

CONGO CHALLENGE
THE MONTHLY BULLETIN



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

Issue 61 | May 2022

Kinshasa, DRC



EDITEUR RESPONSABLE

MATATA PONYO Mapon

SUPERVISION

LOKOTA ILONDO Michel – Ange
NTAGOMA KUSHINGANINE Jean-Baptiste

EDITING

BOKA MABELE David
LUBAMBA NGIMBI Hector
KADIMA KAZADI Joël
MUYOMBO USENI Justin
NGONDO OTSHWE Josué
WAULA LUZINGU Sacré

CONTRIBUTION TO THE BOXES

ELANGA BOKANGA Arno

**GRAPHIC DESIGN &
DRAWING UP**

MANZAMBI Moïse

PHOTOGRAPHER

MATA Yannick

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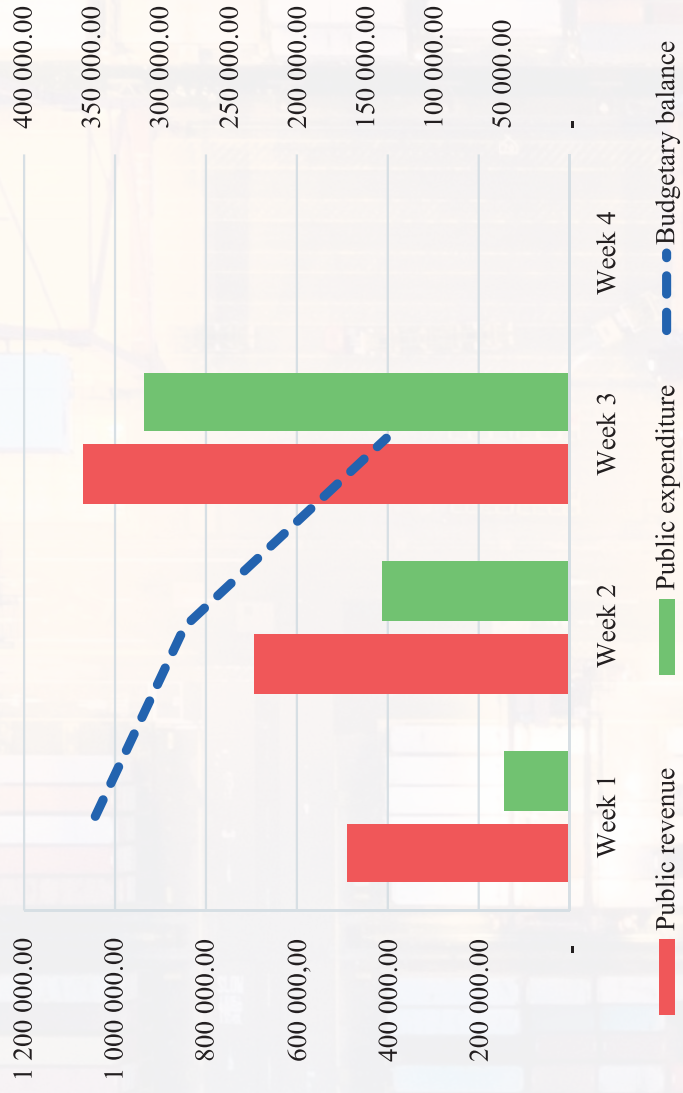
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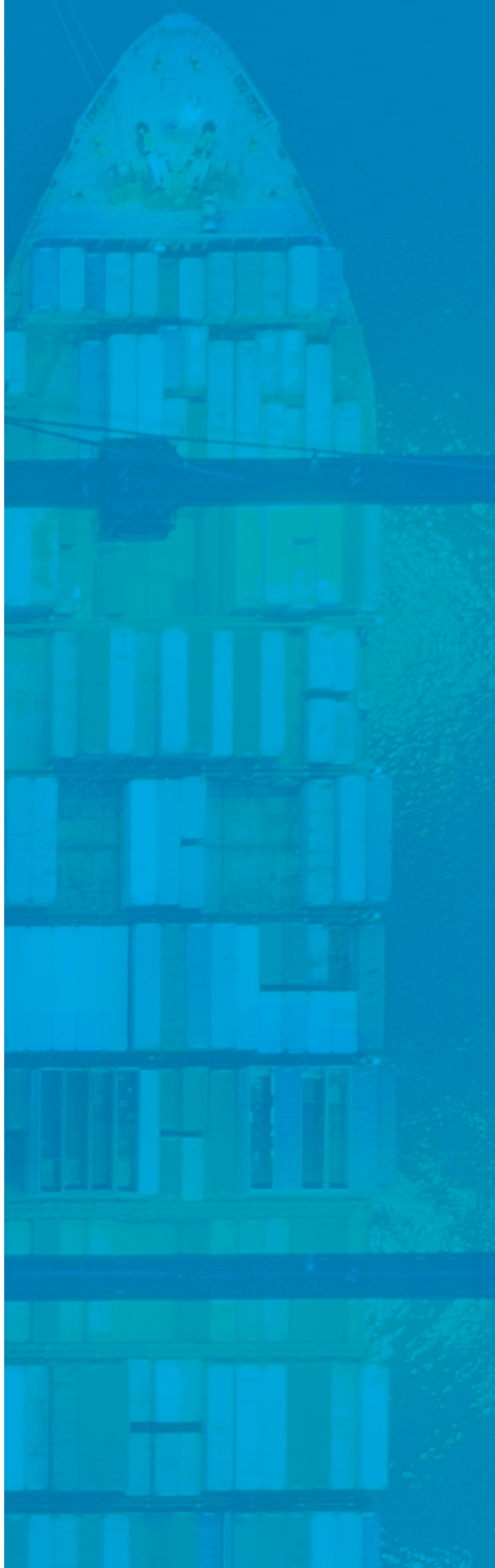
Kinshasa, DRC

Public sector aggregates as of May 2022 (in millions of CDF)



Summary

What I think	6
Executive Summary	9
International Context	11
Economic growth	11
Inflation	12
Financial market	13
Foreign Exchange Market	15
Market for strategic products	16
International trade	18
National context	19
Evolution of the national economy	19
Economic activity	25
Price dynamics	29
Exchange rate and foreign exchange reserves	30
Public Finance	31
Evolution of the political situation	40
Political and economic perspectives	49





Matata Ponyo Mapon

What I think

Reconciliation meetings in Grand Katanga: strength in numbers !

I think that there is strength in unity. It is against this background that the political actors of the former province of Katanga met from May 17 to 22 in Lubumbashi, capital of the new province of Haut-Katanga. This forum has been ardently desired for several years by several political actors in Katanga, mainly those close to the former president of the republic, Joseph Kabila. The main objective was to bring the latter closer to the former provincial governor of Katanga, Moïse Katumbi, who has since become a fierce opponent of the former president of the republic. This took time, mainly because of the reluctance of the former governor's camp. In the meantime, the political landscape has changed significantly: the parliamentary majority has shifted from the Common Front for the Congo (FCC), controlled by former President Kabila, to the Sacred Union of President Félix Antoine Tshisekedi. Also, relations between the latter and the former governor have cooled considerably. While he was one of the main actors in the collapse of the presidential majority of the FCC, the former provincial governor has been poorly rewarded. No member of his party has taken the helm of one of the country's three main political institutions (the Prime Minister's Office, the National Assembly and the Senate), let alone one of the main ministries in the government. Meanwhile, the date for legislative and presidential elections is only a year and a half away. The two Katangan brothers, enemies for some, adversaries for others, finally met and gave a historic handshake in the Cathedral of Saints-Pierre-et-Paul in Lubumbashi, symbolizing the reconciliation and unity of the sons and daughters of the former Katanga province. The prize of honor goes to the Metropolitan Archbishop of Lubumbashi, Monsignor Fulgence Muteba, who is close to Moïse Katumbi, and who has been totally involved in the realization of this difficult socio-political project.

I think that the formal rapprochement of all the political actors of the former province of Katanga is a strong political signal that should not be overlooked. Indeed, following the territorial division in 2015, the former province of Katanga has become four small provinces, namely Haut-Katanga, Lualaba, Haut-

Lomami and Tanganyika. As a reminder, the decision to divide the territory, although administratively justified, was precipitated by the political power of the time, mainly in order to weaken the former governor of Katanga province, Moïse Katumbi. Katumbi had become a nuisance after leaving the PPRD, creating his own party, and openly expressing his ambition to run for the highest office in the next presidential election. The political regime of the time had therefore concocted several legal actions to convict him and prevent him from being a candidate in this election. To escape this political trap, the former governor went into exile in Europe and returned to the country only in 2019, thanks to the new regime led by his ally, President Félix Antoine Tshisekedi. The latter gave him back his Congolese passport and his nationality, which had been denied him by the previous political regime.

I think that we must welcome the peace of the brave between the two main political actors of Greater Katanga. But this reconciliation must be different from the others that have been held before, always in Lubumbashi, to bring together the Katangese. It must herald a new era of leadership and governance capable of reviving the development of the whole of Katanga. So far, only two provinces out of four have recorded some socio-economic progress, mainly due to the benefits of mining. These are Haut-Katanga and Lualaba. The other two provinces, which are mainly agricultural, have lagged behind, with agriculture having been virtually abandoned in favor of imports from southern Africa, particularly Zambia and South Africa. In addition, rail and road infrastructure deteriorated sharply as the two northern provinces (Haut-Lomami and Tanganyika) moved further away from their two southern counterparts in Katanga. Unfortunately, the specific tax on the mining sector introduced by the central government in 2010 mainly to address the infrastructure imbalance between the two northern provinces and the south has not achieved its objective. The political reconciliation thus achieved, to be sustainable and useful, will have to be based on the establishment of a plan for the integration and



economic recovery of all four newly created provinces. Obviously, this regional economic program will have to be in harmony with the national economic program.

I think that the reconciliation of the political actors of greater Katanga can influence the electoral and political prospects of 2023. On the condition that the Katangan bloc becomes compact again as before. Between 2010 and 2015, the majority of political actors in Katanga were in the parliamentary majority controlled by the then president Joseph Kabila. Moise Katumbi was the governor of Katanga. Kyungu wa Kumwanza was the president of the provincial assembly. The interests of the main political actors in the province were *mutatis mutandis* the same. This is not the case today. Some political operators in Katanga are in the ruling Union Sacrée. "Ensemble", the political party of Moise Katumbi, is part of the national government, even though (as everyone knows) there are several points of divergence between this party and the sacred union of President Tshisekedi. Indeed, some members of the government from "Ensemble" have already announced that they will remain on the side of the government if Moise Katumbi's "Ensemble" decides to leave the Sacred Union. On the other hand, a good number of political actors in Katanga, particularly from the FCC, are in opposition and are not in harmony with the political power. Some of them are sometimes subjected to political and judicial harassment. Others are even in exile.

I think that, in the end, beyond the symbolism of the reunification and unity of Katanga on May 22, there is still a lot to be done to reconstitute the compact bloc that is needed to be politically useful in 2023. It is necessary that the Katangese of the opposition and the power transcend their respective political interests and privilege those of the province of Katanga. This is not

easy in the current political configuration. Perhaps a second forum will be needed for this. Otherwise, the one held at the end of May will have been useless. It will resemble the others that preceded it: a rather formal and political forum that has nothing to do with the interests of the population.

Washington, May 30, 2022.



