The electoral law is modified at each electoral cycle. The Independent Electoral Commission (CENI), in charge of organising the elections, is at the orders of the government. It is therefore not independent. The Constitutional Court, which has to confirm the results of the elections, obeys the instructions of the Executive. It is therefore not impartial. In short, the electoral process is neither free nor transparent, let alone fair. This is what happened in December 2018 when CENI proclaimed several deputies and senators who were never elected. Unfortunately, these non-electors were confirmed by the Constitutional Court. As a result, they are sitting in Parliament with a fictitious mandate from the people. In addition, the parliamentary majority, which was formed after the elections and was supposed to remain unchanged throughout the mandate, was turned upside down. The same deputies and senators who belonged to the former parliamentary majority joined the opposition to form a new majority. As a



result, we find ourselves in the unbelievable situation where you have deputies from the same party who belong to both the opposition and the majority in power! Who would have thought it? And yet the law in force formally prohibits this type of unimaginable and democratically unacceptable switch. In the same vein, the current president of the National Assembly comes from the new presidential majority to which his party belongs with 2 deputies. Thus, a president of the National Assembly without any political weight in front of a group of 500 national deputies! The Prime Minister comes from the same presidential majority, which was created in flagrant violation of the laws in force. He too belongs to a political party that has no weight in Parliament where it has only 12 deputies. Finally, what can we expect from a parliament where a good part of the deputies and senators are not accountable to their constituents, except to those who appointed or poached them? What can we expect from a president of the national assembly and a prime minister who have no political weight? This is the African or Congolese version of democracy. The best are elected by the people, but not all are proclaimed. The mediocre ones are not elected, but many of them are proclaimed winners. Moreover, the constitution and the laws of the country are systematically violated with the sole aim of removing the best and favouring the emergence of the mediocre.

I think that democracy does not apply in the DRC, as in most African countries. It is a sham of democracy. In reality, it is a kind of dictatorship wrapped in a demagogic discourse of democracy. The country is thus engulfed in a hybrid political system where elements of dictatorship, democracy and socialism are mixed.

Ultimately, nothing can be expected from such a system based on mediocrity and anti-values. The socio-economic situation can only deteriorate continuously. Faced with this dramatic situation, which totally mortgages the future of young people and of the country as a whole, politicians must stop making democratic films or plays. They must apply real democracy instead of the false one that is currently being implemented.

Kinshasa, March 23, 2023

Executive summary

Economic situation

- **At the international level**, the economic outlook points to a projected slowdown in global economic growth to 1.7% in 2023, the third lowest level in almost 30 years, following the global recessions of 2009 and 2020. This deceleration is partly due to the tightening of fiscal and monetary policies aimed at curbing high inflation. In the face of this situation, the implementation of structural reforms is imperative to improve productivity, alleviate supply constraints and, consequently, support economic growth.
- With regard to inflation, the OECD forecasts that it will decline to 6.6% in 2023, but still remain above pre-pandemic levels. Therefore, monetary policy should continue to aim at price stability and fiscal policy should aim at easing cost-of-living pressures.
- In March 2023, stock market indices trended downwards due to the appreciation of the US dollar, which stimulated demand for stock market assets.
- With regard to international trade, UNCTAD's outlook indicates that world trade growth should remain moderate in 2023, with a possible recovery in the second half of the year. However, the resurgence of the pandemic and trade tensions between the major economies could jeopardise this recovery. Therefore, it is important that countries continue to cooperate to ensure global economic stability and growth.
- **At the national level**, as in the previous month, the macroeconomic framework deteriorated. Indeed, the national currency depreciated slightly by 0.03% on the interbank market and by 1.07% on the parallel market. During the same month, the national economy recorded positive changes in inflation rates compared to the previous month. Cumulative inflation increased by 13.53% to 4.74% in the second week of March 2023 from 4.46% a month earlier. Similarly, year-on-year inflation rose by 1.57% to 17.08% in the second week of March 2023 from 17.00% the previous month.
- On the public finance side, the Treasury recorded a deficit of 118 697.00 million CDF in the third week of March 2023. This deficit is the result of

an expenditure level of 1,000,745.00 million CDF against a revenue level of 670,636.00 million CDF. However, it should be noted that the available data refer to the third week of the month and could change at the end of the month, particularly with the continuation of the civil servants' payroll operation.

- Finally, the economic news of March 2023 was marked by several notable facts. More explicitly, these facts are presented as follows: (i) the signing of partnership agreements between the DRC and France in certain specific sectors (mining, infrastructure and digital); (ii) questions about the dollarisation of the Congolese economy; (iii) the signing of a USD 1.3 billion memorandum of understanding between Congo Airways and A&M Development Group; (iv) the general rise in the price of goods and services; (v) changes in the Central Bank of Congo's interest rates; and (vi) the signing of a memorandum of understanding between the DRC and Zambia concerning the pre-feasibility study for the special economic zone.

Political situation

Insecurity in the east, the publication of the SAMA 2 government, reactions to the scheduling of the proposed Tshiani Law for the March 2023 session, and the electoral process were the main events of March 2023.

The security situation in the east of the Democratic Republic of Congo was discussed during a meeting of the United Nations Security Council held in New York on Wednesday 29 March 2023. As was the case a few months earlier, statements condemning the progress of the M23 rebel group were made, but without any effect on the ground.

Moreover, the emergence of the SAMA 2 government aroused both interest and curiosity among the population, in view of the electoral stakes of December 2023. This government seems to have clearly displayed the ambitions of the members of the Sacred Union who are now lining up behind President Tshisekedi for an electoral battle that promises to be very passionate.



At the opening of the March 2023 session of the National Assembly, there was a flurry of activity marked by the inclusion in the work schedule of two bills by the Honourable Nsingi Pululu, one of which aims to revise the Constitution and the second concerns the law on nationality.

Finally, on the issue of elections, the identification and enrolment of voters, which is nearing its end and which should enable us to move on to the stage of the distribution of seats, was the subject of sharp criticism, which concluded that the figures had been manipulated, on the one hand, and encouragement to the Central Electoral Commission to effectively keep to the electoral timetable published by Denis Kadima, its president in November 2022, on the other.

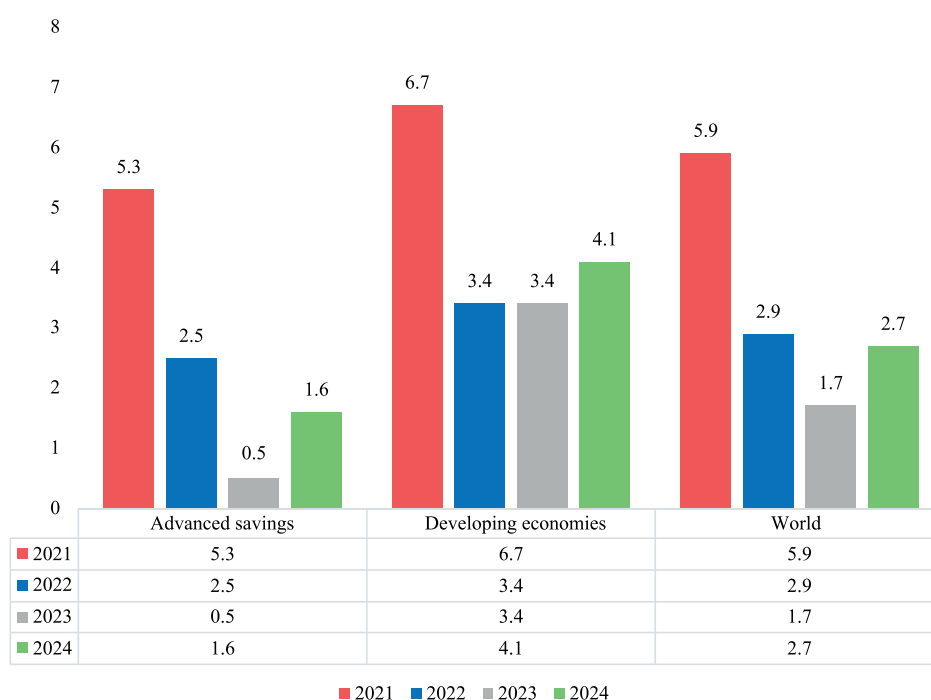
1. International context

I.1. Economic growth

The World Bank's global economic projections predict that global economic growth will fall sharply in 2023 to 1.7%, the third lowest level in almost thirty years, behind the global recessions of 2009 and 2020. This slowdown is partly due to fiscal and monetary policies being tightened to control high inflation.

Given the fragility of the current economic situation, any new adverse event, such as higher-than-expected inflation, an abrupt rise in interest rates to contain it, a new wave of the COVID-19 pandemic, or an escalation of geopolitical tensions, could push the global economy into another recession. This would mark the first time in over 80 years that two global recessions have occurred in the same decade.

Figure 1 » WORLD ECONOMIC GROWTH PROJECTIONS



Source : The World Bank.

Figure 1 highlights that growth in advanced economies is expected to decline to 0.5% in 2023, while emerging and developing economies are expected to stagnate at 3.4% in 2023, due to significantly weaker external

demand, combined with high inflation, currency devaluations, tighter financing conditions and other domestic challenges.



Against such a backdrop of a general slowdown in global economic activity, economic recovery will depend critically on the willingness of policymakers to direct any fiscal support to vulnerable groups, to keep inflation expectations anchored and to preserve the

resilience of financial systems. It will also be important to promote greater international cooperation to support the most fragile economies and to strengthen global stability and security.

Box 1. The Russian-Ukrainian War: What are the short, medium and long-term economic impacts ?

0. Introduction

The conflict between Russia and Ukraine has been ongoing since Russia annexed Crimea in 2014, and tensions escalated in February 2022 when Russian forces launched a military operation on Ukrainian soil. The military operation resulted in a significant increase in casualties, displacement and destruction of infrastructure. In response, the United States and the European Union (EU) imposed a series of sanctions on Russia.

The United States, under the Biden administration, has taken a multi-faceted approach to imposing sanctions on Russia, which include both diplomatic and economic measures. On 24 February 2022, the United States announced a series of sanctions against Russia, targeting Russian individuals and entities involved in the conflict in Ukraine. These sanctions included travel bans and asset freezes on 25 individuals and entities, including Russian military officials and members of the Russian government. In addition, the US imposed sanctions on the Russian energy sector, limiting the ability of Russian companies to access US technology and financial markets.

The European Union, through its High Representative for Foreign Affairs and Security Policy, Josep Borrell, has been closely monitoring the situation in Ukraine and has strongly criticised Russian aggression. On 2 March 2022, the EU announced a package of economic sanctions against Russia. These sanctions included asset freezes and travel bans for 22 individuals and entities, including Russian government officials and military commanders. The EU also announced restrictions on exports of certain goods and technology to Russia, including military equipment and dual-use goods.

In response to these sanctions, Russia had taken retaliatory measures against the US and the EU. On 7 March 2022, Russia announced a package of sanctions against the US, including restrictions on US imports and a ban on US companies operating in Russia's financial and energy sectors. Russia also announced sanctions against the EU, including restrictions on imports of certain goods and a ban on European companies participating in Russian public procurement.

The impact of these sanctions has been significant, both for Russia and for Western countries, which have suffered the economic consequences. The sanctions have led to a decline in trade and investment and a reduction in economic growth. The European Union has estimated that the sanctions could cost the EU up to €9 billion in lost exports to Russia, while the Russian economy is expected to contract by 4% in 2022 as a result of the sanctions.

Russia's military operations on Ukrainian soil since February 2022 have led to a series of sanctions imposed by the United States and the European Union against Russia. These sanctions have led to retaliatory measures by Russia against Western countries, with economic consequences for both sides.

Thus, the Russian-Ukrainian war has had considerable economic repercussions, not only for Ukraine and Russia, but also for the world economy as a whole. This box presents the short-, medium- and long-term effects of the war on the global economy, the European economy, the US economy, the Asian economy and the African economy, with a focus on sub-Saharan Africa. This analysis will also present possible solutions that could ensure the resilience of these economies to the shock.



1. Short, medium and long term effects of war

1.1. Short-term effects :

The short-term effects of the Russian-Ukrainian war have been felt in both countries involved (Ukraine and Russia) as well as on the global economy. The conflict has led to a decline in economic activity and increased uncertainty, resulting in lower investment and slower economic growth. Several international institutions, including the World Bank and the OECD, had speculated on a significant contraction of the Russian economy as a result of the imposition of economic sanctions by the US and the EU. As such, Russian GDP is expected to shrink by 3.5% in 2022 and 3.3% in 2023 according to the World Bank; and by 3.9% in 2022 and 5.6% in 2023 according to the OECD. However, reality showed that Russia's Gross Domestic Product (GDP) contracted by 2.1% in 2022, withstanding better than expected the impact of heavy Western sanctions after Moscow's offensive in Ukraine.

In addition, the war led to a disruption of trade between Ukraine and Russia, which had a knock-on effect on other countries in the region. The decline in trade affected sectors such as agriculture, manufacturing and energy, which were heavily dependent on the Russian and Ukrainian markets.