Executive Summary

Economic situation

- **At the international level**, a recession in the world economy is predicted for the year 2022, mainly due to the Russian invasion of Ukraine. The economic damage caused by this conflict will contribute to a decline in global economic activity and upward pressure on price levels. According to the International Monetary Fund (IMF), this stagflation is expected to continue until early 2023.
- The pressure on food and energy prices caused by the crisis in Ukraine is expected to contribute strongly to accelerating inflation. The resulting inflationary spiral has eroded consumers' real income, particularly in an environment where fiscal support to alleviate the impact of rising oil and food prices is limited. Thus, central banks will need to aggressively adjust policy to ensure that inflation expectations are anchored over the medium to long term.
- During the month of May 2022, stock markets were characterized by downward trends during the first half of the month due to the continuing war in Ukraine and health restrictions in China. However, the last half of the month was marked by a rebound in the stock indices following the reduction of tariffs imposed on Chinese products by the US government.
- As far as the international foreign exchange market is concerned, the U.S. currency has begun a depreciation phase during the month of May 2022. This depreciation would be the consequence of the expectations of a decrease in bond yields by the Fed. In China, the decline in the number of Covid-19 new cases would lead to an easing of health restrictions lifted by the government, which explains the appreciation of the Chinese yuan against the greenback during the month.
- In terms of commodities, copper prices started to rise again in mid-May 2022 following the prospect of increased Chinese demand after the easing of sanitary restrictions. Gold prices also rebounded with the easing of US yields. In the crude oil market, prices have risen above USD 110 per barrel during May 2022, as the Chinese economy reopens and discussions about a potential European embargo on Russian oil continue.
- Since the advent of the Russian-Ukrainian war, the outlook for the world economy has darkened remarkably. The World Trade Organization (WTO) now expects merchandise trade volumes to grow by 3.0% in 2022, down from 4.7% in 2021. With the conflict between Moscow and Kiev jeopardizing the fragile recovery in trade, greater diversification of global value chains would help temper the impact of such shocks on supplies in the future.
- **At the national level**, as in the previous month, the macroeconomic framework remained broadly stable. Indeed, the dynamics of the exchange rate remained broadly stable in May 2022 although, compared to its level at the end of April 2022, the exchange rate depreciated slightly by 0.01 percent on the interbank market and by 0.32 percent on the parallel market. In the goods and services market, the weekly inflation rate was 0.28 percent in the third week of May 2022. This resulted in a cumulative inflation rate of 4.09% compared to 3.37% at the close of the previous month. The year-on-year inflation rate stood at 7.64% in the third week of May 2022. At this rate, the inflation rate at the end of December 2022 is expected to be 10.98% compared to 10.66% achieved at the end of April 2022. Compared to the situation of the previous year, an acceleration in prices of 107.95% was observed between the end of December 2021 (5.28%) and the expected inflation at the end of December 2022 (10.98%).
- On the public finance side, the Treasury recorded a surplus of 134,309 million CDF in the third week of May 2022. This surplus was the result of expenditures of 935,271 million CDF and revenues of 1,069,580 million CDF. Salaries accounted for 40% of total expenditures, while capital expenditures accounted for only 7.67% of the same total. It should be noted that these data refer to the third week of the month and may change at the end of the month, particularly as a result of the continued payment of government employees' salaries.
- Finally, the economic news of May 2022 was marked by several notable events. More explicitly, these facts are presented as follows:
 - (i) the announcement of the probable stock-



out of diesel and kerosene; (ii) the increase in fuel prices in all areas of the country; and (iii) the warning about the risk of collapse of the Matadi Bridge (Pont Maréchal).

Political situation

The political news of the month of May was dominated by:

- i. The advent of the political party Leadership and Governance for Development (LGD) in the political environment of the DRC;
- ii. Controversies around the electoral bill;
- iii. The election of governors in the 14 provinces concerned;
- iv. Changes in the Constitutional Court;
- v. Inter-community reconciliation (Katanga and Kasai).
- vi. Congolese reaction to M-23 rebel attack on FARDC positions.

The first week of May 2022 was marked by the official launch of the political party called Leadership and Governance for Development, "LGD". Created since December 2021 and registered at the Ministry of the Interior, this political party has, at the end of its first congress held from 1er to May 3, 2022, brought the honorary Prime Minister, Matata Ponyo Mapon, not only to the Presidency of the said party, but also and above all, proclaiming him as a candidate for the presidential election scheduled in 2023. The creation of this party as well as the announcement of the candidacy have been interpreted in various ways in different political salons.

In the electoral process, further debate and discussion of the draft electoral law revealed major differences of opinion which, according to informed observers, could constitute stumbling blocks and lead to electoral disputes. Indeed, it became clear during the debates in the National Assembly that most of the reform proposals made by the G13 were rejected by the PAJ commission, which led the deputies who were

members of this group to leave the room where the work was being done.

Postponed several times for one reason or another, the election of governors and their deputies was finally organized by CENI in the 14 provinces that had been waiting to end the interim regime for several months. It was therefore during the first week of this month that the various candidates who were in the running had time to campaign and solicit the votes of the provincial deputies, their constituents on whom the buying of votes through corruption had weighed, with a particularity for those who were separated by a second round.

In another chapter, it is worth mentioning the general surprise of the upheavals in the Constitutional Court, where, against all odds, Judge Kaluba Dibwe Philo was dismissed from this high court by drawing lots, after only one and a half years in office. This decision, judged irregular and contrary to the laws and regulations on the matter by many, did not leave the population indifferent. To this effect, if for a fringe, the act borders on a settling of accounts with this judge considered as an independent mind and an impartial vis-à-vis the power in place, for the other on the other hand, it is only the result of a simple drawing of lots as required by the law and the practice in the matter.

In addition, in the search for cohesion between the nationals of the former province of Katanga, a peace and reconciliation initiative started by Monsignor Fulgence Muteba, Metropolitan Bishop of Lubumbashi, allowed the Katangese to celebrate the reconciliation between Joseph Kabila Kabange (Honorary President of the Republic) and Moïse Katumbi (former Governor of Katanga), both leaders of this community, who spent a few good years in political adversity leading the latter into exile. Not surprisingly, the act has been interpreted in different ways.

Finally, during the last week of May, FARDC positions in Nyiragongo and Rutshuru territories were surprised by attacks by elements of the M23 rebel group, visibly supported by Rwanda. This umpteenth attack created an outcry among the population, who swear by the defense of the national territory by the armed forces.



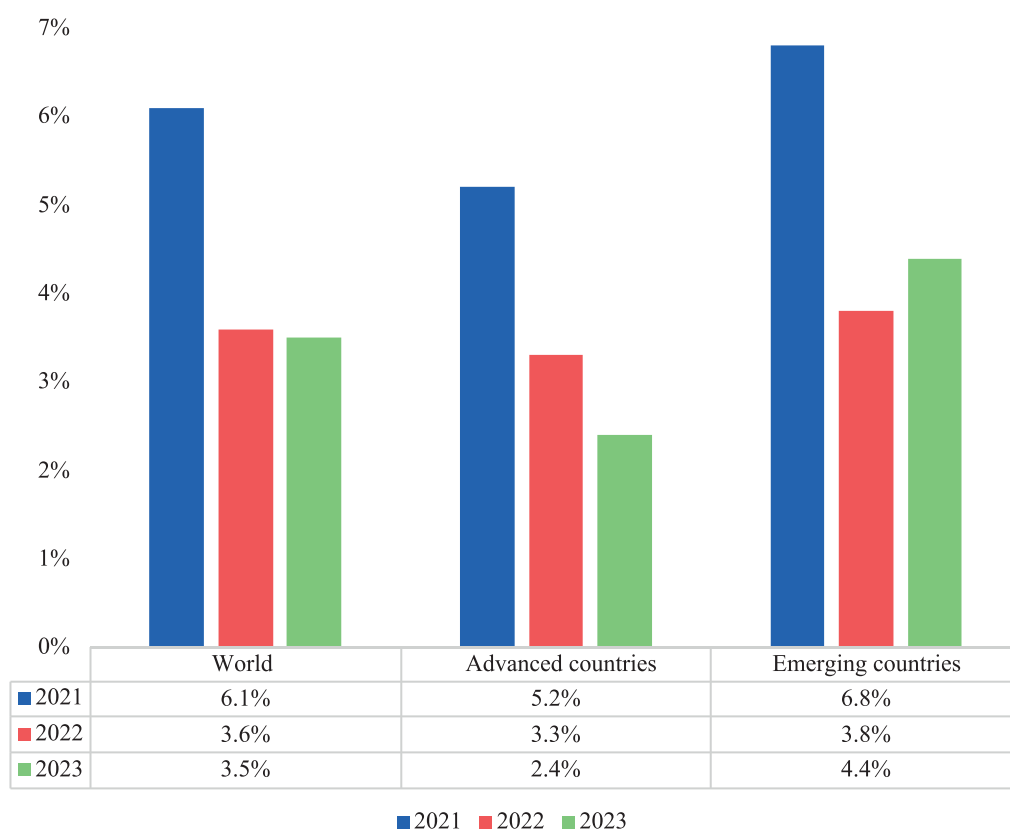
1. International context

I.1. Economic growth

The economic recession that will characterize the year 2022 will essentially be the effect of the Russian invasion of Ukraine. Indeed, the economic damage caused by this conflict will contribute to a clear slowdown in global economic activity and upward

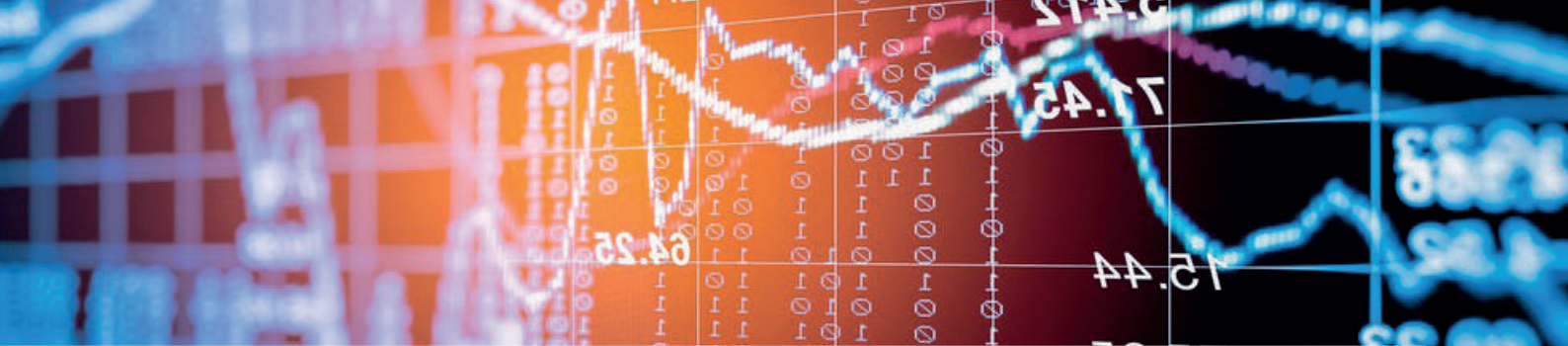
pressure on price levels. This stagflation is expected to continue until early 2023, according to International Monetary Fund (IMF) statistics, and would amplify the risk of a severe recession, particularly in developed countries.

Figure 1 » GLOBAL ECONOMIC GROWTH PROJECTIONS



The forecasts in Figure 1 indicate how the Russian-Ukrainian conflict has disrupted the fragile economic recovery from the Covid-19 pandemic in 2021, causing a humanitarian crisis in Europe, a spike in food and commodity prices (see subsection 1.2), and exacerbating

inflationary pressures around the world. Multilateral initiatives to address this humanitarian crisis are thus essential to prevent further fragmentation of the global economy.

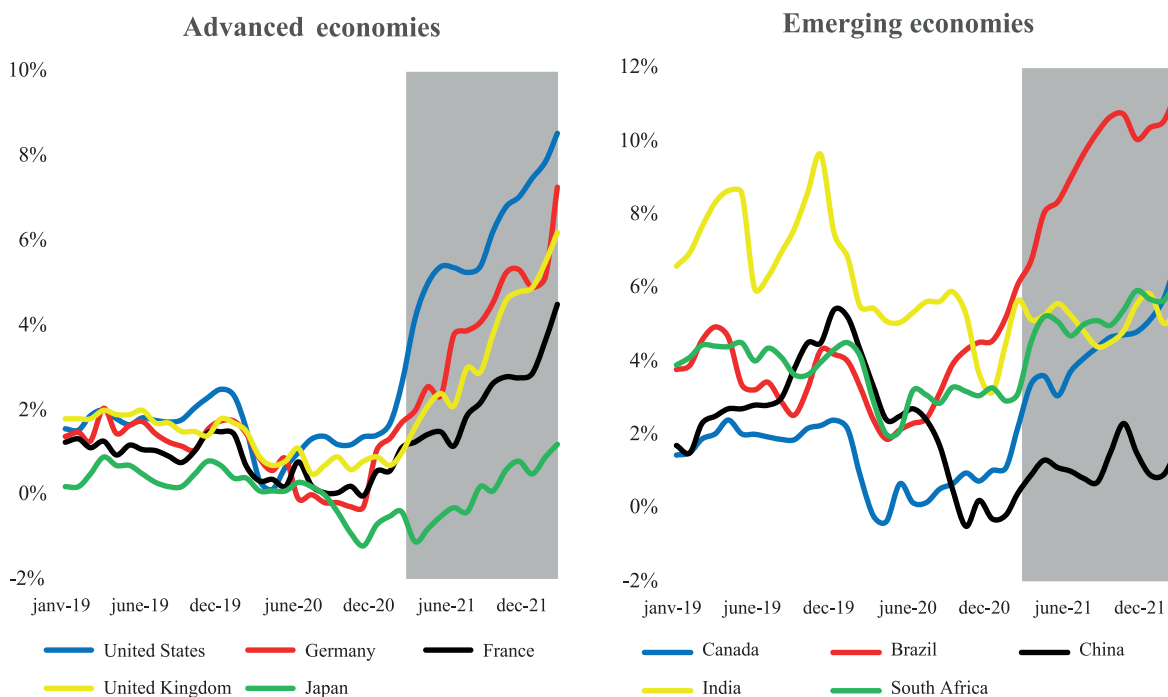


I.2. Inflation

Tensions in food and energy prices due to the war in Ukraine are expected to contribute to accelerating inflation in the long term. The war has triggered a shock in commodity markets that may keep prices at historically high levels. The resulting inflationary spiral is reducing real household income, particularly

in an environment where fiscal support to mitigate the impact of higher oil and food prices is limited. The risk of inflation forecasts drifting away from central bank targets is increasing, prompting policymakers to take monetary tightening measures to counteract the stagflation that is occurring.