1.2. Medium-term effects :

The medium-term effects of the Russian-Ukrainian war are likely to be more severe than the short-term effects. The conflict has increased geopolitical tensions and created uncertainty in the region, leading to a decline in foreign investment and reduced economic growth.

The imposition of economic sanctions has had a significant impact on the Russian economy, leading to a decline in GDP and the value of the rouble. The fall in the value of the rouble has led to an increase in inflation, making imports more expensive and reducing the purchasing power of Russian consumers.

In Ukraine, the conflict has led to a fall in GDP, a fall in investment and a rise in inflation. The decline in economic activity has led to a reduction in government revenue, which has prevented the government from funding essential services such as health care and education.

1.3. Long-term effects :

Les effets à long terme de la guerre russo-ukrainienne sont difficiles à prévoir. Toutefois, il est probable que le conflit entraînera une modification permanente du paysage économique et politique de la région. La guerre a accru les tensions géopolitiques et créé de l'incertitude, ce qui rendra difficile la planification et l'investissement des entreprises dans la région.

L'imposition de sanctions économiques par les États-Unis et l'Union européenne devrait avoir un impact durable sur l'économie russe. Les sanctions ont limité l'accès de la Russie aux marchés internationaux, ce qui rend difficile le financement de la dette extérieure et l'investissement dans de nouvelles industries.

En Ukraine, le conflit a entraîné une détérioration des infrastructures et un déclin du capital humain. Le déclin du capital humain empêchera le pays d'être compétitif dans l'économie mondiale à long terme.

2. Effects of war compartmentalised by region

2.1. Effects on the global economy :

The Russian-Ukrainian war has had significant effects on the global economy. The conflict has increased geopolitical tensions, leading to a decline in foreign investment and reduced economic growth. The imposition of economic sanctions by the United States and the European Union has further exacerbated the economic downturn in Russia and Ukraine, leading to reduced trade and increased uncertainty.

The decline in trade between Russia and Ukraine also affected other countries in the region, such as Poland, Slovakia and Hungary, which were heavily dependent on the Russian and Ukrainian markets. The decline in economic activity has led to a reduction in government revenues, making it difficult to finance essential services such as health care and education.



Possible solutions :

To ensure the resilience of the global economy to the shock of the Russian-Ukrainian war, several possible solutions can be implemented. These include :

- Strengthening international cooperation: International cooperation can help mitigate the economic impact of the Russia-Ukraine war. Countries can work together to reduce geopolitical tensions and promote economic stability in the region.
- Promote diversification: Countries can diversify their economies to reduce their dependence on the Russian and Ukrainian markets. This can be done by investing in new industries and promoting trade with other countries.
- Supporting small and medium-sized enterprises (SMEs): SMEs are particularly vulnerable to the economic consequences of the Russian-Ukrainian war. Governments can support SMEs by providing financial assistance and encouraging entrepreneurship.
- Investing in infrastructure: Investing in infrastructure can help stimulate economic growth and create jobs. Governments can invest in infrastructure projects such as roads, bridges and public transport systems.

2.2. Effects on the European economy :

The European economy has been particularly affected by the Russian-Ukrainian war. The decline in trade between Russia and Ukraine affected countries such as Poland, Slovakia and Hungary, which were heavily dependent on the Russian and Ukrainian markets. The imposition of economic sanctions by the United States and the European Union also had a significant impact on the Russian economy, leading to a decline in GDP and the value of the rouble.

One of the most significant impacts of the war has been on the energy markets. Russia is one of Europe's main suppliers of natural gas and the conflict has raised concerns about the reliability of Russian gas supplies. European countries have therefore sought to diversify their energy sources and reduce their dependence on Russian gas. Some countries have invested in renewable energy sources such as wind and solar power.

The conflict has also had a significant impact on trade between the EU and Russia. The EU imposed sanctions on Russia following the war in Ukraine. Russia responded with counter-sanctions, resulting in a drop in exports between the EU and Russia, particularly with countries that rely heavily on Russia for trade, such as Germany, Italy and France.

The war has also had a wider impact on the European economy. The conflict has contributed to a climate of geopolitical uncertainty that has made investors more cautious and reduced investment flows to the region. In addition, sanctions and counter-sanctions have disrupted supply chains and reduced economic cooperation between Russia and the EU. This has affected sectors such as the automotive, aerospace and construction industries, which depend on cross-border trade and investment.

Overall, the Russian-Ukrainian war has had a negative impact on the European economy, particularly on energy markets, trade and investment. The conflict has highlighted the vulnerability of European countries to external shocks and the importance of diversifying energy sources and reducing dependence on certain trading partners. It has also highlighted the need for increased cooperation and dialogue between the EU and Russia to address common challenges and promote economic stability and growth.

Possible solutions :

To ensure the resilience of the European economy to the shock of the Russian-Ukrainian war, several solutions can be implemented. These include :

- Promote economic diversification: European countries can promote economic diversification by investing in new industries and promoting trade with other countries. This can help reduce their dependence on the Russian and Ukrainian markets.

- Supporting SMEs: SMEs are particularly vulnerable to the economic consequences of the Russian-Ukrainian war. Governments can support SMEs by providing financial assistance and encouraging entrepreneurship.
- Promoting investment in infrastructure: Investing in infrastructure can help stimulate economic growth and create jobs. European countries can invest in infrastructure projects such as roads, bridges and public transport systems.

2.3. Effects on the US economy :

The direct impact of the Russian-Ukrainian war on the U.S. economy has been relatively limited. However, economic sanctions imposed by the United States and the European Union have had an impact on U.S. companies that traded with Russia and Ukraine. In addition, the conflict has increased geopolitical tensions, resulting in lower foreign investment and reduced economic growth.

Possible solutions :

To ensure the resilience of the U.S. economy to the shock of the Russian-Ukrainian war, several solutions can be implemented. These include :

- Increase trade with other countries: U.S. companies can increase trade with other countries to reduce their dependence on the Russian and Ukrainian markets.
- Supporting small and medium-sized enterprises (SMEs): SMEs are particularly vulnerable to the economic consequences of the Russian-Ukrainian war. Governments can support SMEs by providing financial assistance and encouraging entrepreneurship.
- Investing in infrastructure: Investing in infrastructure can help stimulate economic growth and create jobs. Governments can invest in infrastructure projects such as roads, bridges and public transportation systems.

2.4. Effects on the Asian economy :

The Russian-Ukrainian war had an indirect impact on the Asian economy. The decline in trade between Russia and Ukraine has affected countries like China, which were heavily dependent on the Russian and Ukrainian markets. In addition, economic sanctions imposed by the United States and the European Union have affected countries like India, which trade with Russia and Ukraine.

Possible solutions :

To ensure the resilience of the Asian economy to the shock of the Russian-Ukrainian war, several solutions can be implemented. These solutions are the following :

- Promote economic diversification: Asian countries can promote economic diversification by investing in new industries and promoting trade with other countries. This can help them reduce their dependence on the Russian and Ukrainian markets.
- Supporting SMEs: SMEs are particularly vulnerable to the economic consequences of the Russian-Ukrainian war. Governments can support SMEs by providing financial assistance and encouraging entrepreneurship.
- Promote infrastructure investment: Investing in infrastructure can help stimulate economic growth and create jobs. Asian countries can invest in infrastructure projects such as roads, bridges and public transportation systems.

2.5. Effects on the African economy :

The Russian-Ukrainian war has had a significant impact on the African economy, particularly on sub-Saharan African countries that have close economic ties with Russia and Ukraine. The conflict has created a number of economic challenges for these countries, ranging from trade disruptions to rising oil prices, and has threatened to undermine their economic stability in the short and long term.



One of the main impacts of the Russia-Ukraine war on sub-Saharan African countries is the disruption of trade. Many of these countries have important trade relations with Russia and Ukraine, particularly in the areas of energy and raw materials. Consequently, the imposition of economic sanctions and trade restrictions on these countries has had a significant impact on their economies. For example, Nigeria, which is a major exporter of crude oil to Russia, has seen its exports decline as a result of the conflict, leading to a significant reduction in government revenues.

Another impact of the Russian-Ukrainian conflict on sub-Saharan African countries is the rise in oil prices. The escalation of tensions between Russia and Ukraine has led to an increase in the global price of oil, which has had a knock-on effect on the African economy. Many African countries are heavily dependent on oil imports, and higher oil prices have led to increased energy costs, which have weighed on their economies.

In addition to these challenges, the Russian-Ukrainian conflict has also increased political instability in the region. Many African countries have close ties with Russia and the conflict has led to a deterioration in diplomatic relations between Russia and many African countries. This has created uncertainty and instability in these countries, which has had a negative impact on investment and economic growth.

Despite these difficulties, there are several strategies that sub-Saharan African countries can adopt to mitigate the impact of the Russian-Ukrainian conflict on their economies. One approach is to diversify their trade relations and reduce their dependence on Russia and Ukraine. This could involve strengthening links with other countries not involved in the conflict or developing new trading partners in other regions.

Another strategy is to invest in renewable energy and other alternative energy sources to reduce dependence on oil imports. This could help countries reduce their energy costs and improve their energy security, while reducing their contribution to climate change.

In conclusion, the Russian-Ukrainian war has had a significant impact on the African economy, particularly on sub-Saharan African countries. Although the conflict has created significant challenges for these countries, there are strategies that can be adopted to help mitigate these impacts and ensure that these economies remain resilient to future shocks.

I.2. Inflation

Following the recent surge in inflation in 2022, inflation is expected to ease to 6.6% in 2023 and 4.3% in 2024, above pre-pandemic levels. In this perspective, monetary policy should continue to focus on price stability while fiscal policy should focus on mitigating inflationary pressures while remaining sufficiently tight in line with monetary policy.

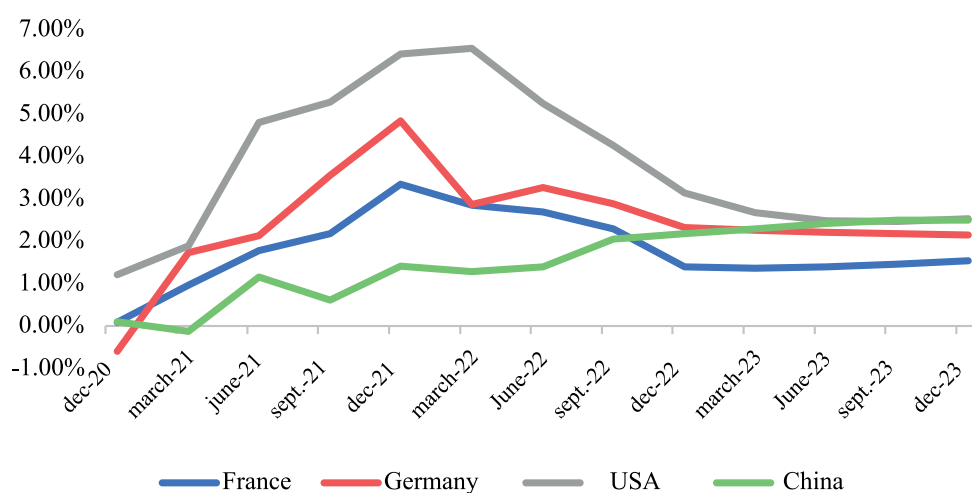
However, it should be emphasised that structural reforms could make an important contribution to the fight against inflation by improving productivity while reducing supply-side constraints. Indeed, by stimulating market efficiency, price flexibility and competition, these reforms would help to meet supply-side needs, thereby reducing inflationary pressures.



In view of this situation, it is recommended that fiscal and monetary authorities strengthen their economic policy coordination to better target those most vulnerable to rising food prices. In this way, the perverse effects of inflation could be mitigated,

thereby reducing economic and social inequalities. In sum, a comprehensive and coherent approach is crucial to maintain economic stability and ensure long-term prosperity.

Figure 2 >> GLOBAL INFLATION FORECAST



Source: OECD.



I.3. International trade

The outlook for international trade in 2023 remains uncertain due to a number of factors, including continuing geopolitical tensions, concerns about inflation, high commodity prices such as energy, food and metals, and the combined risks of high interest rates and government debt. However, according to the United Nations Conference on Trade and Development (UNCTAD), world trade growth is expected to remain moderate in 2023, with a possible recovery in the second half of the year.

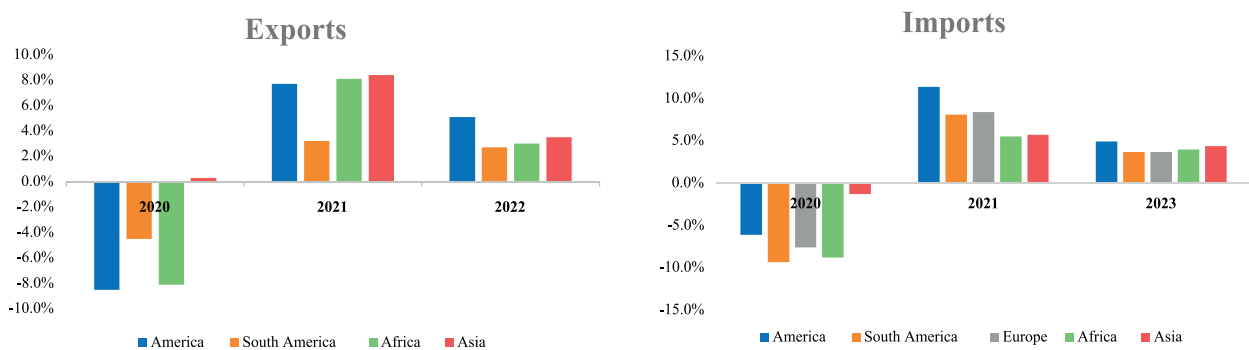
Figure 3 shows that global trade growth could resume in 2023 thanks to several positive factors. Indeed, the prospect of an averted recession in the European Union and the United States and a weaker US dollar, which fell by almost 7% between November 2022 and February 2023, could lead to an increase in demand for traded goods, as most trade is denominated in dollars. Concerns about global supply chain disruptions and shipping costs have also eased.

In Asia, particularly China, the Shanghai container freight rate index has returned to pre-pandemic levels and is expected to remain low throughout 2023. In addition, China's purchasing managers' index has increased by more than 5 percentage points since December 2022, indicating strong manufacturing and services activity.

However, uncertainties remain due to geopolitical risks and volatile commodity prices. Governments and businesses must therefore remain vigilant and take steps to manage risks and promote resilience in international trade.

Possible measures include adopting stable trade policies, diversifying sources of supply and sales markets, and investing in sound logistics infrastructure to ensure a resilient supply chain.

Figure 3 » QUARTERLY TRADE GROWTH



Source : CNUCED.



I.4. Financial market

Following the downward correction recorded the previous month, the stock markets experienced a remarkable rise during March 2023. On Wall Street, the Dow Jones, S&P 500 and Nasdaq indices reached levels of 33,274 points, 4,109 points and 15,628 points respectively at the end of March 2023. A similar trend was observed on the European continent.

On the Paris stock market, the CAC-40 recorded a 1% increase from 7,267 points in February 2023 to 7,322 points at the end of March 2023. On the US market, the appreciation reached 11,926 points at the end of March 2023. The Tokyo Stock Exchange also followed this upward trend, rising from 27,445 points in February 2023 to 28,041 points at the end of March 2023.

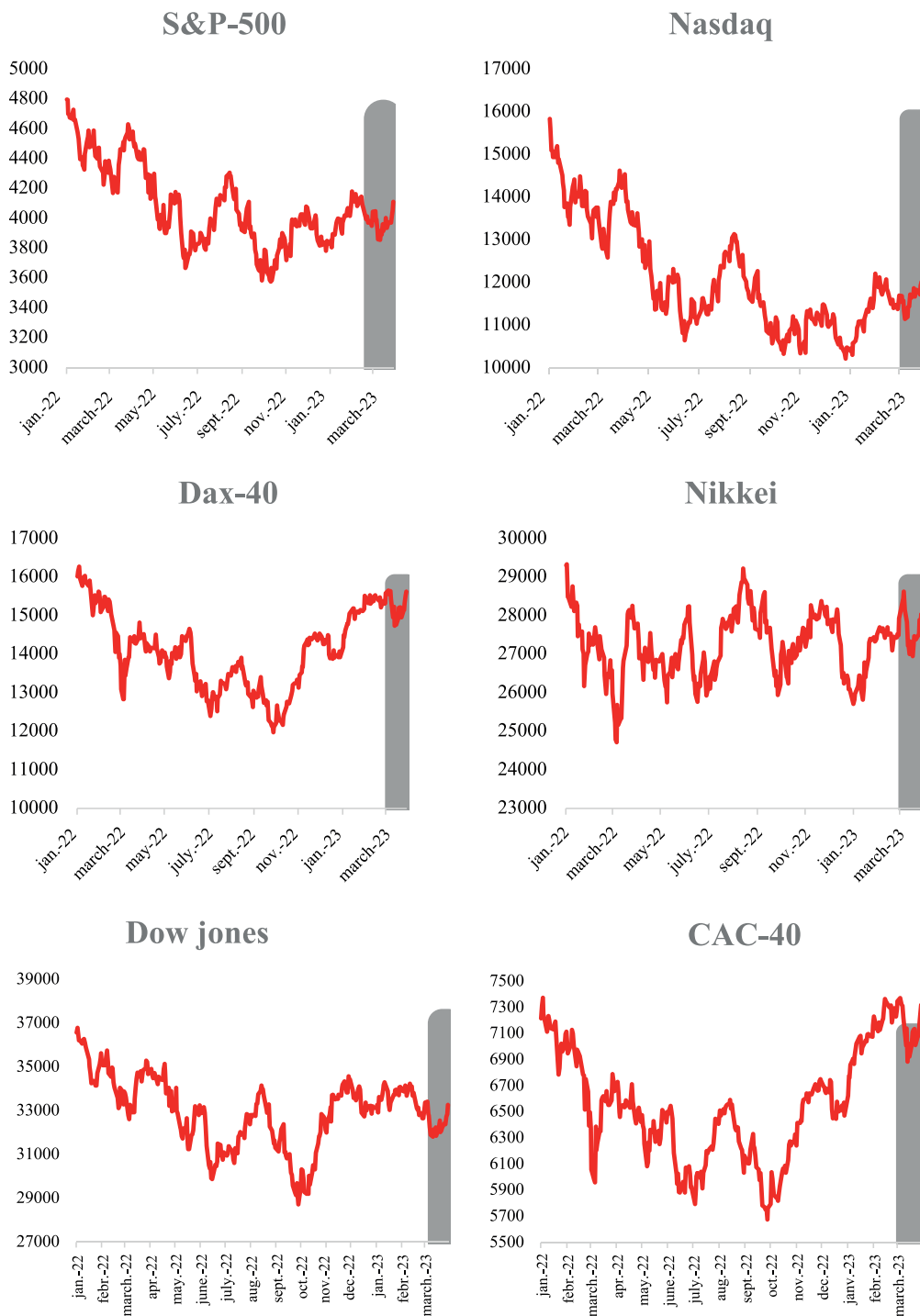
These gains in the stock market indices are mainly justified by the confidence of private investors in the swift intervention of the US authorities in the banking market to avoid any systemic risk resulting from

the collapse of Silicon Valley Bank. In addition, the depreciation of the dollar also prompted investors to seek other assets as a hedge against currency erosion.

However, all things being equal, as long as the dollar continues to depreciate, we should expect considerable performance in the equity markets. Investors will likely continue to seek alternative investment opportunities to protect their capital from currency devaluation. Macroeconomic factors and monetary policies in major economies will have a significant impact on future stock market movements, and investors will need to monitor these developments closely to make informed investment decisions.



Figure 4 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



Source : Macrotrends.



Box 2. Silicon Valley Bank: Potential bankruptcy ?

0. Introduction

Silicon Valley Bank (SVB), a bank specialising in financing start-ups, was recently closed by the US authorities due to major financial difficulties. As the 16th largest US bank by asset size, the SVB failure is considered the largest in the US since the 2008 financial crisis. The bank had \$209 billion in assets and approximately \$175.4 billion in deposits at the end of 2022, which is significant.

SVB, whose clients are mainly technology companies, ran into trouble when the tech sector started to experience problems. Companies in this sector started to withdraw part of their cash deposits from the bank, which forced the SVB to sell part of its investment portfolio to meet the demand for withdrawals.

However, the Federal Reserve Bank's interest rate hike resulted in significant losses for the bank. Despite its attempts to raise funds, the SVB was eventually unable to meet the massive withdrawals of its customers. As a result, customers began to doubt the bank's ability to meet its obligations, leading to a banking panic and exacerbating the crisis situation.

It is important to note that the failure of the SVB is an illustration of the importance of financial risk management for financial institutions. In particular, the concentration of investments in a specific sector can lead to excessive exposure to the risks of that sector, which can jeopardise the solvency of the institution. Banks must therefore be aware of these risks and put in place effective risk management measures to minimise losses in the event of a crisis.

1. Consequences for the rest of the financial system

In the financial markets, the announcement of the SVB's unsuccessful search for capital rekindled fears about the soundness of the entire banking sector, especially with the Fed's rapid rise in interest rates driving up the cost of credit. The SVB failure caused a \$52 billion loss on the stock market for the four largest US banks, and also affected Asian and European banks. Medium-sized banks were particularly hard hit, with a sharp drop in their shares.

Although the large banks were able to recover, the consequences of the SVB failure had a significant impact on the banking sector as a whole. The US authorities have taken steps to avoid a systemic crisis by supporting troubled banks and ensuring financial stability.

2. Reactions of the US authorities

Silicon Valley Bank is currently going through a difficult period which has led the US authorities to take action to protect the interests of depositors and ensure the stability of the banking system. Indeed, the bank has been placed under the control of the FDIC, the US agency in charge of guaranteeing deposits, following the authorities' decision to take formal possession of the bank.

Following this decision, the US Treasury Secretary, Janet Yellen, convened several financial regulators to discuss the situation. She expressed confidence in their ability to take appropriate action to manage the crisis and stressed the resilience of the banking sector as a whole.

It is important to note that the US authorities reacted quickly and effectively to protect depositors and preserve the stability of the banking system. This rapid response is a marked difference from the 2008 financial crisis, when authorities were accused of being slow to react.

The current priority of the US authorities is to reassure US taxpayers of the soundness of the banking system as a whole. This crisis is a reminder of the importance of financial regulation in ensuring stability and avoiding systemic crises.

In sum, the situation of Silicon Valley Bank is taken very seriously by the US authorities, who have acted quickly and effectively to protect the interests of depositors and preserve the stability of the banking system.



3. Conclusion and outlook

This analysis of the Silicon Valley Bank (SVB) failure highlights the main factors that led to this situation, as well as the repercussions it could have on the US financial system and international financial markets.

It is clear that a major factor contributing to the SVB's failure was the US Federal Reserve's (FED) significant increase in the policy rate, in the context of tightening monetary policy to counter inflation. This decision resulted in higher borrowing costs for the SVB, which reduced its ability to generate profits and meet its financial obligations.

However, it should be noted that the SVB is a niche bank, specialising in financing the technology sector, and that the risks of contagion are therefore limited. Therefore, it is unlikely that this failure will have a major impact on the US financial system as a whole.

Nevertheless, it is a reminder of the importance of strong financial regulation to protect depositors and preserve long-term financial stability. Regulators need to be vigilant to emerging risks in niche sectors, such as technology finance, which may have implications for the financial system as a whole.





I.5. Foreign exchange market

As a result of the continued decline in major stock market indices and the restrictive monetary policies of the US Federal Reserve (Fed), the US dollar depreciated against the euro and the pound sterling during March 2023. At the end of the month, the euro was valued at 1.0782 EUR/USD, while the pound sterling reached almost 1.2064 GBP/USD.

As regards the Japanese yen, the downward trend observed during the period reflects its appreciation against the US dollar. In China, and more particularly in Beijing, the Chinese currency has been declining against the US dollar. This decline in the Chinese yuan could be amplified by the threat of recession in the global economy.

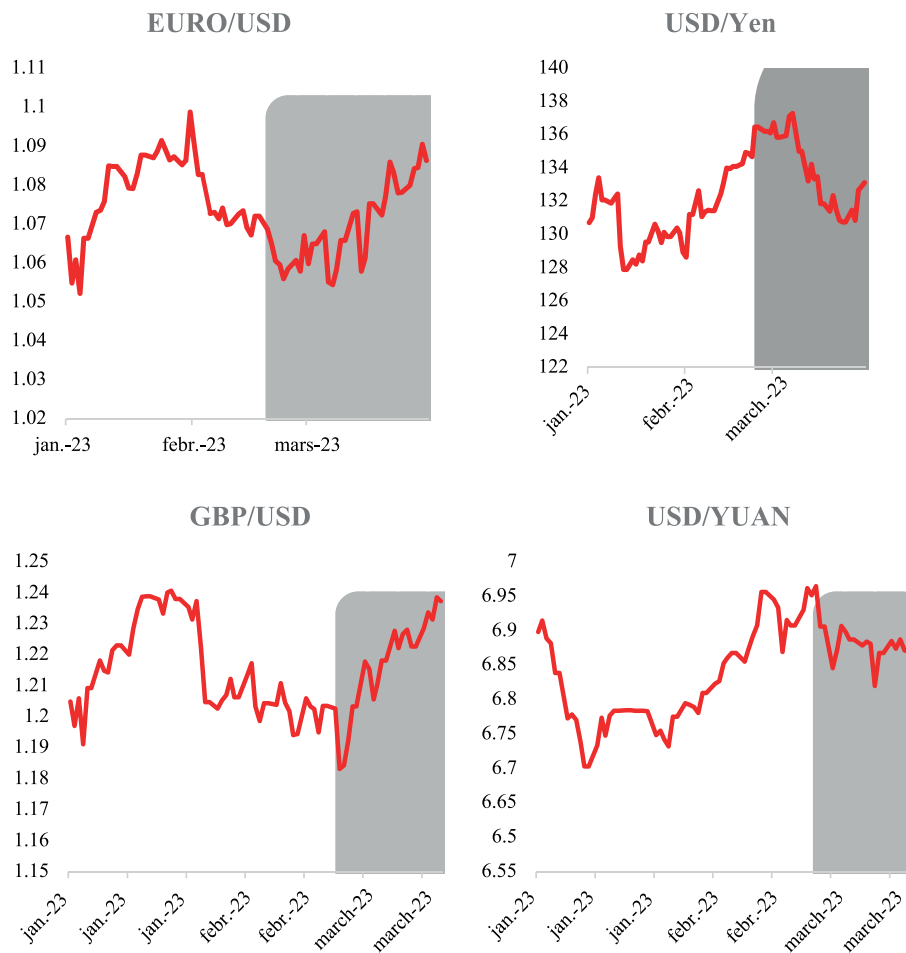
It is important to note that the Fed's restrictive monetary policy has had a significant impact on

the value of the US dollar, but it also has potentially negative consequences for the economies of emerging countries. Countries that rely heavily on the export of raw materials or manufactured goods to the US may be particularly vulnerable to fluctuations in the dollar.