Figure 2 » GLOBAL INFLATION RATE PROJECTIONS



Source :OECD.

The war is another in a series of supply shocks that have hit the global economy in recent years. Its effects will spread through commodity markets, trade and financial relationships, and will be felt in many parts of the world. As Russia is a major producer of oil, gas, metals, and, along with Ukraine, wheat and corn, the decline in supply of these commodities has caused their prices to rise sharply. These increases in food

and fuel prices will hurt low-income households around the world, especially the vulnerable in poor countries. Against this backdrop, central banks will need to aggressively adjust their policies to ensure that inflation expectations are anchored over the medium to long term.



I.3. Financial market

Beginning in April 2022, the downward trends observed on the stock markets continued until the first half of May 2022. On Wall Street, the Dow Jones and the S&P-500 reached lows of 31,250 and 3,900 points respectively, before rising again in the last half of the month. Only the Nikkei continued to fall until the end of the month, nearing the 11,260 marks. The same is true on the European continent. On the Paris stock exchange, the CAC-40 was close to a low of almost 6,000 points; and on the Frankfurt stock exchange, the low was around 13,380 points for the DAX-40. The Tokyo Stock Exchange was also characterized by this same bearish dynamic at the beginning of the month, and then bullish at the end of the month, with the Japanese Nikkei index posting a low of nearly 25,750 points in mid-May 2022.

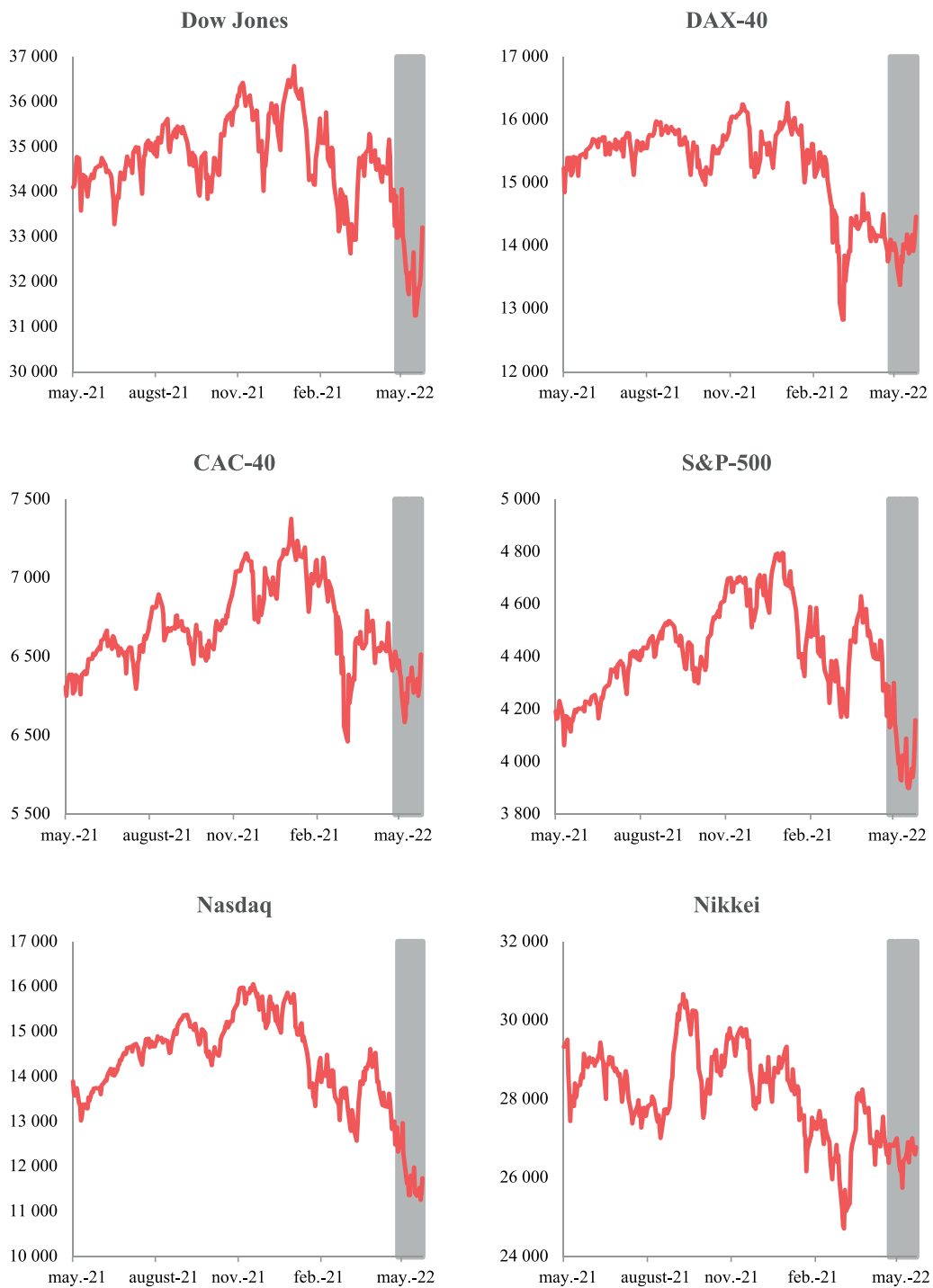
These falls in the stock market indices during the first half of May 2022 would have been due, on the one hand, to the continuing war in Ukraine and, on the other, to health restrictions in China. These downward trends would have been reinforced by expectations of monetary tightening by the Fed and the ECB, given the acceleration of inflation in the world.

However, during the last half of the month, there was a moderate rebound in the indices, with the exception of the Nasdaq. These rebounds were reportedly caused by the Biden administration's announcement to reduce tariffs on Chinese products. Indeed, any decision to fully or partially reduce import tariffs would help to alleviate inflationary pressures and strengthen the profit margins of economic operators. It is this soothing communication that has generated optimism among private investors, thereby improving the level of financial confidence.





Figure 3 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



Source : Macrotrends.

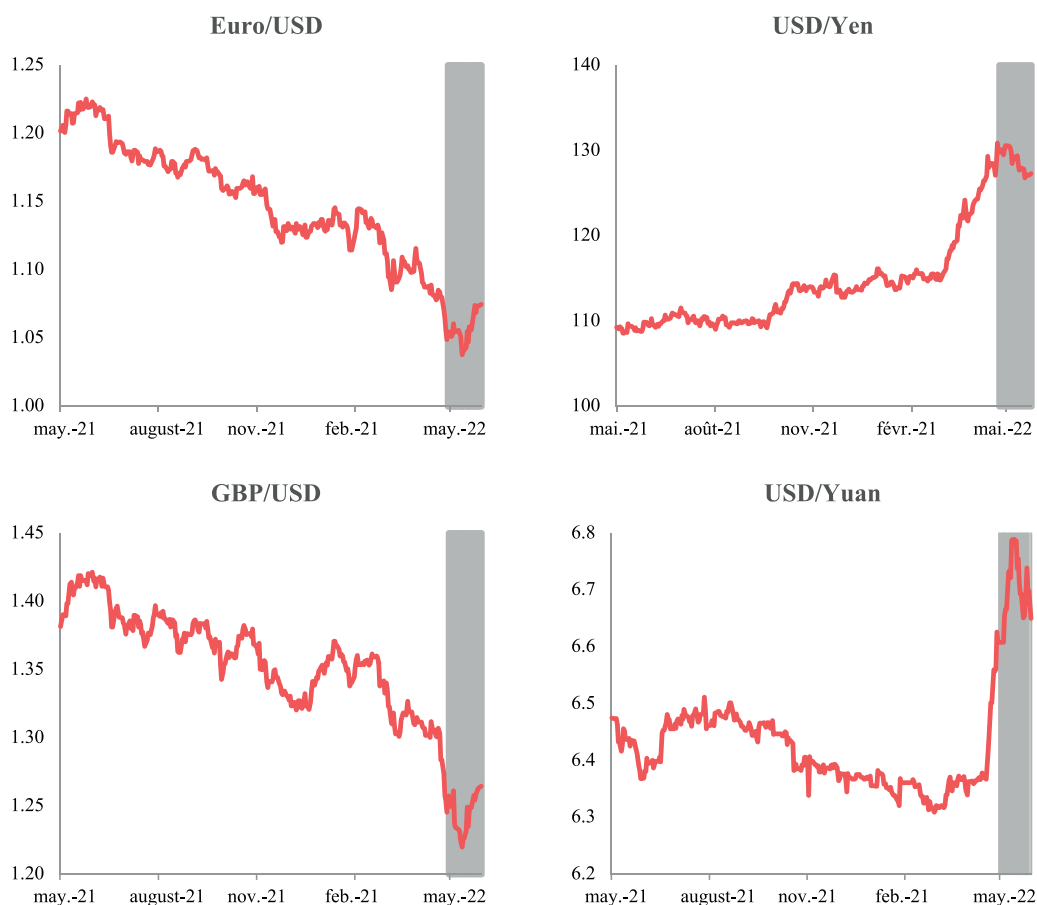
I.4. Foreign exchange market

After being in a strong position against the major European currencies during April, the U.S. dollar has begun a depreciation phase during the month of May 2022. This depreciation is believed to be the result of the Fed's policy expectations cooling, particularly in favor of lower bond yields as a key factor. As of the last week of May, the euro and the British pound were trading at 1.07 EUR and 1.26 GBP per U.S. dollar, respectively.

On the Asian continent, the Japanese yen's curve has been declining throughout the current month, reflecting the appreciation of the Japanese currency

against the greenback, due in part to the decline in US bond yields. In Beijing, the decrease in the number of new cases of Covid-19 is expected to lead to an easing of the health restrictions lifted by the Chinese government. The policy that has been put in place to fight the epidemic seems to explain the appreciation of the Chinese yuan against the US currency during this month of May 2022.

Figure 4 » DAILY EVOLUTION OF THE MAIN EXCHANGE RATES



Source : Macrotrends.



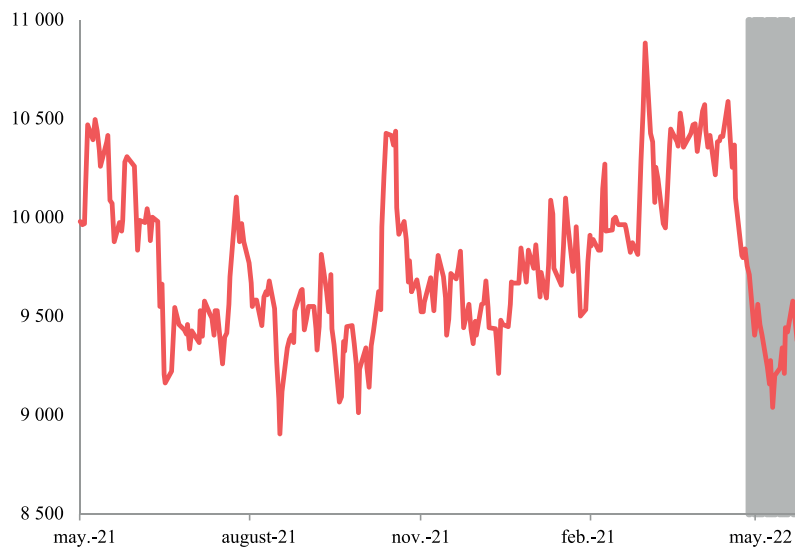
I.5. Market for strategic products

- Copper

After falling significantly since the last half of April 2022, copper prices started to rise again in the third week of May 2022. This drastic fall in prices was caused by the slowdown in Chinese manufacturing and service activity. From the end of March 2022, China faced a severe wave of Covid-19 which forced it to lift new health restrictions aimed at containing the spread of the virus. As a result of these restrictions,

several concerns had emerged about the decrease in Chinese imports of the copper. However, the decline in the rate of infection of the disease observed in May has led the Beijing authorities to relax the restrictive measures initially taken. It is this prospect of increased Chinese demand that is driving up prices, as China is the world's largest consumer of the red metal.

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



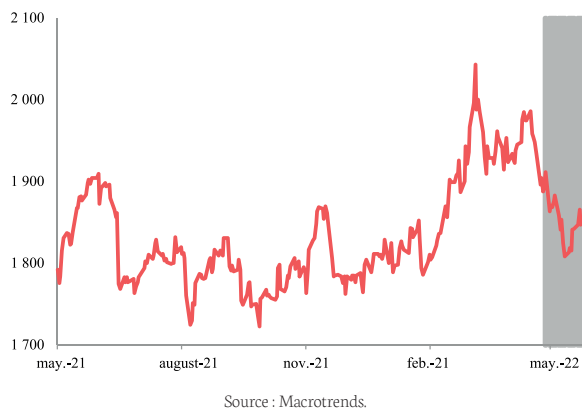
Source : Macrotrends.



- Gold

After falling during the previous month, gold prices rebounded in the month of May 2022. In the last week of the month, they were valued at USD 1,865 per ounce, a monthly increase of almost 3.15%. The easing of U.S. yields has reportedly restored the appeal of the yellow metal. Indeed, private investors have reduced their expectations of the Fed raising bond rates. This has led to the depreciation of the greenback, and therefore to an improvement in the attractiveness of gold as a store of value, given the negative correlation between the US currency and the yellow metal.

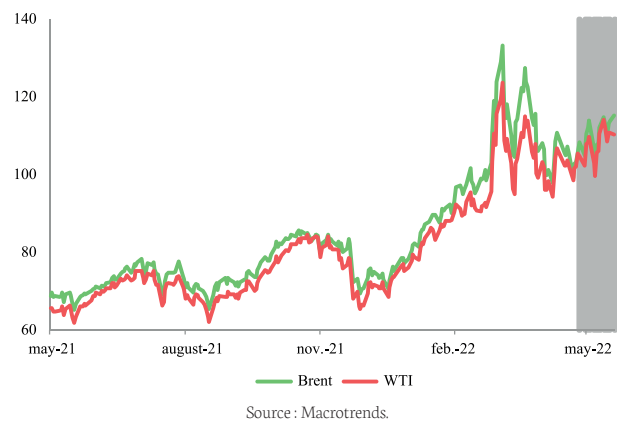
Figure 6 » DAILY EVOLUTION OF GOLD PRICES (IN USD PER OUNCE)



- Oil

After stabilizing in the previous month around an average of USD 100 per barrel, crude oil prices recovered and surpassed the symbolic USD 110 per barrel mark during May 2022, as shown in Figure 7. This rise occurred against the backdrop of the reopening of the Chinese economy after the gradual lifting of anti-Covid restrictions and discussions about a potential EU embargo on Russian oil. These two main factors related respectively to demand and supply in the market should keep black gold prices on an upward trajectory, especially in a situation where the release of reserve stocks by countries associated with the International Energy Agency (IEA) is quite paltry.

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



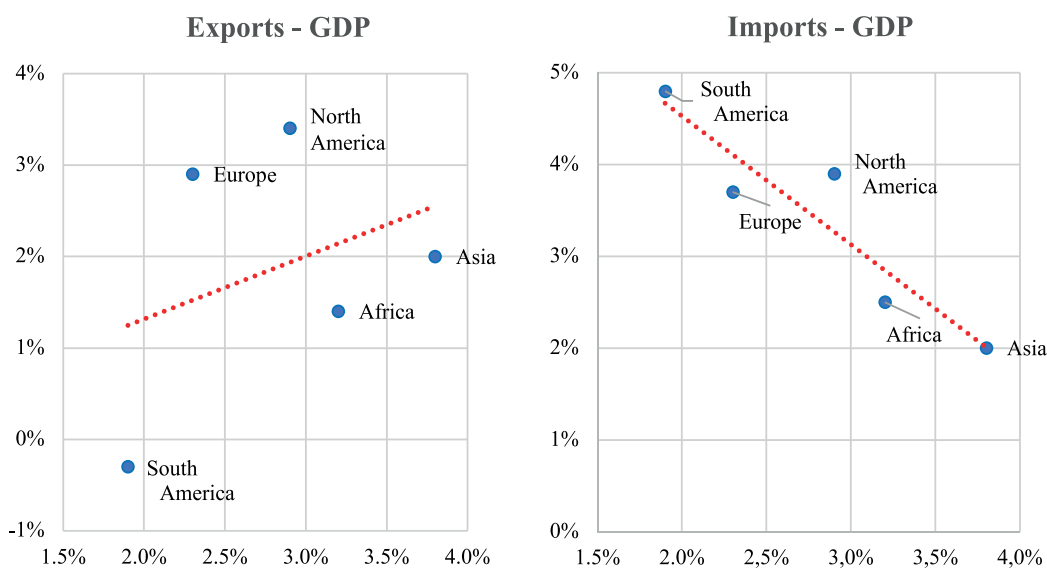


I.6. International trade

Since the outbreak of war in Ukraine, the outlook for the world economy has darkened considerably in terms of activity levels, leading the World Trade Organization (WTO) to reassess its projections for world trade over the next two years. As a result, this UN institution expects the volume of merchandise trade

to grow by 3.0% in 2022, compared with 4.7% in 2021. But these estimates remain rather uncertain, given the unpredictable nature of the crisis in Eastern Europe. Clearly, the conflict between Russia and Ukraine is driving the economic downturn and jeopardizing the fragile recovery in international trade.

Figure 8 » CORRELATION BETWEEN MERCHANDISE TRADE AND ACTIVITY LEVEL



Source: WTO.

Figure 8 shows that the decline in economic activity caused by the invasion of Ukraine is expected to result in (i) a slowdown in exports due to disruptions in raw material supply; and (ii) an acceleration of imports due to increased consumption needs accentuated by the disruption of shipping. In light of the above, greater diversification of global value chains would help mitigate the impact of future supply shocks by increasing the resilience of international trade to such shocks.





2. National context

II.1. Evolution of the national economy

The economic news of May 2022 was marked by several notable facts. More explicitly, these facts are presented as follows: (i) the announcement of the probable shortage of diesel and kerosene; (ii) the increase in fuel prices in all areas of the country; as well as (iii) the sounding of the alarm about the risk of collapse of the Matadi Bridge (Pont Maréchal).

1. Risk of gasoline and kerosene shortage

In a letter addressed to the Minister of Hydrocarbons, SEP Congo warned the supervisory authority about the crisis situation looming on the horizon in the supply of petroleum products. In fact, as early as April 2022, the country was faced with large influxes of cars to obtain fuel from service stations which, for the most part, were unable to adequately meet the needs of vehicle users. Short-term solutions were found, including increasing fuel prices. However, as SEP Congo has indicated, automobile and aviation service stations could once again run out of stock for a period of 10 days, resulting in long lines at the sales points and flight disruptions (cancellations or delays).

In the said correspondence of May 16, 2022, SEP Congo presented the current stock situation which is worrying with 2,967 m³ of diesel against an average daily consumption of 600 m³ (i.e. only a 5 days coverage), 2,355 m³ in Jet-A1 against an average daily consumption of 400 m³ (i.e. a 5 days coverage).

Thus, to remedy this upcoming crisis, SEP Congo has proposed a solution to the government. This involves reducing its deliveries in order to bridge the gap with the arrival of the next ship at its Kinshasa facility. This strategy will consist of expanding the quota of Jet-A1 and diesel fuel. Under these circumstances, SEP Congo will only deliver a maximum of 300 m³ of diesel and 250 m³ per day to provide a 10-day margin of coverage while waiting for the next supply.

Given the importance of fuel and its implications for the economy as a whole, it is clear that short-term measures will not allow the country to stabilize this sector. While it is true that the war in Ukraine has had unfortunate repercussions on both the global and African economies, the DRC needs to think deeply and implement relevant reforms to reduce the sector's vulnerability to this type of shock.

2. Fuel price increase throughout the country

On May 28, 2022, the Ministry of National Economy announced the increase in fuel prices in the various supply areas of the country. According to the same ministry, the new ministerial orders that enshrine the price increases of land and aviation fuels are consecutive to the persistence of exogenous shocks related to the price increase on the international level. Thus, this new fuel price structure should come into effect from May 30, 2022 and is as follows :



- **Ground Fuels**

	West Zone	North Zone	East Zone	South Zone
Gasoline	CDF 2 345	CDF 2 800	CDF 2 800	CDF 2 845
Diesel	CDF 2 335	CDF 2 750	CDF 2 750	CDF 2 840
Oil	CDF 1 950	CDF 2 300	CDF 2 300	CDF 2 400

- **Aviation Fuels (JET A1)**

	West Zone	East Zone	South Zone
International flights	CDF 2 999,97	CDF 3 048,22	CDF 3 247,27
Domestic flights	CDF 1 725,43	CDF 2 566,10	CDF 2 427,18

Despite this price increase, the government has indicated that it will continue to subsidize fuel prices at the pump in order to preserve the purchasing power of the population, with the exception of Jet A1 sold to international airlines.

It is true that, following the Russian invasion of Ukraine, the world market has been disrupted, especially in the energy sector, with repercussions on the Congolese economies, including the DRC, which is experiencing problems in terms of fuel supply and is being called upon to take certain measures to rebalance the supply of petroleum products in order to meet domestic demand. This situation shows once again the vulnerability of the Congolese economy to exogenous shocks. Thus, it would be wise for the government to carefully study the strategy for a return to true prices for petroleum products to avoid burdening public finances due to a lack of budgetary and financial discipline.

3. Risk of collapse of the Maréchal Bridge at Matadi

The Matadi Bridge (formerly known as the Maréchal Bridge) is 722 meters long and is the result of bilateral cooperation between Japan and the DRC. Built in reinforced concrete and steel in 1979, this infrastructure was commissioned in 1983 and was considered the longest suspension bridge in Africa (between 1983 and 2018).

Intended to be a combined road-rail bridge, the Matadi Bridge has not seen the construction of its railroad completed. However, it provides a road link between the cities of Matadi and Boma (two important port cities in the province of Central Kongo). As such, it is the only one that allows the crossing of the Congo River on its middle and lower course and is managed, from an administrative point of view, by the Organization for the Equipment of Banana-Kinshasa (OEBK).

It is within the framework of its attributions that the OEBK alerted the government on the risk of collapse of this infrastructure. Indeed, the director general of OEBK, Mrs Gloria TULUKA, indicated, on the occasion of the celebration of the 39ème anniversary of this work, that a threat of collapse weighs on the Matadi bridge. She said that it is established, based on technical reports of Japanese experts, the threat against the slopes, the presence of cracks and potholes requiring urgent work to stabilize this work to avoid a probable collapse with adverse implications on the entire economy. In addition, it has requested the replacement of the asphalt in order to preserve the metal structure against rainwater.

The causes mentioned for this degradation of the structure include:

- the large flow of heavy goods vehicles bound for the various ports, which poses a threat to the durability of the bridge and its dependencies ;



- the transformations undergone by the environment. Indeed, the environment of the bridge has changed significantly compared to the initial environment (when the bridge was built). The current environment is characterized by multiple constructions in the vicinity of the bridge as well as the creation of various ports. This coupled with the increase of heavy traffic on the roadway causes the accelerated deterioration of the bridge.

On the same occasion, she greeted the bilateral cooperation preserved with Japan which helped, until now, to preserve the Bridge by punctual interventions, by technical follow-ups and the reinforcement of

the capacities of the technicians of the OEBK. She therefore requested the support of the government to preserve this structure and avoid its collapse while indicating that the protection of the Matadi Bridge is a preventive measure for the deep-water port of Banana which cannot be dissociated from the Matadi Bridge and whose sustainability is linked to it.

The above elements reveal a lack of leadership and poor governance of public infrastructure, which is vital for the country's economic development. Thus, the government should take appropriate measures to preserve this type of infrastructure and build others to allow better connectivity between the various development poles of the national economy.

Box 1. Project to create the airline company “Air Congo”: what about the opportunity ?

For reasons of normalization of air traffic in the DRC and in order to have a supply of aircraft that can meet the surge in demand since the downward revision of air transport prices, the provisions for the effective establishment of a new airline were born in late 2021.

During the 49th meeting of the Council of Ministers held on April 15, 2022, the project of the creation of another national airline in partnership with Ethiopian Airlines was adopted. Shortly afterwards, on May 3, 2022, the delegation of the partner Ethiopian Airlines was led by His Excellency Mr. Cherubin Okende, Minister of Transport, Communication and Opening-up to the Prime Minister Sama Lukonde to discuss the prospective airline "Air Congo".

During his presentation to the Council of Ministers, the Minister went on to inform the members of the Council of Ministers that the new company that will be created will be launched with 7 aircraft that will serve the national and international networks, thus completing the national fleet that was previously carried only by the national airline Congo Airways. He went on to say that several countries have more than one airline, including South Africa which has about 4 and the USA 6; and that the creation of the new company in the Democratic Republic of Congo will not influence in any way, the smooth functioning of Congo Airways.

Secondly, the Minister of Transport, Communication and Opening-up informed the Board that a partnership contract for the acquisition of 7 aircraft was concluded last year with Ethiopian Airlines in order to promote the development of air transport in optimal conditions of safety and security in the Democratic Republic of Congo, through a national airline that is standardized, reliable and viable and whose shares are held in majority by the Democratic Republic of Congo.