In addition, the impending global recession could have wider economic repercussions for all countries, especially for emerging economies that have lower economic growth and are more vulnerable to external shocks.

In summary, the depreciation of the US dollar against the euro and the pound sterling and the appreciation of the Japanese yen against the US dollar are the result of the Fed's restrictive monetary policy. The decline of the Chinese currency against the US dollar is exacerbated by the threat of a global recession. However, these trends may have negative effects on emerging economies and, on a larger scale, on the global economy.



Figure 5 » DAILY TRENDS IN THE MAIN EXCHANGE RATES

Source : Macrotrends.

I.6. Market for strategic products

- Gold

During the month of March 2023, gold prices trended upwards after having fallen in the previous month. At the end of the month, the price of gold reached USD 1.0832 per ounce. The main reason for the recovery was the depreciation of the US dollar in the foreign exchange market. The decline in the value of the US dollar has created a strong appeal for gold as a safe haven, as investors turn to gold as a hedge against currency

fluctuations and economic uncertainties. However, this situation could persist or change depending on the monetary policy actions of the US Federal Reserve (Fed).

It should be noted that the Fed's monetary policy decisions have a significant impact on gold prices. Restrictive monetary policy measures, such as interest rate cuts, can lead to an increase in the value of gold due to the reduced opportunity cost of holding gold relative to other financial assets. However, expansive monetary policy, such as the injection of liquidity into



the economy, may lead to a decline in gold prices due to the decrease in demand for safe havens and the increase in investor confidence in the financial markets.

In conclusion, the recovery in gold prices in March 2023 is mainly due to the depreciation of the US dollar in the foreign exchange market. However, the Fed's monetary

policy decisions will have a significant influence on the future direction of gold prices. Investors should therefore closely monitor the Fed's monetary policy developments to anticipate future trends in the gold market.

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



Source : Macrotrends.

- Oil

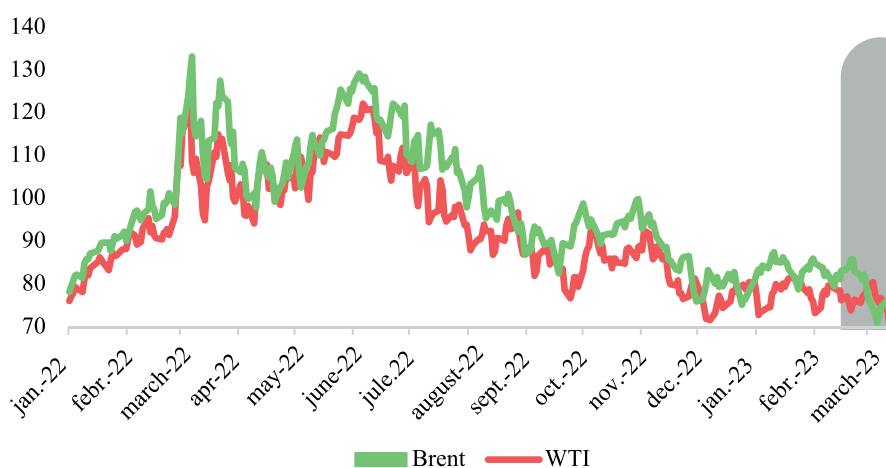
During the month of March 2023, the oil market experienced a significant decline in the trajectory of crude oil. This decline, which resulted in the worst performance since the beginning of the year, was partly due to growing concerns about the state of the global economy, including the failures of three major US banks, Silvergate Bank, Signature Bank, but especially Silicon Valley Bank and the near collapse of the Swiss bank Credit Suisse. Indeed, the price of crude oil fell from a peak of USD 86 at the beginning of the month to almost USD 79 at the close of the same month.

Although the fundamentals of the oil market are favourable, with optimistic price forecasts in the short term, the current trend seems different. Indeed, the oil market is subject to uncertainties related to the global geopolitical and economic situation, as well as OPEC+ oil production policy.

In this context, the volatility of the oil market could persist in the coming months. OPEC+ oil production decisions, as well as government economic stimulus measures, could have a significant impact on future oil market developments.



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



Source : Macrotrends.

Copper

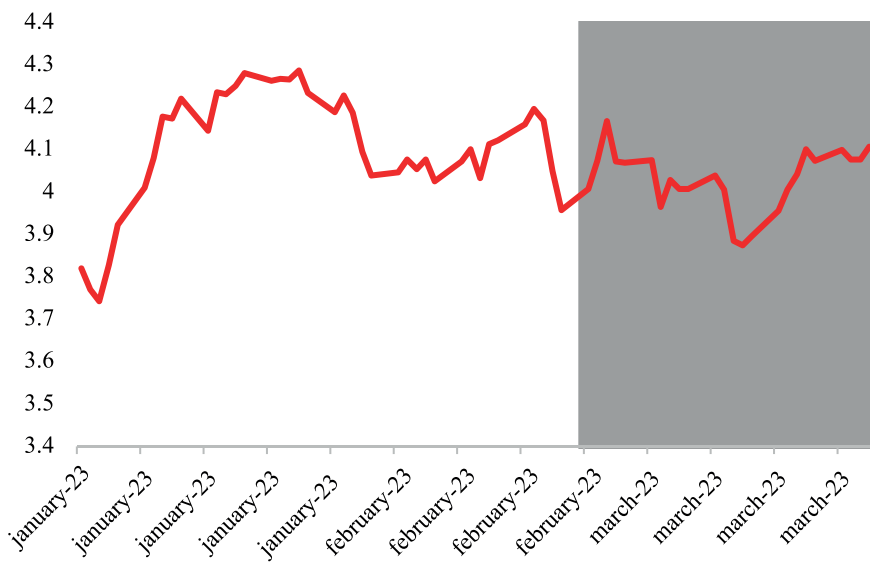
The copper market is often considered a leading indicator of the global economy. This commodity is used in various sectors such as construction, electronics and transportation. Thus, the upward trend observed for March 2023 can be interpreted as a sign of investor confidence that the global economy will recover.

However, it is important to note that the price of copper is also subject to geopolitical factors such as trade conflicts and changes in central bank monetary policy. For example, an increase in interest rates may negatively influence the demand for copper in the user industries.

In addition, the COVID-19 pandemic situation remains a factor to be monitored. Although vaccination is progressing in many countries, the persistence of variants and containment measures continue to have an impact on the global economy. As a result, the upward trend in copper may be tempered by these economic and health uncertainties.



Figure 8 » DAILY EVOLUTION OF COPPER PRICES (IN USD PER TONNE)



Source : Macrotrends.



2. National context

II.1. National economic developments

The economic news of February 2023 was marked by several notable events. More explicitly, these facts are presented as follows: (i) the signing of partnership agreements between the DRC and France in certain specific sectors (mining, infrastructure and digital); (ii) questions about the dollarisation of the Congolese economy; (iii) the signing of a USD 1.3 billion memorandum of understanding between Congo Airways and the A&M Development Group; (iv) the generalised rise in the prices of goods and services; and (v) changes in the interest rates of the Central Bank of Congo.

More explicitly, these facts are presented as follows :

1. Signature of partnership agreements between the DRC and France in specific sectors (mining, infrastructure and digital)

On the margins of President Macron's recent visit to Kinshasa, the Democratic Republic of Congo (DRC) signed several agreements with France and the European Union (EU) in the mining, infrastructure and digital sectors. This partnership has been hailed as historic and offers promising business opportunities for the DRC.

President Tshisekedi stressed that security is a prerequisite for sustainable development and for sincere and fruitful cooperation with the countries of the sub-region. He also expressed his wish that the exercise be repeated in order to consolidate cooperation between the DRC, France and the EU.

The agreements were signed after experts in critical metals and energy transition (mining), sustainable infrastructure and cities, and digital technologies discussed the thematic components in three main round tables. In his speech, President Macron called for a demanding, fair and beneficial partnership that

respects the interests of the people. He also pleaded for the full sovereignty of the Congolese over their mineral resources, which can be valorised through local transformation.

Congolese Prime Minister Jean-Michel Sama Lukonde noted the historic significance of these agreements and called for transparent and fair exchanges on the issues and challenges of a common economic future. The partnership between the DRC, France and the EU offers the opportunity for mutually beneficial improvements and win-win concepts.

However, beyond speeches of good intentions and signed agreements, it is crucial to focus on the implementation of concrete policies. The DRC has long been plagued by corruption, weak institutions and poor governance, which could hamper the success of the partnership. It is therefore necessary to develop effective governance mechanisms and address policy and institutional challenges to ensure a sustainable and cost-effective partnership.

2. Questions about the dollarisation of the Congolese economy

Among the economic issues discussed in the Congolese media during the month of March 2023 was the problem of the dollarisation of the Congolese economy. Indeed, for several years, the Democratic Republic of Congo (DRC) has been confronted with the "dollarisation" of its economy, where economic agents prefer to use foreign currencies such as the US dollar, the CFA franc and other neighbouring currencies instead of their own currency, the Congolese franc. This situation calls into question the symbolism of a country's currency as a tool for exercising sovereignty, as it seems to be losing its importance in the DRC. Thus, several analysts also raise concerns about the country's economic and monetary sovereignty.

Moreover, it is observed that the lack of preference for the Congolese franc is not limited to the big cities such as Kinshasa, but is also widespread in the bordering provinces of North and South Ubangi and North and South Kivu. It should be noted that the situation is worse in the provinces of Haut-Uele and Ituri, where the Ugandan shilling is preferred to the Congolese franc. We are thus witnessing the return of several currency zones in addition to the dollar and the Congolese franc on the national territory, as was the case in the 1990s.

Considering the historical evolution of the monetary system and the importance of the currency as a means of exchange and a measure of a country's economic prosperity or poverty, questions arise about the effectiveness of the Congolese franc in performing these functions. Thus, it is crucial to find appropriate solutions to this problem.

To achieve this, it is necessary to conduct a critical analysis of the currency issue in the DRC in order to have a deeper understanding of the underlying causes of this problem and to implement viable solutions to remedy it. However, the government could exploit the following solutions :

- ***Stabilise the national currency*** : The first step is to stabilise the Congolese currency by ensuring that inflation is reduced, foreign exchange reserves are increased and the country's macroeconomic management is improved. This can be achieved through sound and effective economic policies, as well as targeted interventions by the Central Bank to maintain the stability of the currency.
- ***Encourage the use of the national currency*** : The government can encourage the use of the Congolese franc by obliging businesses to accept payment in the national currency, by reducing taxes on transactions in the Congolese franc, or by introducing tax benefits for businesses that use

the national currency. The government can also launch awareness campaigns to encourage citizens to use their national currency.

- ***Increase access to financial services*** : Limited access to traditional financial services, such as bank accounts and credit cards, can be a factor contributing to the dollarisation of the economy. The government can work to expand access to financial services across the country, particularly in rural and remote areas.
- ***Promote local trade*** : The government can encourage local trade by reducing trade barriers and increasing investment in infrastructure. This can help strengthen the local economy and stimulate demand for the national currency.
- ***Reducing dependence on foreign currency***: Finally, the government can work to reduce dependence on foreign currency by diversifying the economy, encouraging domestic production and increasing exports. This can help to increase foreign exchange reserves and strengthen the position of the national currency in the economy.

3. Signing of a USD 1.3 billion memorandum of understanding between Congo Airways and A&M Development Group

On 2 March 2023, a memorandum of understanding was signed at the Palais de la Nation in Kinshasa between Congo Airways, the national airline of the Democratic Republic of Congo (DRC), and A&M Development Group, an investment company. The ceremony, chaired by the Head of State's Cabinet Director, marked an important step in the effort to revive Congo Airways, which was on the verge of bankruptcy.

Under the terms of the MoU, A&M Development Group will inject \$1.3 billion into Congo Airways to support the airline's operations and help solve the long-standing problem of air transport in the DRC. The MoU is expected to be executed within the next six months, and its successful implementation is crucial to opening up this vast country and creating employment opportunities for its vibrant youth.

A&M Development Group's investment represents a major boost for the DRC's air transport industry, which has faced many challenges in recent years. With the injection of funds, Congo Airways will be better equipped to modernise its fleet, upgrade its infrastructure and improve its services to meet the needs of its customers.

Furthermore, the Memorandum of Understanding signed by Congo Airways and A&M Development Group is a clear indication of the potential for foreign investment in the DRC. By attracting foreign investment, the country can stimulate economic growth, create jobs and improve the living standards of its citizens.

Overall, the signing of this MoU between Congo Airways and A&M Development Group is a positive development for the DRC's economy. It demonstrates the government's commitment to attracting foreign investment and promoting economic growth, while addressing a critical issue in the country's transport sector. However, for this to be feasible, it is important to take into account certain prerequisites.

First, it is essential to ensure that the partnership is transparent and fair to all parties involved. There must be clear governance and oversight mechanisms to ensure that funds are used effectively and responsibly.

In addition, it is important to ensure that the management of Congo Airways is competent and

honest. This ensures that the airline is managed effectively and that funds are used appropriately.

In addition, it is essential to strengthen the regulatory and legal framework in the DRC to ensure that foreign investment is protected and that workers' rights are respected.

Finally, it is important to ensure that young people are trained and prepared for the jobs created by this partnership. This may require training and skills development programmes for young people to prepare them for work in the aviation industry.

In summary, a financial partnership between an international investment company and Congo Airways can contribute to the revival of the airline and create jobs for young people. However, this requires guarantees of transparency, governance and competence, a sound regulatory and legal framework, and training programmes for young workers.

4. Widespread increase in prices of goods and services

During the month of March 2023, the DRC faced a number of economic challenges, including soaring prices in several sectors.

Firstly, the increase in telecommunication tariffs and the rise in prices of consumer goods are indicators of inflationary pressures in the economy. The depreciation of the Congolese franc against the US dollar on the parallel market is cited as the reason for the increase in telecommunication cost tariffs, as these companies buy products in dollars and resell them in local currency. Similarly, exchange rate instability is also cited as a reason for increased prices of consumer goods, which negatively affects merchants and traders.



Inflation can lead to a decline in purchasing power and living standards, which can ultimately impact on economic growth.

Secondly, the arbitrary increase in public transport fares, also as a result of the depreciation of the Congolese franc, is indicative of the challenges facing the transport sector in the country. The lack of regulation and respect for the official fare structure by public transport drivers and conductors has resulted in significant fare increases for commuters, placing an additional burden on households that are already facing inflationary pressures. In response to this situation, the governor of Kinshasa has made public a new tariff schedule for public transport and the official routes to be used throughout Kinshasa.

Finally, the call by residents to end the dollarisation of the economy highlights a long-standing problem in the DRC's economy. The preference for the US dollar as a medium of exchange has led to a lack of confidence in the national currency, leading to its depreciation against major currencies such as the US dollar. This has had negative effects on the economy, including inflation, low investment and lack of confidence in government economic policies.

Overall, the latest economic developments in the DRC highlight the need for concerted efforts to address the underlying problems facing the economy, including inflationary pressures, currency depreciation and weak regulation in key sectors such as transport where the government is reactive rather than proactive. Thus, the government needs to take proactive measures to address these issues, such as implementing sound macroeconomic policies, strengthening regulation and improving governance in order to boost investor confidence and promote economic growth.

5. Changes in the interest rates of the Central Bank of Congo

On 24 March 2023, the Governor of the Central Bank of Congo announced to the President of the Congolese Association of Banks an increase in the key rate in order to combat the sharp deterioration of the national currency, the Congolese franc, in a particularly turbulent economic context. This decision came after a careful analysis of the main economic indicators. The key rate was thus increased from 8.25% to 9%, following the recommendation of the Monetary Policy Committee (MPC).

The issuing institution also adjusted its lending rate grid at the level of the pre-financing window, setting short-term loans at an annual rate of 9% and permanent facilities at 10% per annum.

The MPC, at its last meeting, took into account the persistence of high internal and external risks, recommending vigilance and constant monitoring of bank liquidity factors, as well as developments in the foreign exchange market. It also stressed the need to strengthen the coordination of fiscal and monetary policies in order to stabilise the situation.

According to the MPC's analysis, the foreign exchange market remained broadly stable during the first quarter of 2023. It noted that, as at 17 March 2023, depreciations of 1% and 7.5% were observed on the interbank and parallel markets respectively. He indicated that, with a positive external position, supported mainly by remunerative prices of the main export products allowing the accumulation of foreign exchange, the DRC's foreign exchange reserves remain above the USD 4 billion mark. As of 17 March 2023, they stood at USD 4.2 billion. According to the CPM, compliance with the stability pact, which enshrines

the absence of monetary financing of the state budget deficit by the Central Bank of Congo, should play an important role in the stability of the macroeconomic framework.

However, it should be noted that, while these measures aim to maintain price stability by limiting excessive liquidity creation that could aggravate the depreciation of the national currency, it is essential that the authorities strengthen the transparency and credibility of monetary policy by communicating effectively on future decisions and orientations, as well as by strengthening the governance and supervision of the financial system. Finally, it is crucial to improve public financial management to ensure the long-term sustainability of government finances.

II.1.2. Economic activity

The Government of the Democratic Republic of Congo and the Government of Zambia have recently concluded a framework agreement to undertake a pre-feasibility study of the Special Economic Zone (SEZ) for the electric vehicle and battery value chain project. The study will be funded by the African Export-Import Bank (Afreximbank) and supported by the Economic Commission for Africa (ECA).

Both countries have expressed their willingness to develop a regional value chain around the electric battery industry as well as an electric vehicle and renewable energy market. The pre-feasibility study will not only design an implementation plan and business model for the establishment and operation of the cross-border SEZ, but will also identify the key challenges that need to be addressed to facilitate the establishment and operation of the cross-border SEZ. In addition, it will develop a financing plan and fundraising strategies, as well as an investment promotion strategy for the cross-border SEZ.

The pre-feasibility study is expected to last 6 months and is estimated to cost US\$750,000. It will be carried out by Integrated Industrial Platforms (ARISE IIP), which already assists several African countries in the creation of their special economic or industrial zones

With reference to the country's Master Plan for Industrialisation, which is divided into three stages, namely the revitalisation of existing industries and the creation of agro-industrial parks, the modernisation of existing industries and the attraction of new capital, and the appropriation of technology and the production of new knowledge, the government has initiated the first stage of the industrial trajectory by creating the agro-industrial parks. This pre-feasibility study will confirm that the path to industrialisation in the DRC is through electrical energy and the construction of road and rail infrastructure. It is obvious that the creation of this special economic zone will require a high consumption of energy and will depend on the transport of materials and consumables indispensable to its development.

However, in order for this pre-feasibility study of the special economic zone (SEZ) for the battery and electric vehicle value chain project to succeed, it is important to put in place certain prerequisites and safeguards :

- 1. A sound regulatory and institutional framework :** There is a need for a regulatory and institutional framework that is conducive to investment, new business creation and economic growth. The government must therefore ensure that the laws and regulations in place are conducive to the creation of the SEZ, while ensuring the protection of the environment, workers and surrounding communities.

2. **Provision of adequate infrastructure** : The establishment of the SEZ requires adequate infrastructure, including roads, bridges, power grids, communication networks and other supporting infrastructure. Governments must ensure that this infrastructure is in place and capable of meeting the needs of the SEZ.
3. **Mobilising finance** : The establishment of an SEZ requires significant finance, particularly for the construction of the necessary infrastructure and facilities. Governments must therefore mobilise the necessary funding from international financial institutions, private investors and development partners.
4. **Promotion of private investment** : The creation of an SEZ must be accompanied by active promotion of private investment. Governments should therefore put in place incentive policies to encourage companies to invest in the SEZ, including offering tax and other benefits.
5. **Consideration of environmental and social aspects**: the creation of an SEZ can have significant environmental and social impacts. Governments should therefore ensure that these aspects are taken into account at the planning stage, in order to minimise the negative and maximise the positive impacts of the SEZ.

In summary, for this to be successful, it is essential to put in place a sound regulatory and institutional framework, adequate infrastructure, funding. This will ensure the successful establishment of the SEZ for the battery and electric vehicle value chain project and thus contribute to the economic development of the region. This will ensure the successful establishment of the SEZ for the battery and electric vehicle value chain project and thus contribute to the economic development of the region.

II.1.3 Price dynamics

During the month of March 2023, prices moved upwards overall compared to February 2023. As shown in Table 1, the inflation rates (cumulative and year-on-year) indicate that prices have increased. This could be mainly explained by developments in food prices. The continued Russian invasion of Ukraine and ineffective government policies could support this price slippage.

The year-on-year inflation rate stood at 17.08% in the second week of March 2023, an increase of 1.57% compared to the February 2023 closing rate of 16.82%.

As for the cumulative inflation rate, it stood at 4.74% in the second week of March 2023 against 4.18% recorded a month earlier.

The table below shows the evolution of inflation in March 2023.

Table 1 » EVOLUTION OF INFLATION (MARCH 2023)

	Inflation weekly	Inflation accumulated	Inflation on year-on-year	Inflation annualized
Week 1	0.27	4.46	17.00	28.68
Week 2	0.27	4.74	17.08	27.23
Week 3	-	-	-	-
Week 4	-	-	-	-

Source : BCC, march 2023.

In addition, it should be noted that there are other important developments that could further undermine the macroeconomic framework. These include: (i) the continued depreciation of the national currency; (ii) the rise in prices in several sectors, including telecommunications, transport and basic products;

(iii) the expenditure to be incurred during the current electoral year for the organisation of the polls; (iv) the political tensions that could arise during this electoral year; (v) the insecurity situation in the East of the country with the repeated attacks by the M23 rebels causing massive population displacements, disruption of economic activity in the localities affected by the clashes as well as the loss of investor confidence in the country; as well as (vi) the continuing Russian invasion of Ukraine with its consequences on the dynamics of agricultural and energy prices.

II.1.4 Exchange rate and foreign exchange reserves

During March 2023, the exchange rate deteriorated slightly on the interbank market where it stood at 2 036.90 in the third week of March 2023 against 2 036.23 at the end of February 2023, i.e. a depreciation of 0.03%.

The same was true on the parallel market where the exchange rate stood at 2 326.30 in the third week of March 2023 against 2 301.67 one month earlier, i.e. a depreciation of 1.07%.

It should be noted that the constant depreciation of the Congolese Franc (CDF) on the foreign exchange market since the beginning of 2023 has had an impact on the high cost of living in the DRC and has eroded the purchasing power of the Congolese population.

This is due to a preference of Congolese households for the US dollar, despite the stability of the exchange rate during previous periods. The depreciation of the CDF has also led to panic among Congolese households, increasing the general price level. This squeezes solvent household demand and negatively affects aggregate supply, posing a major risk to economic growth.

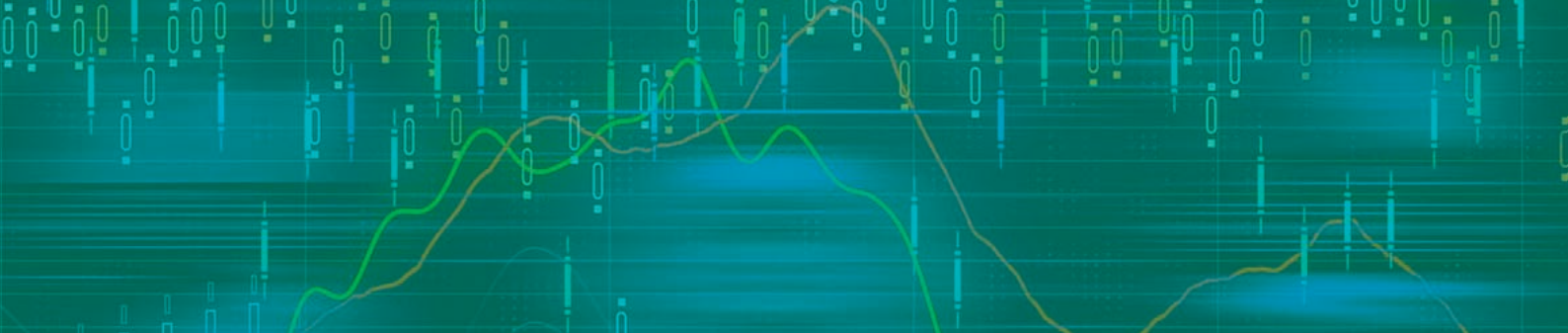
The floating exchange rate system in the DRC allows the price of holding money balances to be set by market forces. However, in the event of strong pressures in the foreign exchange market, the central bank is called upon to intervene to preserve its objectives, notably exchange rate stability. The depreciation of the CDF leads to a loss of purchasing power of the currency vis-à-vis the dollar and disturbs household expectations, thus aggravating the rise in the general price level in the DRC due to the exogenous shock of the Russian-Ukrainian war.

It is therefore essential to put in place economic policies to stabilise the exchange rate and encourage confidence in the national currency. These policies can include measures to encourage payments in domestic currency, as well as policies to increase natural resource exports to increase the supply of foreign exchange on the foreign exchange market. It is also important to put in place macroeconomic policies to support economic growth and reduce the DRC's dependence on commodity price fluctuations.