Thus, faced with this opportunity that seems to be a boon for the transport sector, the Honourable Member of Parliament Munyomo Basilwango Patrick did not remain silent as he sees it as a problem.

In the same vein, Mr. Désiré BALAZIRE, Aviation Expert and former General Manager of Congo Airways, spoke about the problem of the recovery of Congo Airways and the opportunity to create the airline Air Congo.

Thus, the essence of the pre-named messages is presented below :

1. Viewpoint of the Honourable Member of Parliament Munyombo Basilwambo Patrick

As far as the Honourable Deputy Munyombo Basilwambo Patrick is concerned, he submitted his point of view by sending correspondence to the President of the Republic and the Prime Minister. From the said correspondence, the following points can be deduced :

- Buying aircraft from the Ethiopian Airlines partnership is a risk as the company has obligations of up to US\$2 billion. It would be better to use another company.
- The agreement signed between the Congolese government and Ethiopian Airlines is more favorable to the Ethiopian company than to the government. Their contributions will be remunerated upstream regardless of the results, whereas the government's contributions will not be remunerated because the net results will be in deficit.
- The MP Munyombo Basilwambo Patrick continues by castigating the government's decision, recalling that no country in Africa has more than one airline. The case of South Africa is not to be taken into account as the country has only one national company named South African Airways "SAA". The former South African Express "SAEX" and Mango are its subsidiaries, while Comair, Lulula, Cemair, Airlink and many others are private companies.
- In a media release, the Minister is said to have made a blunder by stating that Ethiopian Airlines will strengthen the capacity of the Congolese Civil Aviation Authority to respect international standards. For the Honorable Patrick, it is an insult to say that an operator will become a regulatory authority of a regulatory and supervisory authority of the DRC.
- For the deputy, the file is political than technical because the minister who has the civil aviation in his attributions substitutes himself to the minister having the portfolio in his attributions to write the statutes of a mixed company, to fix the capital, the distribution of the shares and to determine the organs of management.
- The recovery of the national airline Congo Airways is possible. For the time being, the reflections must be directed towards the possibility of enlarging its fleet by purchasing and leasing aircraft in order to continue to serve the population efficiently and to pursue the opening up of the DRC.

In addition, the MP notes that the best option would be for the government through the Minister of Transport, Communication and Opening-up to consider a strategic business plan for the aircraft to be acquired, and a study of the recovery of Congo Airways to make it more viable and competitive with other companies. This study, once completed, will allow the Congolese government to negotiate an amendment in which the order of aircraft will be accompanied by an operating account to further convince the supplier.

For the national deputy, it would be more judicious to rectify Congo Airways especially since it is experiencing surmountable difficulties. *Despite the difficulties that the company Congo Airways is going through, he said, the Congolese government must quickly make a diagnosis and propose a recovery plan for Congo Airways instead of considering the creation of another company. The creation of a new national company that will be added to Congo Airways is a suicidal measure that will not only discourage current shareholders, but will also lead to the bankruptcy of the national company, with the consequence of making more than 1,000 agents unemployed, he wrote to the Prime Minister in a letter.*

2. Viewpoint of Mr Désiré BALAZIRE

On his side, Mr. Désiré BALAZIRE expressed himself in the form of an interview about the problem of the recovery of Congo Airways and the opportunity of creating the airline Air Congo. The following lines present the essential questions and answers that characterized this interview.

Q1: What about the criticisms levelled at Congo Airways which are at the root of its difficulties (over-invoicing in the acquisition of aircraft, the technical condition of aircraft causing grounding for several months and the inadequacy of staff numbers in relation to the size of the fleet).

A1: The real difficulties of Congo Airways have been stated previously. The points you mention are simply the result of the denunciation of our compatriots.

According to him, it should be noted that :

- those who speak of overbilling must have some proof of it. The planes purchased by Congo Airways were young when they were acquired, seven years for the Airbus (A320) and six years for the Q400 ;
- Congo Airways' fleet reliability rate remained the highest in the DRC. These aircraft were maintained by the best in the industry, including Air France Industries (heavy maintenance) and Euwings (line maintenance) for the A320s and Ethiopian Airlines (heavy maintenance and line maintenance) for the Q400s ;
- Congo Airways' staffing levels were well matched to its fleet and operations. Until July 2021, the company had about 400 (four hundred) permanent and fixed-term employees. It was in the process of recruiting flight personnel and mechanics as part of its development program. In other companies, only the flight crew (technical or flight and cabin or commercial) is considered, with a small administrative support staff. The reality of the DRC is that it employs about a hundred security agents, 90% of whose tasks are normally assigned to the airport authority (RVA), ground staff, handling and commercial staff, while elsewhere these functions are outsourced. Subcontracting is a common mode in the industry.

Q2: Why has Congo Airways not been able to serve all the provinces of the country nor ensured reciprocity in international air relations, thus leaving the field free for the competition to take over all the air space of the DRC ?

A2: He said that when Congo Airways was created, it was assigned to serve fourteen airports in the first phase of its operations. In 2018, fifteen airports were served. The continuation of the service was done gradually with the upgrading of airports by the RVA.

The company's development program has been structured in such a way as to take into account the servicing of all the provinces with a view to opening them up.

With regard to reciprocity in international relations, Congo Airways had been designated as the DRC's "designated instrument" in several countries in accordance with bilateral air transport agreements. However, as the country is on the European Union's black list, Congo-registered aircraft are not allowed to make commercial flights in Europe, the Middle East, Asia and America. This has made code sharing with other international airlines non-operational.

With the assistance of IATA, the preparation of the TCO (Third Country Operator) certification process has been launched with workshops organized in Kinshasa and abroad.

Another way is the outcome of the ICAO audit of civil aviation scheduled for the second half of this year.

In spite of the difficulties encountered, Congo Airways has worked tirelessly on its missions.

Q3/ What about the opportunity to create a new national airline, Air Congo?

A3: On this subject, he pointed out that it is not appropriate to create a new national airline called "Air Congo". In addition, he indicated that in no country in the world are there two national airlines.

The Congolese state is called upon to support its national instrument. Congo Airways is a 100% state-owned company. The same causes produce the same effects, that is to say, without solving the causes at the base of the state companies, any newly created company will experience the same difficulties.

Congo Airways is certified IOSA in the same way as Ethiopian Airlines. A pride for the DRC. It is the only one for the moment.



It has built its reputation and relationships with world-class lessors who place aircraft with Ethiopian Airlines. There is no logic in looking for sub-leased aircraft while the national airline is able to get them. If Ethiopian Airlines gives collateral guarantees and its government issues the sovereign guarantee, it is not impossible for the DRC to do so. For a year, the Director of Cabinet of the President of the Republic had written, on behalf of the President of the Republic, to the Prime Minister requesting the convening of an ad hoc commission on the issue of the sovereign guarantee, but this has not been done.

Q4: What is your position on the benefits of creating Air Congo such as flexibility in operations, leasing new types of aircraft at lower cost, eliminating the risk of owning an outdated asset, having cash for other investments, and reducing the debt burden?

A4: To this question, he indicated that everything is in the model that Congo Airways is running. The Congo Airways fleet is made up of very young aircraft compared to other local operators. Why invent the wheel when the solution exists in the country? The company has invested in skills training and it has a development plan that is highly appreciated by the Republic's partners, including the American government, which has written a letter of support for the Congo Airways development program with the support of EXIM US.

The U.S. Embassy and Boeing have worked with Congo Airways and the Civil Aviation Authority to make the Cape Town agreement effective so that the DRC can qualify for OECD facilities to lease aircraft and obtain financing at reduced costs.

Q5: What about the exit ?

A5: Here he recalled that the President of the Republic had made an announcement to the people in front of the Parliament gathered in congress where he was pleased with the memoranda of understanding signed by Congo Airways and the airlines for the acquisition of eight new planes. The word of the Institution President of the Republic is an order.

According to the Constitution, it is the Government's responsibility to conduct the nation's policy. It is not acceptable to trivialize the promises of the President of the Republic.

In his opinion, if the Government avoids denying itself by having lifted this option in the Council of Ministers, the following avenues are proposed as a way out :

- to open the capital of Congo Airways ;
- evaluate the value of the company (business) through a study that can be carried out by a firm of experts ; ;
- To ask Ethiopian Airlines to pay a share premium in addition to the capital to be subscribed which could allow the exit of the state-owned companies and the public establishments as well as the payment of the commercial debt of the company ;
- negotiate a shareholders' agreement setting out the rights and obligations of the parties as well as the governance of the company while protecting the local workforce.

II.1.1. Economic activity

An International Monetary Fund mission visited Kinshasa as part of the second review under the three-year Extended Credit Facility (ECF) agreement. At the end of the mission, an agreement was reached with the Congolese authorities and it is being submitted to IMF management for approval and will be presented to the IMF Executive Board for discussion and decision at the end of June.

In the context of this mission, the implementation of the FEC-supported program was deemed satisfactory in that all the criteria for achievement by the end of December 2021 were met. However, other objective points were not achieved, such as health-related expenditures, where gaps in implementation and lack of coordination between implementing agencies were observed.

Regarding progress on the structural reform program, the IMF mission noted that the Congolese government is committed to increasing efforts to contain current spending and to adapt investment spending to absorption capacity. Among the reforms expected, the government will have to: (i) limit fuel subsidies (the elimination of subsidies for certain petroleum products, including JetA1 for the time being) while creating space for more effective targeted social transfers to protect the poor from future price adjustments; (ii) control the wage bill and continue reforming the civil service in order to control staffing levels and finance pensions; (iii) continue reforms on the mobilization of public revenues as well as on the diversification of the Congolese economy; and (iv) improve the business climate.

Regarding the Central Bank of Congo, discussions focused on reforms to strengthen the monetary policy framework, continue to increase international reserves and improve banking supervision, while supporting financial inclusion.

At the 116th meeting of the EITI-DRC Executive Committee held in Kinshasa on 26 May, the

preliminary results of the International EITI Secretariat's Validation of the EITI process were presented to the Multi-Stakeholder Group (MSG). It should be noted that this preliminary assessment indicates that the Democratic Republic of Congo has exceeded three EITI requirements, and has fully met 15 other requirements, of which it has largely met ten requirements and partially met two requirements. This draft report will need to be amended after the Executive Committee stakeholders make arguments in response to increase the country's score. According to the procedure for validating the assessment, the GMP has four weeks to respond to this draft assessment. For his part, the Minister of State, Minister of Planning, in his capacity as current Chairman of the Executive Committee, reassured the government's willingness to support the EITI process for good governance and transparency in the extractive industries according to the EITI standard.

Staying on the governance side, the technical coordination and planning unit for mining, supported by USAID and the consortium "madini kwa amani na maendeleo", organized in Kinshasa the round table on governance of the mining sector. The purpose of these meetings is to report on the recommendations of the mining conferences held in 2021 in Bunia, Bukavu and Goma. These exchanges should help improve understanding of the governance challenges facing this sector in these three provinces and propose solutions to address them. Monitoring and evaluation mechanisms were recommended in order to improve the sector.

The World Bank has announced that \$30 billion will be available to address food insecurity over the next 15 months. The funding is for existing and new projects in the areas of agriculture, nutrition, social protection, water and irrigation. Funding will focus on encouraging food and fertilizer production, improving food systems, facilitating trade and supporting vulnerable households and producers. For the World Bank, rising food prices have a devastating impact on the poorest and most vulnerable populations. Thus,

to stabilize markets, countries are called upon now to indicate future production increases in response to the Russian invasion of Ukraine. In addition, countries should make concerted efforts to increase energy and fertilizer supplies, help farmers intensify plantings and yields, and end measures that block exports and imports, favor biofuels over food, or encourage unnecessary storage responses. The World Bank's work is organized around priorities such as: (i) supporting production and producers; (ii) facilitating increased trade; (iii) supporting vulnerable households; and (iv) investing in sustainable food and nutrition security.

On the Congolese side, the government, through the Ministry of Agriculture, has put in place a national food security and nutrition policy with an operational action plan for 2021-2025. To address this problem, which is both cyclical and structural, the government has adopted a multisectoral, inclusive and synergistic strategic approach based on a few well-defined intervention principles. The agricultural intervention program season A 2022-2023 aims to establish an agricultural sector that could enable the country to cope with the adverse effects of climate change, the pandemic in Covid-19 and the effects of the Russian-Ukrainian crisis. The objectives of this program are: (i) the improvement of domestic supply; (ii) the diversification and improvement of agricultural productivity; (iii) the revitalization of the value chain; (iv) the improvement of the incomes of agricultural producers; (v) the creation of jobs and the fight against rural exodus; and (vi) the improvement of economic diversity and the balance of trade and the saving of foreign currency by reducing imports.