Table 2 » EXCHANGE RATE DEVELOPMENTS

	Closing february 2022	Mars 2023			Variation february- march 2023
		Week 1	Week 2	Week 3	
Interbank market	2 036.23	2 036.48	2 037.56	2 036.90	0.03%
Parallel market	2 301.67	2 299.17	2 305.00	2 326.30	1.67%

Source : BCC.



As regards foreign exchange reserves, they were almost identical to the level at the end of February 2023. They stood at USD 4.27 billion in the second week of March 2023, an increase of 1.67% compared to the end of February 2023 when they were established at USD 4.20 billion. In terms of the number of months of imports,

the Congolese economy experienced an insignificant drop in its capacity at the end of February 2023. The coverage of imports by foreign exchange reserves fell from 2.32 months to 2.31 months between the end of February 2023 and the second week of March 2023, i.e. a drop of 0.43%.

Table 3 » EVOLUTION OF FOREIGN EXCHANGE RESERVES

	Closing february 2023	March 2023			Variation february-march 2023
		Week 1	Week 2	Week 3	
In billions of USD	4.20	-	4.27	-	1.67%
In months of imports	2.32	-	2.31	-	-0.43%

Source : BCC.

II.1.5 Public finances

According to the latest statistics from the CTR (Ministry of Finance), in the third week of February 2023, the Treasury was faced with a deficit of 118,697.00 million CDF. This situation is due to an increase in public expenditure of CDF 1,000,745.00 million, while revenue amounted to only CDF 882,048.00 million.

During the month of March 2023, tax revenues reached CDF 670,636.00 million, while expenditure on civil servants' salaries totalled CDF 482,414.00 million, representing 48.21% of total public expenditure. It should be noted that capital expenditure reached 28 759 million CDF, representing 2.87% of total expenditure.

In view of this situation, the Congolese government should focus its efforts on improving the efficiency of public spending and on increasing tax revenue to ensure regular and sufficient payment of civil servants' salaries on time. Thus, the government could

explore various options, such as reducing operational costs, optimising fiscal expenditure and implementing effective tax policies to boost public revenues.

In addition, the government could consider institutional reforms to strengthen fiscal governance, improve transparency and accountability in the management of public resources, and strengthen the fight against corruption and tax evasion. Finally, the mobilisation of internal and external resources could be considered to support development projects and help address the country's current economic and financial challenges.

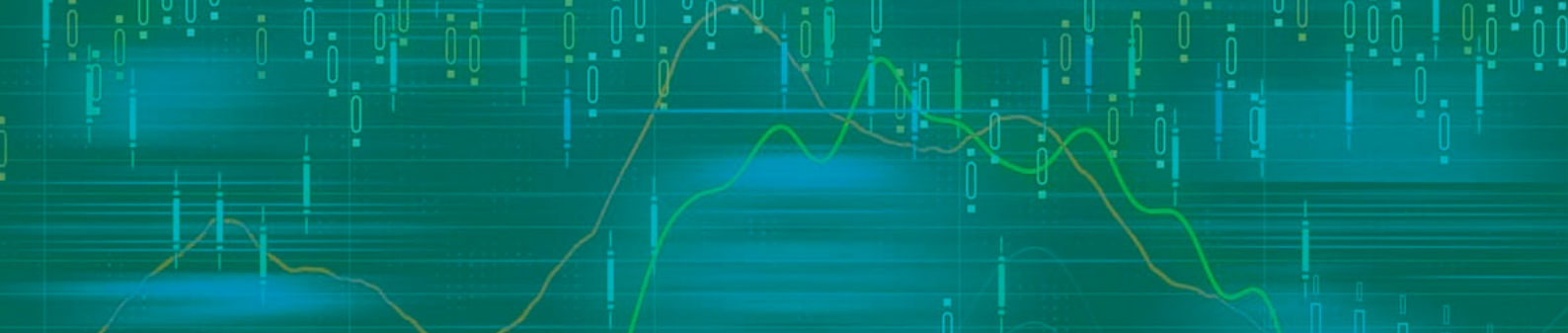
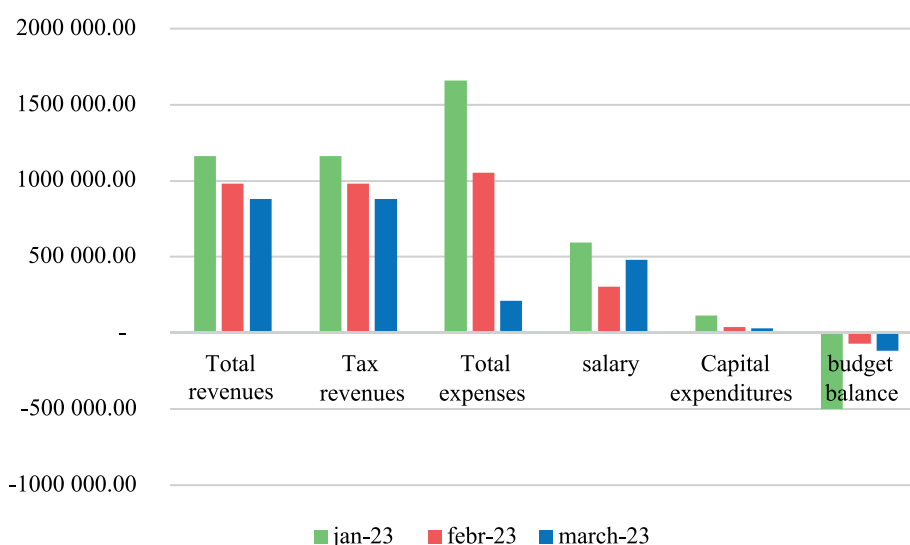


Figure 9 » PUBLIC SECTOR AGGREGATES AS OF FEBRUARY 2023 (IN MILLIONS OF CDF)



The graphical analysis above shows a downward trend in tax revenues between January and the third week of March 2023. Expenditure, on the other hand, has been erratic, with a marked downward trend in capital expenditure, which is already at a very low level, and a rollercoaster ride in wages.

The accumulation of deficits throughout the first quarter of 2023 is particularly worrying and suggests a weakness in the governance of public finances in the Democratic Republic of Congo (DRC). This may be the result of a combination of inadequate fiscal policies, inefficient public expenditure management, inefficiencies in tax revenue collection and overall governance problems.

It is important that the Congolese government takes steps to reverse this trend and strengthen the governance of public finances. This could be done by considering more effective tax policies, reducing operational costs, improving tax revenue collection and optimising tax expenditure.

In addition, it is essential to strengthen transparency and accountability in the management of public resources by putting in place measures to fight corruption and tax evasion, as well as institutional reforms to strengthen fiscal governance.

It is also important to note that weak public finances can have negative consequences for macroeconomic stability and economic growth. Therefore, it is crucial for the Congolese government to take swift and effective measures to redress the situation and preserve long-term economic stability.

Box 3. What can we learn from the current decline in the world price of cobalt ?

According to the UK's Cobalt Institute, the need for cobalt has increased by 63% in the last year. This increase in demand is mainly due to the growing production of electric vehicles. However, against all predictions, there has been a significant fall in the price of the blue metal on the international market. Indeed, the price of a metric ton of cobalt fell from \$81.841 in 2022 to \$33.756 at the end of March 2023.

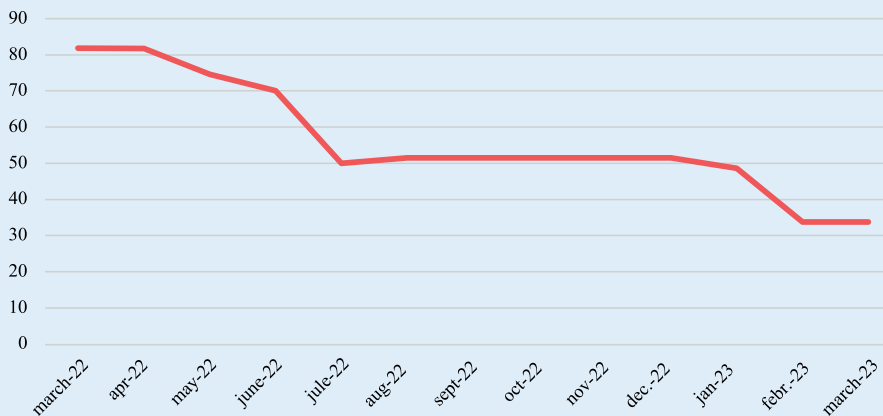
This sudden drop in the price of cobalt is due to weak global demand and China's increasing use of nickel, iron phosphate and lithium in the production of electric batteries, which relegates cobalt to the background. It is jeopardising the public finances of the Democratic Republic of Congo (DRC), the world's largest producer of the metal.

This raises serious concerns for the DRC's economy, which depends mainly on mining. Although Indonesia has become the world's second largest producer of cobalt, the threat to the DRC is the substitution of cobalt for lithium in battery production.

If the DRC was organised and exploited the world's largest lithium deposit in Manono, cobalt substitution would not be a major concern. However, Manono's lithium is not yet exploited, which contributes to making the DRC a problem country rather than a solution, as official discourse out of touch with reality claims.

To address this situation, it is recommended that the DRC diversify its economy away from reliance on mining and put in place effective industrialisation policies to stimulate the production and export of high value-added manufactured products. It is also important to promote research and development of alternative battery technologies to reduce the country's dependence on cobalt. Finally, it is crucial to work with the major global players in cobalt and lithium production to find long-term sustainable solutions and ensure a stable supply for the global battery market.

Figure 10 » **EVOLUTION DU COURS MONDIAL DU COBALT**



Source : Metalradar.

II.2 Political developments

Political developments in March 2023 were specifically dominated by the following facts:

1. Insecurity in the east of the DRC

The security situation in the East has not changed significantly, in that despite the recommendations of the Nairobi and Luanda processes, which call for a ceasefire by the rebel groups, fighting between the M23 and government forces has been reported during this month, leading to a massive and constant displacement of the civilian population, which is experiencing a real humanitarian tragedy.

Indeed, it was on the night of 27 March 2022 that the M23 insurgents launched a new offensive in North Kivu, first attacking the villages of Tshanzu and Runyoni in the territory of Rutshuru from their strongholds in the surrounding hills, then progressing in their adventure, invading several localities, to the point of threatening the peace of the populations of the town of Goma, the capital of North Kivu province.

Moreover, an umpteenth meeting of the United Nations Security Council was held in New York on Wednesday 29 March 2023, during which Great Britain condemned the progress of the M23 rebel group and demanded an immediate end to all external support for this armed group.

France also made a statement along these lines, welcoming in particular the efforts of the regional force of East African States whose deployment in the eastern part of the DRC is continuing.

In this regard, the head of the UN Security Council delegation that visited the Democratic Republic of Congo (DRC), said « *It is important to act, it is important*

that the armed groups, whoever they are, stop their activities. That all participate in the political process, that foreign groups withdraw, that foreign-backed groups also withdraw and that peace finally returns to the DRC » He noted that the Security Council's visit was taking place in a difficult context, because armed groups were still active in eastern DRC and continued to cause serious harm to the population, resulting in an unprecedented humanitarian crisis including the looting of the DRC's natural resources.

In the face of this difficult situation, the UN Security Council called for a calm and increased dialogue between the two countries, DRC and Rwanda, in favour of a lasting peace in the region, urging the rapid implementation of the results of the Luanda and Nairobi processes, as well as the Luanda mini-summit communiqué of 23 November 2022.

Reacting to this recommendation of the Security Council, Luc Kabunangu, executive and second vice-president of the professional youth of the Union for Democracy and Social Progress (UDPS), categorically opposed the proposal of dialogue between the M23 rebels and the DRC. Also, in front of the press on Tuesday 14 March 2023 in Kinshasa, he pointed out that it is a pity that the incursion of Rwandan troops is recognised but the DRC is asked to negotiate; a situation that reinforces the suspicion of the Congolese population on the UN and its demand for the departure of MONUSCO. Furthermore, rejecting what he described as an injustice, Mr Luc went on to announce that no infiltration of Rwandans into our security services and the institutions of the Republic to facilitate the plundering of the DRC's natural resources will be tolerated.

For his part, in view of the security situation that has become almost unmanageable in the East of the Democratic Republic of Congo (DRC), the

Honourable Gratien Iracan, a member of parliament for the electoral district of Bunia in Ituri and a member of Moïse Katumbi's Ensemble pour la République, hopes that Félix Tshisekedi will not be able to stand for re-election in the forthcoming elections, which are already looming on the horizon, arguing during a press briefing held in Goma on 25 March that « Félix Tshisekedi should not stand again in the next presidential elections to protect his honour », before explaining that today "we cannot accompany a Congolese citizen who is responsible for the massacres of the population (...) responsible for thefts and rapes".

During an exchange on the security situation in the eastern part of the Democratic Republic of Congo that he had on Monday 20 March with the two presidents of the Congolese Parliament, the former French Prime Minister, Jean-Pierre Raffarin, said he was very sensitive to the situation in the east of the DRC, calling on the international community to « really get involved for the return of peace » in this part of the country.

For his part, speaking at the ordinary session of the SADC Council of Ministers, which he opened on Saturday 18 March in Kinshasa, Prime Minister Jean-Michel Sama Lukonde Kyenge called on his peers to show solidarity in the face of Rwandan aggression, referring to the humanitarian drama linked to the security situation in the east of the country. This sub-regional solidarity is eagerly awaited by the DRC, as has been the case in the past, in the fight against the threat posed by Rwandan aggression on a member of the SADC brotherhood. For the establishment of lasting peace and security in the eastern part of the DRC is not only beneficial to the DRC but also to the SADC region as a whole, as it enables the community to achieve its objectives.

Addressing the issue of aggression at the opening of the March 2023 ordinary session, the President of the National Assembly castigated the attitude of the

Rwandan president who has put in place a regime of terror that lives off the wealth of the blood of the Congolese people, even being shamelessly and shamelessly classified as the world's leading producer of coltan, even though he does not have this type of mineral on his territory.

Furthermore, President Mboso denounced the passivity of the East African Community (EAC) regional force in the face of the advances of the RDF-M23 coalition in North Kivu. For him, it is ostentatiously observed that this force « is slow to exercise the offensive mandate in support of the FARDC, the mandate for which it was deployed on the ground ». The coalition of East African armies now offers the Congolese people the image of troops on holiday in the theatre of military operations, instead of engaging in war. "Their presence on the territory of the DRC risks becoming unnecessarily costly, and its impact should be coldly assessed so that consequences can be drawn and appropriate corrective measures taken," he said. Also, in the face of this situation, Mboso called on the Congolese people to be vigilant and to resist.

On this mission of the East African Community (EAC) forces on Congolese soil, the President of the Republic of Tanzania, Samia Suhulu, said that the Tanzanian contingent currently deployed in the east of the DRC is operating as a peacekeeper, contrary to the Luanda agreement, which specifies that the EAC forces were given an offensive mission in case of non-compliance with the ceasefire by the M23.

According to the outgoing Deputy Prime Minister of the Interior, like the EAC, the Angolan contingent that is being deployed in the East does not have an offensive mission. In this regard, many observers believe that the countries of the region that refuse to apply force would push Félix Tshisekedi to negotiate with the M23.

At the end of the opposition march organised by three opposition parties (Ecode of Martin Fayulu, Ensemble of Moïse Katumbi and LGD of Matata Ponyo), on Saturday 11 March, Martin Fayulu, had asked Rwandan President Paul Kagame to withdraw his M23 elements from the soil of the Democratic Republic of Congo and invited the international community to sanction Rwanda. Martin Fayulu said that he had marched to remind people that the Congolese are united and one people and that no square inch of our country will be taken by our enemies.

Finally, for his part, President Félix Tshisekedi invited the UN Security Council delegation, visiting the Democratic Republic of Congo, to take responsibility for the security situation in the East marked by Rwandan aggression.

2. Les réactions après la publication du gouvernement SAMA II

The Sama Lukonde 2 government was made public on Friday 24 March 2023, with 58 members, 16 of whom are women, marking a decisive step in the application of parity enshrined in the Constitution.

The reactions recorded are particularly those relating to the size of the team as well as the clear will to contribute to solving social challenges.

Indeed, while the Sama 1 government was composed of 56 members, many Congolese expected to see this size reduced, especially as its impact on the ground and on the Congolese people was almost nil.

In view of the size of the new team, a good number of well-informed observers are putting off to the Greek calendar the reduction in the lifestyle of the country's political institutions so much evoked by Félix Tshisekedi and by the national deputies and ministers who are members of the Sacred Union of the Nation.

The first conclusions seem to attest to a lack of will on the part of the President of the Republic to implement what he himself has been advocating for several months, especially since it was quite possible to merge certain ministries to facilitate their reduction in number.

As expected, this reshuffle of the government could not leave the opinion indifferent, which reacted in one or the other direction.

For Professor Devos Kitoko, a senior member of the Lamuka political platform and secretary general of the Ecidé political party of Martin Fayulu Madidi, the ministerial reshuffle by the President of the Republic is a non-event and its leaders are a cabinet of his electoral campaign for future elections. He went on to say that this government is a chronicle of failure announced to those who have fraudulently reached the top of the institutions of the Democratic Republic of Congo. According to him, those who have just integrated it are not credible in view of all that has happened in our country, including the 100-day public trial where all Congolese were informed of the embezzlement of more than 50 million US dollars that were never returned to the public treasury while acquittals of these culprits and perpetrators were pronounced.

For his part, Mr Ghislain Kalwa, spokesman and high consultation framework of the civil society of Haut-Katanga, indicated that in the face of the expectations of the population, doubts hover over the abilities of this new government.

For the citizens' movements, this government is simply electoralist, with the major finding being not only the entry of new figures, particularly in the interior, defence and economy, but also and above all a total absence of the opposition.



The president of the Pan-African Anti-Corruption Network, Jimmy Kande, criticised the new configuration of the Sama government, arguing that « *All the challenges do not require that we make choices based on political interests, but that we put in place quality people, people who are convinced of good governance* ».

To this end, this actor believes that organisations such as ODEP, which work on issues of public finance and public procurement, have clearly demonstrated the quality of people such as Mr Vital Kamerhe.

On the side of those who try to explain the logic and the objectives assigned to the new team, Mr Gabriel Kamba thinks that this reshuffle seems to stem from a logic of refusal of the dictate of the masters of the world (the Westerners).

For him, the M23 rebels, the ADF and others are only means of pressure from the masters of the world for whom the mandate of the President of the Republic is the result of agreements that he refuses to respect. Indeed, the authorities' position on the country's wealth does not suit the world's great powers. From his point of view, the presence of emblematic figures such as Bemba, Kamerhe and Mbusa translates the will to constitute a front of nationalists to resist the international pressure.

Intervening on behalf of the political party Ensemble pour la République during a press conference, Francis Kalombo, one of the communicators of the political party of Moïse Katumbi, considered that "there is nothing new in this government. According to him, the new team of Prime Minister Sama Lukonde will only continue "a policy that has shown its limits".

For Senator Francine Muyumba, the new government team put in place by the President of the Republic, Félix Tshisekedi, nine months before the elections, marking the end of his five-year term, will not be able

to meet the expectations of the Congolese people, and she reminded the Tshisekedi regime that it was already time to take stock.

For the elected representative of the FCC, the presence of the leaders (Bemba, Kamerhe and Mbusa Nyamwisi) in this government will not change anything, because the presidents of the UNC and the MLC have always taken part in the governance through their collaborators. He concluded that the Congolese people have nothing to expect from this power sharing. What has not been done in four and a half years will not be done in nine months. It is time to be accountable. There is nothing new, they were there for 4, 5 years through their followers".

3. The scheduling of the Tshiani bill in the March 2023 session

A few days before the opening of the March parliamentary session, two bills initiated by the elected representative of the people, Nsingi Pululu, aroused reactions in national public opinion. The first one is about nationality while the second one is about the revision of the constitution.

According to Article 24 of the proposed law on nationality, known as the « Tshiani Law », « *for reasons of loyalty and fidelity to the Congolese nation, the office of President of the Republic, President of the National Assembly and President of the Senate is reserved only for Congolese born of father and mother* ».

These two bills aligned with the calendar of the said session, adopted by the Plenary of the National Assembly, will be the subject of debates and probably followed by a vote on these two important texts which, according to several national and international analysts, are likely to exclude some political opponents, including Moïse Katumbi who is being tried to prevent him from running for the 2023 Presidential election.

In an article entitled: « *My vision of national unity against a scurrilous law of discrimination* », the deputy Delly Sesanga and declared candidate for the presidential election of 2023, believes that this proposed law is an initiative with nationalist appearances, and whose purely electoral stake is far from being national. Also, he warned that the approach is that of a private group that has swallowed the institutions and no longer uses their remains for the unavowed purpose of retaining power by restricting the political space. But the threat is national.

Moreover, he argued, this kind of initiative is complicit in that it indirectly feeds the claims of those who, with the same objective, aim to maintain the conflict and pave the way for the balkanisation of our country. He thus recommends that « *All those who carry out these types of initiatives should be regarded as enemies of the Republic, of peace and stability in our country, and who deserve the total disapproval of all democrats and should be fought as such* ».

Senator Francine Muyumba affirmed that "the question of Congolity has already been emptied of all substance by the Constitution.

For her, it is crucial to put an end to the identity crisis that is taking on worrying proportions in the Democratic Republic of Congo. She recalled that the priority must be to solve the real problems of the Congolese people.

While the party Ensemble pour la République has officially denounced an initiative aimed at excluding its leader Moïse Katumbi from the presidential elections, who is said to be of foreign parentage, Noël Tshiani, who is the initiator of the said law, pointed out that his text "reserves the posts of sovereignty for Congolese of Congolese origin, born of Congolese father and mother for reasons of loyalty to the country, while recognising the right to all the other posts without limitation.

To do this, Noël Tshiani called on national deputies to put forward patriotism, love of the country and the will of the people to vote massively for this law in order to protect national sovereignty and the territorial integrity of the DRC. He also said he was ready to confront the former governor of ex-Katanga directly in a debate.

For his part, Jean-Claude Muyambo, a declared candidate in the next presidential election, described the proposed law as discriminatory, going so far as to threaten to file a complaint against the initiators of the Tshiani bill. For him, this law is separatist in nature and does not contribute to national cohesion.

Finally, in a press release published on Friday 24 March 2023, the Congolese Association for Access to Justice (ACAJ) denounced the reform of the electoral law that is announced in the National Assembly, in its provisions relating to the conditions of eligibility of certain citizens to the presidency of the Republic, essentially to nationality. According to him, this provision is of a nature to violate the constitution of the Republic. Moreover, the ACAJ seriously fears that this reform will jeopardise the fragile national unity that has been tested many times by real or supposed frustrations. The ACAJ therefore calls on the Congolese people to reaffirm their determination to safeguard and consolidate independence and national unity.

4. The electoral process

Taking stock of the ongoing voter registration process, Didi Manara, second vice-president of CENI, indicated that 34,444,251 voters have already been registered, i.e. 70% of the 49,382,552 voters expected in the three operational areas.



Despite these figures, there are concerns about the capacity of the electoral centre to keep its promises, especially for logistical reasons that depend entirely on the financing of operations.

Indeed, during the opening of the March session, the President of the National Assembly took the opportunity to invite the Government to provide the financial resources foreseen for the CENI in the Finance Law, stating that « *any technical, logistical and financial assistance from the international community is also welcome* ».

A few weeks earlier, the President of CENI complained about the financing of the electoral process, saying in an interview in February that his institution had not received the operating costs since October 2022, while the costs of the polls were used for the voter registration operations.

On this issue of the electoral process, the reactions recorded in the political class concern on the one hand the figures put forward by the CENI which are subject to challenges going as far as alleging electoral fraud upstream, and on the other hand, the capacity of the CENI to respect the calendar and constitutional deadlines for the holding of the polls.

For the party Ensemble pour la République of the opponent Katumbi, « *whatever the price, the constitutional duration of elective mandates is not a negotiable issue. To this end, this party accuses the Tshisekedi regime at the UN Security Council of having offered itself "a CENI and a Constitutional Court subjected to its will of electoral fraud and results arranged in advance* ».

For his part, Mr. Corneille Naanga, former president of the CENI strongly criticized this process which he described as "a vast joke, technical problems, amateurism, published figures crowned with lies and poor quality of the voter card issued by the CENI of Denis Kadima.

Faced with these criticisms, the former candidate president of the Republic, Alain Daniel Shekomba, advises Corneille Nangaa to put forward constructive criticism as a technician and invites him not to do so for reasons that are damn political. "If Corneille Nangaa makes constructive criticism of the central electoral as a technician, it is not a problem, by saying constructive criticism, I mean elements that can improve the operations of voter registration, voting and publication of results, to avoid having chaotic elections, like those we had in 2018, when he was Chairman of INEC. But if he does it for political reasons, it will not be to his advantage, because there is also a lot to be said about his management of electoral operations in 2018. He knows very well, INEC is a technical non-political body," he said.

On the strength of the work carried out by the Commission for Monitoring, Supervision of Electoral Operations and the Fight against Electoral Fraud "CSOL/Lamuka", on the progress of identification and voter registration operations, The Lamuka political coalition was able to trace the weaknesses encountered during these operations in the provinces of AOI, including Kinshasa, Kwilu, Kongo-Central, Maï-Ndombe, Kwango, North-Ubangi, South-Ubangi and Equateur.

"In view of the opacity that characterizes the CENI of Mr. KADIMA, despite our request for accreditation of witnesses addressed to the CENI dated December 22, 2022, which remained unanswered, our committee fought to obtain the various indicators that will allow us to understand the weaknesses, but also the obscure logic of the CENI.