To achieve carbon neutrality in 2050 and meet the most ambitious goal of the Paris Agreement of "limiting temperature rise to 1.5°C above pre-industrial levels", while road transport accounts for nearly 20% of CO₂ emissions, the International Energy Agency

(IEA) projects that zero-emission individual cars (ZEV) should account for 57.5% of total sales in 2030 and 20% of the total stock of cars in 2030, then 86% in 2050. In addition, lithium requirements are expected to increase sixfold by 2030, or 500 kilotons, requiring the opening of 50 new mines.

The year 2021 has seen sales of electric cars explode worldwide but the future availability of raw materials such as lithium is a concern, said the International Energy Agency (IEA) in its annual report on the electrification of the fleet. These electric vehicles accounted for 5.9% of sales¹ or 6.6 million units sold, half of which in China and 2.4% of hybrids or 1.9 million cars sold². Sales of electric cars have doubled in one year and now represent 10% of new car sales. They have continued to accelerate in early 2022 with two million units sold in the first quarter (+75% year-on-year).

Indeed, the world production of lithium, excluding production in the United States, amounted to approximately 100 million tons. The major producers of this mineral are: Australia, Chile, China, Argentina, Zimbabwe, Portugal and Brazil. The Democratic Republic of Congo is considered the new destination for this market. China produces three quarters of the world's lithium-ion batteries, the dominant technology, and controls more than half of the processing and refining capacity for lithium, cobalt and graphite.

The 12 major global automakers (none of them Chinese) are: Tesla (100% electric), Mercedes-Benz (56% ZEV in 2029), BMW (45%), Volkswagen (43%), Nissan (22%), Honda (18%), Toyota (14%), Stellantis (ex-PSA-Fiat-Chrysler, 40%), Ford (36%), Renault (31%), General Motors (28%) and Hyundai (27%).

1. Study by "InfluenceMap" (think tank specializing in the relationship between the economic and financial world and the climate crisis), 05-19-2022.
2. European Automobile Manufacturers Association (ACEA) press release, 02-02-2022.

In addition, the Chinese electric vehicle market is expected to grow from 12% of production in 2021 to 40% in 2029. In the short term, sales could also be held back by rising prices for the raw materials used in batteries, as well as logistical problems related to the war in Ukraine and the Covid-19-related confinements in China.

The Agency also recommends extending these programs to trucks and buses, but also to developing countries, and to support them by setting up recharging networks. In view of the above, the growth of this industry could be slowed down by the lack of

raw materials. Hence, the need to take measures in advance. This situation could be advantageous for the Democratic Republic of Congo, which has a proven reserve of 132 million tons of lithium and 3,600 million tons of cobalt. It could play a large role in this growing industrial market and capitalize on the benefits of the energy transition.

Box 2. The Federation of Enterprises of the Congo (FEC) at the bedside of Congolese manufacturers

Called upon to work diligently to constantly improve its services and to contribute more effectively to the creation of a climate conducive to business, the Federation of Enterprises of Congo by its operation has the mission to accompany companies throughout their life cycle.

In addition, the FEC is also called upon to develop local resources, cultivate the spirit of entrepreneurship and boost the image of the Democratic Republic of Congo. Thus, following the logic of accomplishing the above-mentioned prerogatives, it addressed correspondences to the Prime Minister as well as to the Minister of Industry in order to guarantee the protection and the balance between the holders of foreign direct investments and the national economic operators.

In the correspondence addressed to the Prime Minister, it submits the concern of member companies about the collective mission orders that the Minister of Industry had signed in relation to the collection of information necessary for the identification and registration by stamping and barcoding of Congolese products from companies located in the various districts of the city of Kinshasa.

For the FEC, this initiative is similar to the one taken by the General Directorate of Customs and Excise (DGDA), which sought to disregard the laws in force, with the Excise Duty Traceability System (EDTS), the affixing of tax stickers on locally manufactured products. Indeed, according to the FEC, all these isolated, uncoordinated and incoherent attempts and actions, which are initiated at the level of the Government, do not bring added value to the local production.

The same applies to the stamps to be affixed to packaging in each province, which constitute an additional tax borne by the companies. It is the tax of stamping and conformity of packaging and parcels of an industrial or commercial nature which is provided for, for the benefit of the Ministry of Industry, in the Ordinance-Law n°18/004 of March 13, 2018 fixing the nomenclature of taxes, duties, taxes and fees of the Province and the Decentralized Territorial Entity as well as the modalities of their distribution.

In view of the above, the Federation of Enterprises of the Congo wonders about the ideal number and/or marks that should be affixed to a single product in the DRC for it to be compliant. In addition to this, we question the relevance of such actions as well as their finality.

In addition, it should be noted that to date, there are already 3 initiatives to mark the local production that are not coordinated but which may generate additional charges to local manufacturers. It is about :



- The affixing of stamps on packaging and packages of an industrial and commercial nature. With this system, a single product from a single manufacturer will have 26 different marks affixed to each province ;
- The implementation of a system of traceability and monitoring of excise products, reforms conducted at the level of the Ministry of Finance by the DGDA and which aims to affix tax stickers (fiscal signs) on local production ;
- The implementation of an integrated stamping and barcode system in the DRC, a reform initiated by the Ministry of Industry.

As an intermediary, the FEC thinks that the Government should rather commit itself to protect the local industry, fight against fraudulent imports, implement the Industrial Policy and Strategy Document (DPSI), initiate a view to make the national industry competitive.

In addition, it calls on the Prime Minister to fully play the role of coordinator of the governmental action in the implementation of a unique, harmonized and coherent system of identification of the products with the creation and the valuation of the label "made in DRC". This measure, according to the FEC, would avoid the country from spreading state resources too thinly and from multi-marking locally manufactured products with the affixing of several distinctive signs on one and the same product.

Therefore, it concludes in the correspondence with a request for the personal involvement of the Prime Minister to ask the Minister of Industry to cancel all these missions that he is conducting. Instead, it would be wise to take adequate measures that promote and increase the level of competitiveness of local industries in this context where the Covid-19 pandemic is curtailing the activities of economic operators and the effective implementation of the African Continental Free Trade Area (ACFTA).

In the correspondence addressed to the Minister of Industry, the FEC returned on the announcement that the Minister made on October 9, 2021, relating to the establishment of a unit of production of carbonated drink in the special economic zone of Maluku, in the periphery of Kinshasa. The said unit will be led by the company Varum Beverages, of Zimbabwean right, which has a franchise of Pepsi-Cola, American brand of carbonated drinks, by recalling that Pepsi-Cola had a factory of production of its drinks on the avenue of the Trade in Kinshasa-Gombe but which closed thereafter.

In order to propose their services and essential products, the FEC wanted to inquire about the situation of the project implementation while noting firstly that the Pepsi-Cola franchise has not yet presented its business plan to the ANAPI for its eligibility to the advantages registered in the code of Investments. Moreover, according to the information in their possession, the Varum Beverages company would request an exemption from customs duties and taxes on exports of its products to the Congo.

The FEC notes that this model of accompaniment of investment project by the Government does not exist in the Code of investments in force. In addition, the FEC informs that during the construction of some production units benefiting from the advantages of the investment code, imports of similar products were carried out in the marketing perspective to make their brands known before the local manufacture. Not being eligible for the provisions of the investment code, imports of finished products were taxed in accordance with common law. Their sale at competitive prices had not created economic distortions detrimental to the balance on the local market.

In addition, the FEC still makes known to the Minister of Industry that the imports in question, in particular of cement and dairy products taxed at 100%, answered the rule of the public finances which proscribes the prefinancing of the activities of trade through exemptions. Indeed, without this prohibition, the equipment and facilities of these two production units would have been pre-financed by the exemptions that these factories would have benefited.

In view of the above-mentioned elements, the FEC, through its correspondence, asks the Minister of Industry to reassure the national industry that no action of unfair competition will be undertaken by the Government in violation of the imperative provisions of Law No. 18/020 of July 9, 2018 relating to the freedom of prices and competition. The State also and above all has the obligation to protect its industry, especially after the weakening of the local industry faced with problems of competitiveness in a context of market opening with the FTA and the DRC's membership in the EAC.



II.1.2 Price dynamics

During the month of May 2022, prices moved upward overall in contrast to March and April 2022 when price dynamics were stable.

As for the year-on-year inflation rate, it stood at 7.64% during the same period, an increase of 5.92% compared to that recorded at the close of April 2022 where this rate was set at 7.22%.

As for the annualized inflation rate, it is expected to be 10.98% by the end of this year. This forecast is higher than that of the previous month, when annualized inflation stood at 10.66%, a positive variation of 3.03%. At the same time, this forecast is higher than the one made at the end of 2021, where this rate was 5.28% observed at the end of 2021.

The table below shows the evolution of inflation in May 2022.

Table 1 » INFLATION TRENDS (MAY 2022)

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.19	3.56	7.33	10.63
Week 2	0.23	3.79	7.45	10.73
Week 3	0.28	4.09	7.64	10.98

Source : BCC, mai 2022.

As in its previous monthly reports, Congo Challenge stresses that certain important developments may further compromise the macroeconomic framework. These include (i) political instability fueled by tensions among political actors and within institutions; (ii) insecurity in the east of the country and repeated incursions by armed groups, notably the M23; (iii) the significant expenditures that must be made

in preparation for the 2023 elections; and (iv) the continuing Russian invasion of Ukraine with its consequences for the dynamics of prices of fuel and other products imported by the DRC.

II.1.3 Exchange rates and foreign exchange reserves

Throughout April 2022, the time profile of the exchange rate remained stable, as it has since the beginning of the year, both on the interbank market

and on the parallel market. However, compared to its level at the end of May 2022, the exchange rate experienced a very slight depreciation of 0.01% on the interbank market where it fell from 2,004.40 at the end of April 2022 to 2,004.55 in the third week of May 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of April 2022 and the third week of May 2022, from 2,029.17 to 2,035.67 (a positive variation of 0.32%).

Table 2 » EXCHANGE RATES TRENDS

	Closing april 2022	may 2022			Variation april – may 2022
		Week 1	Week 2	Week 3	
Interbank market	2 004.40	2 002.91	2 004.13	2 004.55	0.01%
Parallel market	2 029.17	2 035.00	2 035.00	2 035.67	0.32%

Source : CBC.

Foreign exchange reserves improved between April and May 2022, rising from USD 2.95 billion at the end of April 2022 to USD 3.79 billion in the third week of May 2022, a positive change of 28.47 percent. In terms of months of imports, the Congolese economy has increased its capacity compared to the end of April 2022. The coverage of imports by foreign exchange reserves rose from 2.57 to 3.30 months between April and May 2022, an increase of 28.40%.

This increase in foreign exchange reserves between April and May 2022 would be due to purchases of foreign currency by the Central Bank of Congo on the foreign exchange market, as funds related to IMF support under the Extended Credit Facility (ECF) have not yet been disbursed. The pattern could be as follows:

- Stage 1: Companies operating in the Congolese territory have realized revenues valued in foreign currency ;

- Stage 2: In order to meet their operating expenses, they went to the foreign exchange market to convert these foreign currency assets into domestic currency ;
- Stage 3: In turn, the monetary authority received these assets in exchange for an equivalent amount of domestic currency, which would have caused the foreign exchange reserves to increase from US\$2.95 billion to US\$3.79 billion between the two months mentioned above.



Table 3 » FOREIGN EXCHANGE RESERVES TRENDS

	Closing april 2022	may 2022			Closing april – may 2022
		Week 1	Week 2	Week 3	
In billions of USD	2.95	3.57	3.79	3.79	28.47%
In months of imports	2.57	3.11	3.31	3.30	28.40%

Source : BCC.



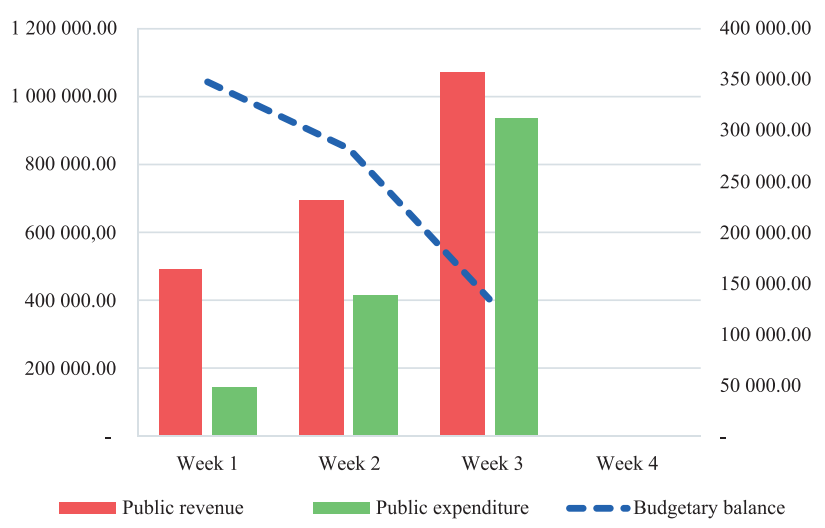
II.1.4 Public finance

CTR (Ministry of Finance) statistics show that in the third week of May 2022, the Treasury recorded a surplus of 134,309 million CDF. This surplus is the result of an expenditure level of 935,271 million CDF against revenue of 1,069,580 million CDF. The cumulative balance for the month of May shows a surplus of 1,328,070 million CDF. It should be noted that capital expenditure for the month of May was 71,737 million CDF, or 7.67% of total expenditure. In this third week, it can be seen that the government is not investing sufficiently in capital and is spending

more on operations and staff remuneration. This trend must be reversed if the country is to achieve strong and sustained growth. Only then will the country be able to aspire to its development.

Expenditures on salaries accounted for 40% of total expenditures. As the payroll operation for civil servants continues, it is possible that these figures will change.

Figure 9 » PUBLIC SECTOR AGGREGATES AS OF MAY 2022 (IN MILLIONS OF CDF)



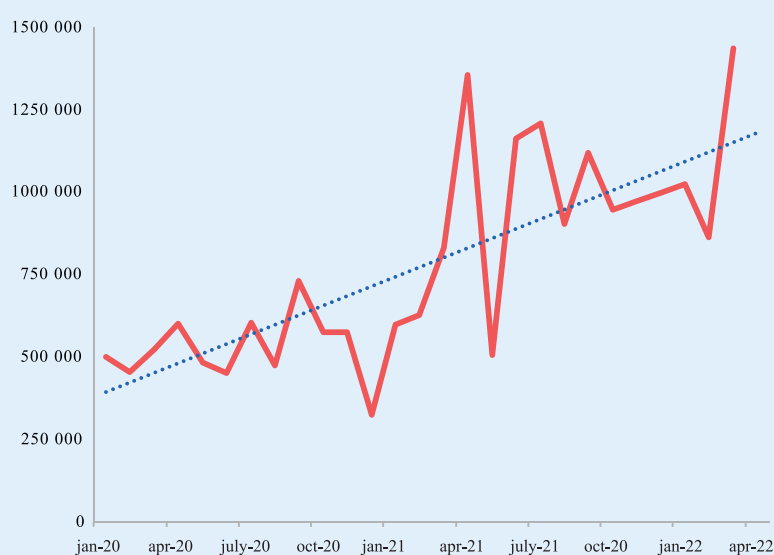
Source : Congo Challenge based on CTR data.

Box 3. Non-real performance of tax authorities in collecting public revenues in the DRC

Among the objectives of any modern State, economic development occupies a primordial place. Achieving this goal requires the mobilization of significant financial resources by the government. It is in this respect that the financial authorities have the task of collecting public resources intended to finance the economic development process.

In the Democratic Republic of Congo (DRC), there are three tax authorities whose mission is to raise the resources necessary for the production of public goods and services: (i) the Direction Générale des Impôts - DGI in acronym - responsible for collecting domestic taxes (fiscal revenue); (ii) the Direction Générale des Douanes et Accises - DGDA in acronym - responsible for collecting customs duties (customs revenue); and (iii) the Direction Générale des Recettes Administratives, judiciaires, domaniales et de Participation - DGRAD in acronym - responsible for collecting taxes (non-tax revenue). While these three administrations have administrative and financial autonomy, they are under the supervision of the Ministry of Finance.

Figure 10 » MONTHLY EVOLUTION OF PUBLIC REVENUES IN DRC



Note: Data are expressed in millions of CDF.
Source: Department of Finance (CTR data).

Since the end of 2021, there has been a sustained increase in public revenues collected by the financial authorities in the DRC. The average level of revenue in the first quarter of 2022 is almost double that of the first quarter of 2021. In fact, revenues rose from 685,395 million CDF to an average of 1,108,445 million CDF over the quarter, representing a 61.72% year-on-year growth rate.

Table 4 » AVERAGE COMPOSITION OF GOVERNMENT REVENUES IN DRC

	Q.I 2021	Q.II 2021	Q.III 2021	Q.IV 2021	Q.I 2022
Tax revenues	76.04	72.64	81.21	80.81	74.08
Non-tax revenues	20.21	18.04	15.85	15.69	20.32
Oil revenues	03.20	03.46	02.90	03.38	05.45

Note: Data are expressed as a percentage by quarterly average.
Source: Congo Challenge.

In terms of their contribution to this high level of resource mobilization, the DGI and DGDA continue to dominate, accounting for more than 75% of total revenues. As Table 4 shows, tax revenues are the main financial resources collected by the Congolese economy, and this state of affairs has remained unchanged throughout the period under review (see Figure 11).

Figure 11 » EVOLUTION OF GOVERNMENT REVENUE SHARES BY CATEGORY IN DRC



Source : Ministry of Finance (CTR data).

In light of the above facts, is it technically reasonable to conclude in favor of commendable performance on the part of the financial authorities? Theoretically, public revenues are characterized by a structural component and a cyclical component. The first relates to the mechanisms put in place by the public authorities for optimal collection of resources. The second is linked to movements in the economic situation. Thus, in order to provide the State with more resources, it is necessary to act on the structures of the economy, particularly by diversifying the productive base. It is therefore understandable that the performance of a financial authority is assessed through the structural component of public revenues.

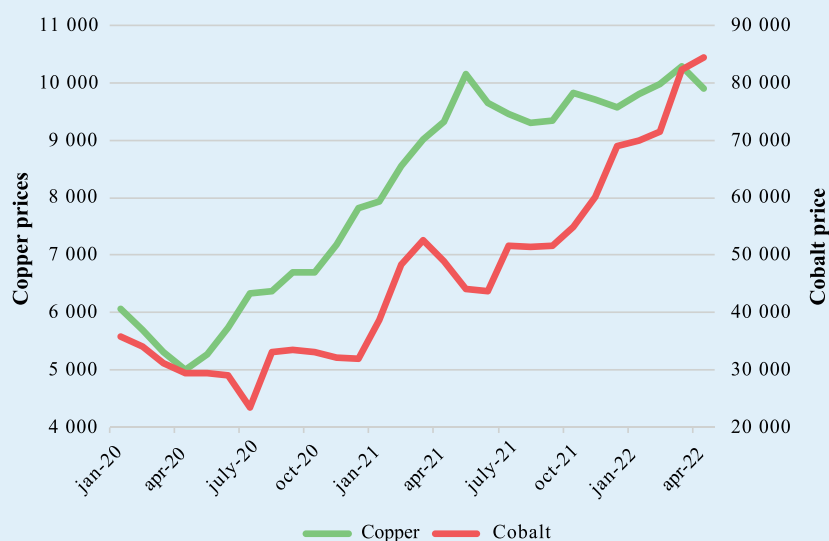
During the last few months of 2021 and particularly during the month of March 2022, the financial authorities achieved execution rates of over 100%, as shown in Table 5 in the appendix. This increased mobilization of public resources, while beneficial to the Treasury, coincided with a period of improvement in the price of mining products, and therefore a favorable change in the economic situation.

Driven by strong supply pressures following fears of tight energy supplies in Europe and Asia since the last quarter of 2021, the upturn in mining commodity prices consolidated in the first quarter of 2022, particularly following the remarkable increase in Chinese imports, prior to the implementation of sanitary restrictions in China³. Figure 3 shows that copper and cobalt prices have shown solid upward trends over the past twelve months.

3. Since the end of March 2022, China has been facing a severe wave of Covid-19 which has forced it to lift new restrictive measures to contain the spread of the disease. As a result of these restrictions, there are concerns that China's imports of copper and cobalt may be reduced, leading to a slowdown in Chinese manufacturing and service activity, and therefore a drop in the price of the copper-cobalt metals.



Figure 12 » PRICE DYNAMICS OF METALS IN THE COPPER-COBALT INDUSTRY



Note: Copper and cobalt prices are expressed in USD per metric ton.
Source: Macrotrends.

In the DRC, the mining sector is the main source of government revenue. It is therefore not unreasonable to speculate that the apparent performance of the tax offices is the result of a rather favorable evolution of the global economic situation, particularly in the commodity market. Real performance should be the result of a series of actions designed to combat the under-utilization of state resources, and thus of the structural component of revenues.

In addition, the revenues collected do not reflect the fiscal potential of the tax authorities, a significant part of which is burdened by exemptions and under-exploited activity in terms of litigation and collection. This means that the efficiency of public revenue collection in the DRC is undermined by the lack of rigor in the management of litigation cases related to fraud in the payment of duties and fees owed to the State. The under-utilization of the litigation activity thus remains one of the structural problems that the financial administrations are called upon to overcome. For example, over the last three years, the proceeds of litigation have averaged 0.17% of revenues, which is well below the internationally accepted threshold of 5%. Therefore, to assess the performance of the tax authorities, we should not focus on the cyclical component of revenues, but rather on the structural component, particularly their capacity to manage tax litigations.

Moreover, as a percentage of GDP, government revenue represented nearly 10.8% of tax pressure in 2021. Although this is a significant increase compared to 2020 (6.7%), the tax burden remains below the African average of around 20%. Indeed, the standard tax burden for mining countries is 20%, which is the average for sub-Saharan Africa. Having a tax pressure below this standard thus reveals a problem of low government revenue collection. In other words, economic growth does not provide the state with sufficient financial resources. There is therefore a problem of under-utilization of public revenue that can be attributed to three main factors: (i) the predominance of the mining sector in exports, resulting in poor diversification of the economy; (ii) poor economic performance, which does not stimulate a broadening of the tax base; and (iii) the persistence of corruption, which reflects the weakness of the institutions.



In light of the above, considerable efforts will be needed to structurally improve the collection capacities of the tax authorities. These reform efforts include: (i) integrating the IT systems of the tax authorities in order to promote real-time access to data between these tax administrations; (ii) merging the tax authorities in order to implement integrated tax procedures; and (iii) promoting tax compliance in order to prevent tax evasion or avoidance. Only in this way will it be possible to provide the DRC state with the financial resources that are essential for financing the economic development of the DRC.

Appendix

Table 5 » **ACHIEVEMENT OF BUDGETARY ASSIGNMENTS BY THE FINANCIAL AUTHORITIES (IN MILLIONS OF CDF)**

	DGI			DGDA			DGRAD		
	Forecast	Realization	Recovery rate	Forecast	Realization	Recovery rate	Forecast	Realization	Recovery rate
Jan-21	396 032	317 896	80.27%	217 227	174 368	80.27%	141 433	84 348	59.64%
Feb-21	396 032	306 060	77.28%	217 227	167 876	77.28%	141 433	109 985	77.76%
March-21	396 032	376 621	95.10%	217 227	206 580	95.10%	141 433	240 869	170.31%
Apr-21	396 032	760 503	192.03%	217 227	417 142	192.03%	141 433	153 944	108.85%
May-21	396 032	222 905	56.28%	217 227	122 265	56.28%	141 433	133 491	94.38%
June-21	396 032	472 676	119.35%	217 227	259 267	119.35%	141 433	190 998	135.04%
July-21	396 032	654 092	165.16%	217 227	358 775	165.16%	141 433	187 708	132.72%
August-21	396 032	480 084	121.22%	217 227	263 331	121.22%	141 433	124 514	88.04%
Sept-21	396 032	561 773	141.85%	217 227	308 137	141.85%	141 433	204 469	144.57%
Oct-21	396 032	499 709	126.18%	217 227	274 095	126.18%	141 433	130 501	92.27%
Nov-21	396 032	520 372	131.40%	217 227	285 429	131.40%	141 433	156 515	110.66%
Dec-21	396 032	503 176	127.05%	217 227	275 996	127.05%	141 433	171 872	121.52%
Jan-22	573 457	485 980	84.75%	325 011	266 564	82.02%	186 774	187 229	100.24%
Feb-22	573 457	408 818	71.29%	325 011	224 240	68.99%	186 774	166 984	89.40%
March-22	573 457	700 545	122.16%	325 011	384 255	118.23%	186 774	335 824	179.80%

Note: The monthly forecasts are obtained on the basis of a linear disaggregation of the amount voted during the year in question.
Source: Budget Act (Fiscal Years 2021 & 2022) and CTR data (Ministry of Finance).

II.2. Evolution of the political situation

The political news of the month of May was dominated by :

I. The advent of the Leadership and Governance for Development (LGD) party in the DRC's political space

It is in the first week of the month of May that the honorary Prime Minister has chosen to make his first political exit since his departure from the PPRD and the FCC, after his resignation in February 2021.

To this end, on Tuesday, May 03, 2022, this exit was materialized by the launch of the activities of the political party Leadership for Governance and Progress (LGD), which was born in December 2021.