In this document, Lamuka denounces the non-opening, for unexplained reasons, of some enrolment centres in some provinces, the massive enrolment of foreigners, especially Central Africans, mainly in the province of North-Ubangi, the delay in the deployment of CENI

agents in some centres in the province of Kwango, the malfunctioning of electoral materials, especially in the Mai-Ndombe, the insufficiency of electoral kits in the province of Kongo-Central, to mention only those.

In addition, this political coalition notes: (a) a spectacular increase in the number of centres for the Grand-Kasai space (Kasai 327%, Kasai-Central 67%, Lomami 64%), from which President Félix Tshisekedi originates; (b) no significant increase for the province of Kwilu 0.01%; (c) a big change on the configuration of the number of enrolled and consequently of the seats at the level of the National Assembly; (d) the province of Kwilu loses 8 seats, goes from 29 in 2017 to 21 seats in 2022. While Kasai province multiplies its seats by 3, going from 19 to 58 seats at the national level. To conclude, if Kwilu province loses 28% of its seats, Grand Kasai gains 57%, paradoxically twice the number of seats lost by Kwilu province; passing from 127 seats in 2022 against 81 in 2017; (e) Grand Bandundu (Kwilu, Kwango, Maïndombe) pays the price of its resistance to the current regime in Kinshasa by finally losing a total of 7 seats; having 53 seats in 2018, the number of its seats is estimated at 47 for 2023 This is therefore the stage set for the December 2023 elections.

For this coalition, the majority of the staff of the electoral centre assigned to these operations are unpaid. This situation is pushing some of them to dive into the monetisation of services to the poor population. In addition, the inexperience of some would result from the failure to respect the results of the competition for the selection of candidates, which has led to long queues.

Finally, while castigating the 'opacity of the CENI vis-à-vis the political parties of the resistance', as regards free access to information and data, the coalition doubts the transparency, credibility, suspicions as to the number of kits assigned to different centres contrary to what was planned and the impartiality in the organisation of the upcoming elections.

Beyond the criticism of the process, the Lamuka coalition believes that if the elections are not held within the constitutional deadline, a transition of 3 to 4 months should be put in place, and whose leaders (part of the transition government) will not participate in the next elections.

On this issue, Franck Diongo, president of the MLP (Mouvement Lumumbiste Progressiste) argued that: "In this case, we should have a very short transition without Tshisekedi". For him, there should not be any shift in the Democratic Republic of Congo in case of non-holding of elections.

For his part, Barrister Jean-Claude Muyambo, national president of the political party SCODE and presidential candidate, warns that no second will be given to the regime for the shift.

On the PPRD side, it is Ferdinand Kambere, its Deputy Permanent Secretary, who denounced the practices of fraud, cheating and the registration operations themselves under the leadership of Denis Kadima.

This PPRD executive has, on the occasion, predicted the failure of Denis Kadima to organize transparent, free, democratic and inclusive elections, stressing that "if for an electoral cycle in the operational area 1, individuals continue to walk freely, in the middle of the day on 24 in Kinshasa, with the electoral materials. What about the enrolment in the East where armed groups rule under EAC?.

Reaffirming that it is not concerned by the electoral process, the PPRD has remained firm in its decision and remains in favour of the resumption of "discussions" between the majority, the opposition and civil society in order to iron out the differences and arrive at an "inclusive process", which would be followed by the resignation of the entire Kadima team. Also, the Common Front for the Congo (FCC) demands the "immediate suspension" of the electoral process



which, according to the CENI's calendar, should lead to presidential and legislative elections on 20 December 2023. For the informed observers of this coalition, the operations conducted by the CENI-Kadima are "corrupt".

In a statement issued by its president, Joseph Olenghakoyi, the National Council for Monitoring the December 31 agreement (CNSA) expressed its views on the evolution of the electoral process in the Democratic

Republic of Congo. For this democracy support institution, it is regrettable to note that the electoral process, since the publication of the electoral calendar, is taking place in flagrant violation of the laws. As proof, CNSA cited the discovery of registration kits, voter cards and registration forms from third parties ... And to remedy this, this institution recommended to the government, the resumption of tripartite CNSA, government and CNI.

3. Political and economic perspectives

On the political level

The controversy sparked by Denis Kadima's intervention on the financial difficulties experienced by CENI is likely to reinforce those who have doubts about the holding of elections on the dates indicated in the electoral calendar.

The time seems to be ripe for the preparation of the population to live beyond the constitutional deadlines. This is what justifies the statements of Félix Tshisekedi, on two occasions (before the Human Rights Council and on the occasion of the visit of French President Emmanuel Macron), publicly recalled that the conflict in Eastern Congo could delay the electoral process underway and postpone the general elections, theoretically scheduled for December 20.

While the Electoral Commission (CENI) insists that the election will be held on time, the head of state's hints raise fears that public opinion is slowly being prepared for a "slippage" of the electoral calendar.

The head of state also said that any delay in the voter registration phase "may lead to a delay in the vote on the law on the distribution of seats and therefore a postponement of the election.

The two presidential interventions were mainly aimed at pushing the international community to put pressure on Rwanda, accused of supporting the M23 rebellion. The DRC has been seeking for months to adopt sanctions against Kigali for its support to the rebels.

But the Congolese president's repeated media outbursts on the highly sensitive subject of a possible "landslide" have raised fears of yet another pre-electoral crisis brewing in Congo. With the deterioration of the situation in the East, the DRC is at a crossroads: (a) delay the elections to allow time for security to return, with the Rwandan-backed M23 defying the

entire international community with successive ceasefire violations and refusal to liberate the occupied territories (b) proceed with a technical postponement that could be requested by the Electoral Commission, provided that President Denis Kadima, the boss of CENI, quickly tells the truth to anticipate this postponement and rearrange the calendar; (c) propose a more important 'slippage' of the calendar in view of the insecurity that persists in the East In this case, the postponement of the election could be longer, from 1 to 2 years, but it would then be necessary to negotiate a political transition during this period, which will be delicate, in view of the declarations of the leaders of the opposition who do not seem to grant Felix Tshisekedi a single day more because he is forcing everything through (setting up the CENI and the Constitutional Court, the companies) and does not care about anything that might happen; (d) to exclude the voters of North Kivu and Ituri from the ballot, an option of a radical nature, which would lead to the exclusion of a population of about 5 million voters, i.e. 10% of the electorate, a politically untenable situation. The electoral register determines the distribution of seats in the assemblies; and (e) organising the elections in time by registering the voters with the technical chaos observed since the beginning of the operations as well as the botched electoral operations, especially since it is only one round for the presidential elections.

To this end, some observers believe that the Congolese president has no real interest in "slipping" the calendar. In addition, some people point out that Félix Tshisekedi is not certain to be able to contain a strong protest if the elections are postponed.

So, postponed elections or botched elections? For the time being, the conflict in the East, the delays in organising the elections, the lack of financial resources and the absence of political consensus in the composition of the electoral commission and the



constitutional court make us fear that the elections will be highly tense and the outcome more uncertain than ever.

On the economic front

The Democratic Republic of Congo (DRC) faces several economic and socio-political challenges that hamper its development and growth prospects. The country's economic prospects remain uncertain, given the various obstacles that need to be overcome urgently. These include:

- *The depreciation of the national currency against the US dollar*

The DRC's national currency, the Congolese franc (CDF), has been depreciating against the US dollar for several years. This depreciation has led to an increase in inflation and a decrease in the purchasing power of the population. In March 2023, this situation was exacerbated. The CDF crossed the 2,500 to one (1) US dollar mark on the parallel market, a very worrying situation. To address this, the government should adopt policies that promote export diversification and reduce import dependency. It could also seek to attract foreign direct investment (FDI) to increase foreign exchange reserves and stabilise the currency. In addition, measures such as monetary and fiscal policies could be implemented to maintain a stable exchange rate.

- *Rising prices in several sectors*

Rising prices in several sectors, including telecommunications, transport and commodities, have had a significant impact on the purchasing power of the population. The government could implement policies to promote price stability, such as price controls on essential goods and services, commodity subsidies and supply chain improvements. In addition, increased competition in these sectors could help reduce prices and improve services.

- *The high cost of organising elections*

The DRC is expected to incur high expenses to organise the presidential, legislative and municipal elections. These expenses could aggravate the country's public deficits and worsen the economic situation. The government could adopt cost-cutting measures, such as reducing the size of the electoral commission and streamlining election-related expenses. In addition, the government could seek financial assistance from international organisations to help fund the electoral process.

- *The precarious security and humanitarian situation in the East*

The precarious security and humanitarian situation in the east of the country is a major challenge for the DRC. The conflict between government forces and the M23 rebels has caused massive population displacement and disrupted economic activities in the affected areas. In addition, the conflict has led to a loss of investor confidence in the country. The government could prioritise conflict resolution and promote peacebuilding by strengthening the rule of law, improving security and addressing the root causes of the conflict. In addition, the government could promote investment in the eastern regions to stimulate economic growth and development.

- *The continuing Russian invasion of Ukraine*

The continued Russian invasion of Ukraine has had negative effects on the dynamics of agricultural and energy prices in the DRC. The government could adopt measures to mitigate the impact of this situation on the country's economy, such as promoting agricultural diversification and reducing dependence on imported energy products.

- ***Public deficits and poor governance of public finances***

The DRC is accumulating public deficits and suffers from poor governance of public finances, characterised by misappropriation of funds in several projects. The government could adopt measures to improve public financial management, including increasing transparency and accountability in the use of public funds and implementing anti-corruption measures.

- ***The establishment of the new government***

The recent announcement of the new Congolese government, Sama Lukonde 2, presents both economic and political challenges. One of the main concerns is the size of the government, which at 58 members is larger than average (from Gizenga 1 to Sama Lukonde 1). Indeed, from an economic point of view, a government of this size can have a negative impact on economic progress. In addition, the costs associated with installing and exiting a new government can have an impact on the macroeconomic balance. The composition of the new government's expenditure may also exacerbate macroeconomic instability, which is a persistent problem in the DRC.

In addition, the arrival of new actors with their own teams could erode institutional memory, slowing down the functioning of the state apparatus. Another challenge is the timetable, with elections looming in a few months, and the risk that political actors will prioritise electoral processes over other objectives.

To address these challenges, the new government should prioritise the reduction of its lifestyle, which will have a positive impact on economic progress. The government should also prioritise spending that delivers efficient services to citizens and reduce spending on salaries and wages. In addition, the new government should prioritise institutional memory and avoid eroding it by limiting the number of new hires and ensuring that the handover of power to ministers.

Finally, the government should develop policies that prioritise long-term economic growth over short-term political gains. Finally, the government should develop policies that prioritise long-term economic growth over short-term political gains.

Overall, the success of the new government will depend on its ability to manage these economic and political challenges effectively, while remaining committed to policies that promote long-term economic growth and social welfare.

It should be noted that the above challenges could be exacerbated by political tensions between the government and the opposition, especially in this election year. As such, it would be wise for the government to engage in constructive dialogue with the opposition in order to promote political stability and economic development.

In conclusion, the DRC faces several economic and socio-political challenges that need to be addressed urgently. The government could adopt policies and measures to promote economic stability, peacebuilding and political stability in order to improve the socio-economic situation in the country. In addition, the government could seek support from international organisations to implement these policies and address the challenges facing the country.

DIFFERENT PUBLICATIONS OF CONGO CHALLENGE

1. CONGO CHALLENGE JOURNAL (THE SEMI-ANNUAL)

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



2. FOUR-MONTHLY BULLETIN

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.

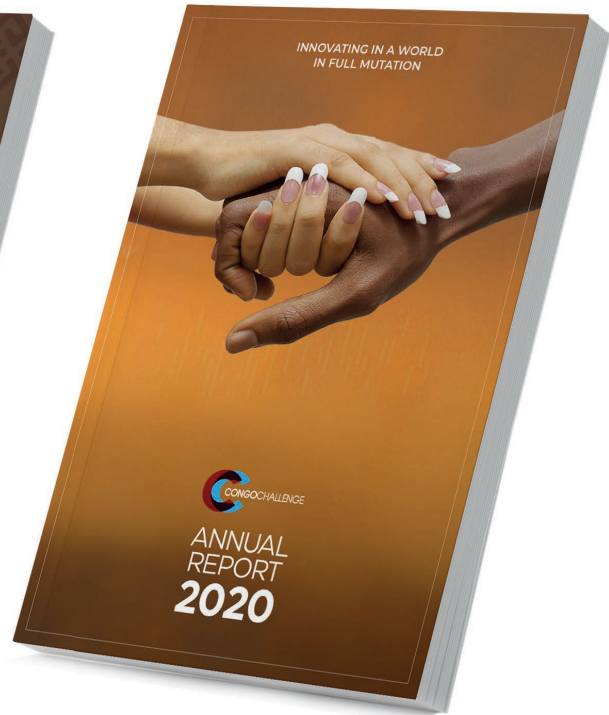


3. THE MONTHLY BULLETIN

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. ANNUAL REPORTS



INTERVENTION MODULES OF CONGO CHALLENGE

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

THE VALUES OF CONGO CHALLENGE

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

- Abnegation ;
- Sacrifice ;
- Hard work.

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

- Ethics ;
- Morality ;
- Good governance.

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

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

Dixit Machiavel

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

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