By this act, Matata Ponyo Mapon has chosen to fly on his own wings, thus assuming his new status.

Also, on the sidelines of the official launch of his party, Senator Augustin Matata Ponyo announced that he accepted the decision of the participants of the first congress of his party who expressed the wish to see him run as the candidate of the LGD in the next presidential election in the Democratic Republic of Congo.

With his rich experience acquired over time, successively as Director General of BCECO, Minister of Finance, and Prime Minister of the DR Congo, Mr. Matata revealed that his -presidential ambitions were based on the right line of Congolese political icons such as Lumumba, Mobutu, the Kabila fathers and sons as well as Etienne Tshisekedi and, further on, the South African Nelson Mandela. Moreover, his candidacy is motivated by "the instability and precariousness in which the country is stagnating and which requires the establishment of leadership and quality governance," he said.

Moreover, taking advantage of the opportunity, Matata Ponyo Mapon who has been under judicial pressure for nearly a year, especially in the case of the management of the agro-industrial park of Bukanga Lonzo, warned his political enemies who continue to be active to mount other false cases against him in order to prevent him from going to the end of his process.

Indeed, commenting on a Tweet made public, Matata maintained that "after having been victim of several montages of false files (Bukanga Lonzo, Zairianization, ...) to imprison him in order to limit his electoral rights and to force him to enter the sacred union, God supported him and said he was more than happy to have shared his vision and his ideas-pivots for the development of the DRC within the framework of the first Congress of his political party LGD. He continued that "he knows that his political enemies, angry, are on the lookout to mount other false cases against him. But that all in all, he believes in the strength of Justice and in the power of Truth".

Beyond that, Matata Ponyo decided to reveal all the secrets, especially about the pressure exerted on him to join the Sacred Union. *"I was asked to join the Sacred Union and I refused. I was asked to say that I will not be a presidential candidate in 2023, I refused. Yesterday, I accepted the choice of my Party, LGD, to be a candidate for President in 2023. I will therefore be a presidential candidate in 2023,"* he said on his Twitter account. Visibly determined, the former Prime Minister wants to go all the way to conquer power and do things differently.

On the judicial level, a few months after the Constitutional Court declared itself incompetent to judge the former Prime Minister (see the ruling of November 15, 2021), the Attorney General of the Court of Cassation, in a letter to the President of the Republic dated February 2, 2022, stated that *"all offences committed by the Prime Minister during or on the occasion of the exercise of his functions can only be judged by the Constitutional Court (Articles 163 and 164 of the Constitution). Thus, having declared itself incompetent*



to hear the case against the defendants Matata Ponyo and Cie, no other court can take action for the same offences against the former Prime Minister”.

According to some sources, as soon as the creation of Matata Ponyo's party was announced, the Attorney General at the Court of Cassation was ordered to send back the former Prime Minister's case so that it could be quickly determined, at all costs. In this way, Matata Ponyo would pay for his repeated refusal to join the ranks of the Sacred Union and his determination to be a candidate in the next presidential election.

Also, if this rumor were to come true in the following weeks, we should expect a new legal battle for the former Prime Minister.

II. Controversies around the draft electoral law under discussion

During the March session, the National Assembly lined up for discussion and adoption, the bill known as "Lokondo", the work of the group of 13 personalities (National Deputies, former ministers) set up in August 2020 and which made proposals for electoral reforms aimed at improving the organization of elections held in December 2018.

This revision proposal presented some 40 articles that were condensed into 18 reforms, which can be summarized in a few principles, the first of which is the imperative of transparency of the process, of the integrity of the chain of transmission of results in order to have institutions led by legitimate actors.

In general, this proposed law made four demands, namely: (1) the implementation of the system of proclamation of results polling station by polling station. This will introduce transparency and put an end to the pressure, tensions and electoral fraud that the nation has witnessed in each electoral cycle, before, during and after the elections, and this since 2006; (2) the equal representation of women, because this is not a gift, but an imperative requirement of the Constitution (3) the elaboration of an electoral map

before, in order to give the Congolese in urban or rural areas the possibility to know their polling stations long before the polls; (4) the introduction in the law, of the rules of concomitant use of the voting machine and the traditional manual procedures as well as the geolocation of these machines to avoid any fraud (case of the use of machines kept in private homes).

This bill was therefore discussed and exchanged until the plenary session of Thursday, May 12 at the National Assembly, which rejected 12 of the 18 suggested innovations, two of which were considered crucial because they bring an aspect of transparency and credibility to the elections.

The first proposal concerns the institution of a transparent system of results management through their traceability, segmentation and digitization within the framework of the National Center for the Centralization and Publication of Results (CNPR), which publishes progressively as they are transmitted.

The second concerns the obligation to publish the results office by office at the level of the voting center and to consolidate them into a provisional result at the local results compilation center as the data is received, before processing.

These two beautiful and deliberately rejected ideas, when put to music, should bar the road to electoral fraud.

By blowing up what is considered the lock of the electoral law reform meant to discourage cheating, the G13 already sees a way for the USN to prepare the bed for electoral fraud. It believes that the shadow of fraud in the 2018 elections with the voting machine and the major pawn Corneille Naanga as president of the Independent National Electoral Commission (CENI) is already taking shape for 2023.

Also, the rejection of these two key proposals risks plunging the country into a crisis of legitimacy so decied in DR-Congo.



Many national elected officials as well as some ordinary DR-Congolese regret the efforts made by the initiators of the reform of this text, which was aimed at putting an end to cheating and electoral crises experienced especially in 2018.

Many political actors argue that the two rejected proposals are similar to the French electoral law where "the results of each polling station are the subject of a detailed report drawn up in duplicate and are published and posted outside the polling station. If there are several polling stations in the municipality, the reports are sent to the town hall where a centralized report is drawn up, also in duplicate. The results are published by the president of the centralizing polling station and posted at the town hall.

Also expressing himself on the issue during an exclusive interview granted to the Journal Ouragan.cd, on Sunday 1er May 2022, the National Deputy Jacques Djoli was keen to point out that the G13 had wanted to touch the *threshold, the reduction of the deposit, the publication of the results polling station by polling station, the voting machine, putting aside any matter that could lead to constitutional revision* "the G13 did not touch the non-revisable matters of the Constitution. That is why the group refused to discuss issues related to the one- or two-round presidential elections, as well as *universal suffrage for provincial deputies and senators, so as not to give the slightest hint of a break to the pro-constitutional revisionists. In addition, the G13 suggested in its proposal that a threshold for the admissibility of candidacies be adopted instead of the threshold for the distribution of seats.* Finally, to put an end to injustice, the G13 proposes a majority vote instead of proportional representation, considering that the problem of minorities does not arise.

Reacting from outside the hemicycle on this important issue, Lamuka and the FCC insisted on consensus around electoral reform. To this end, representatives of political parties, among others, Joseph Kabila's Common Front for Congo, Martin Fayulu's Lamuka, who were joined by the Ministry of Protestant Laity

(MILAPRO) as well as the Council of Catholic Laity (CALCC), are constituted as social and political forces of the nation to make a declaration and to organize a sit-in in front of the palace of the people on Friday, May 6, 2022, calling the Congolese population to the total mobilization to block the road to the passage in force on the electoral reforms ". Taking advantage of this gathering, these forces wanted to inform the national and international public opinion of the resumption of public and peaceful demonstrations to obtain a consensus around the electoral reforms for free, inclusive, credible, impartial and peaceful elections within the constitutional deadline.

In a letter dated May 11 addressed to President Mboso of the National Assembly, Joseph Olenga Nkoy, President of the National Council for Monitoring the Cenco Agreement and the electoral process (CNSA), recommended that the latter seek the broadest and sincere consensus possible, for this issue of vital interest to the country, between political actors, civil society and the living forces of the nation around the electoral law currently under consideration in the lower house of Parliament. In this regard, the CNSA recalls that the President of the Republic, Head of State, himself, during his inaugural speech to the supreme magistracy of the country, January 24, 2019, had promised the people, "the *adoption of an electoral law guaranteeing fairness for all citizens.*" He did not cease to recall it several times in his speeches on the state of the nation, before the two chambers of the Parliament gathered in Congress. By this act, it is a commitment made by him before the people of which the National Assembly is the emanation". "The CNSA encourages the National Assembly to ensure that this issue of vital interest to the country, is treated with the utmost attention by the national deputies, in search of a consensus that is truly sincere in order to avoid the country of unfortunate events likely to break the hard-won peace," he warned.

For the President of the CNSA, the Parliament must avoid reproducing the undemocratic practices of the Mobutu and Kabila father and son regimes, under the reign of the son of the Maximo leader, Étienne



Tshisekedi Wa Mulumba, who fought for democratic change and the emergence of a rule of law in the DRC.

It is inadmissible that while the son of our icon of the struggle for democracy is at the head of the country, that he knows what was decried as a practice by the various past regimes, this is a duty of memory," said Joseph Olenghankoy.

Finally, the president of the CNSA holds Christophe Mboso personally responsible in the event that the parliamentary majority forces the new electoral law through. *"That is why the CNSA urges you to do everything possible to obtain the sincere consensus that is so badly needed on this issue, at the risk that you alone will incur and assume your responsibility before the nation and history. The country is in dire need of peace and true democracy,"* he warned.

III. Shadow of corruption tainted governors' elections in several provinces

After several postponements, the Independent National Electoral Commission (INEC) finally organized on Friday, May 6, 2022, the election of governors in the following provinces: Kasai Oriental, Maniema, Kongo Central, Tshopo, Bandundu, Tanganyika, Sankuru, Mai Ndombe, Kinshasa.

The gubernatorial and vice-gubernatorial candidates had two days to campaign, where some candidates did not hesitate to go against the political options raised by their parties or groupings on the different tickets.

In addition, suspicions and accusations of corruption of MPPs were reported from almost everywhere. And in most cases, it was people presenting themselves as delegates of the Sacred Union of the Nation, the presidential platform, who were suspected of engaging in open acts of corruption.

According to some rumors relayed by certain candidates, delegations of the Sacred Union of the Nation, including advisors to the President of the

Republic, have been deployed in twelve of the fourteen provinces concerned by the election of governors and vice-governors. Their mission would be to elect the candidates supported by the government.

This is the case of Diomi Ndongala, the unsuccessful candidate in the Central Kongo election, who claimed to have evidence of corruption of the provincial deputies. As a reminder, after being eliminated from the race in the first round of the governors' elections, Diomi Ndongala claimed that the provincial deputies had been bought after being reduced to begging.

"When the elections are tainted by such ignominy, by widespread corruption where deputies have been bought after being reduced to begging for hundreds of thousands of dollars. There are candidates who have offered more than \$100,000 to each deputy, this is unacceptable. They have bought the conscience of our deputies to colonize this province and make it pass under the control of dark forces", he had decried.

This is also the case of Jules Tsumbu Nlenda, Advisor in charge of politics and communication of the interim governor of Central Kongo who, speaking on radio Top Congo, claimed to have a video where some militants of a political party of the Sacred Union went to ask for money to a provincial deputy and this one spread out the plan which was concocted by people who came from Kinshasa to come and support theirs and a significant amount of money was given.

Mr. Jules Tsumbu Nlenda (photo) said he was "disappointed with the way things went for the election of governors and vice-governors. Money has circulated, we denounce and we have all the evidence. He said that he is ready to help in the demonstration of the truth during the period of electoral disputes the candidate he supports and asks that the election be annulled. Reacting to the allegations of corruption against the deputies of the province of Kongo-Central, propagated by Eugène Diomi Ndongala, the President of the Provincial Assembly of this province, Jean Claude Vuemba came out of his silence to enlighten



more than one. Jean Claude Vuemba seriously reframed Diomi Ndongala while denouncing the approach taken by the latter before the holding of the elections of the governors, to reach the governorship of the province. "Diomi Ndongala offered me a check for \$50,000 and promised me 6,000 bags of cement. I refused. How do you expect us to entrust the province to a rapist governor who won't know how to visit a girls' school," said Jean Claude Vuemba in a firm tone.

For its part, still addressing the issue of corruption during this election, the Union of Young Congolese for Change (UJCC) was quick to express its views in the aftermath of the electoral process that led to the organization of these elections.

According to this organization, the reality on the ground has shown that the political system that the youth organizations continue to fight until today has not allowed these elections to be based on democratic values and practices. *"It is here the place to denounce with vehemence, the corruption, the intimidations towards the candidates and even the voters, the diktat and the establishment of the unique thought wanting to transform the provincial deputies to the sounding boards, to the persons having to think by proxy, worse still to the sheep of panurge"*, denounced the coordinator of the UJCC Mukenge Totoro.

The UJCC thus called to the conscience of all the institutions of the Republic that the democracy in DRC must be progressive and not regressive so that the Congolese do not lose hope in the future because the victory of a political grouping on the others is not necessarily the victory of the people.

For Patrick Muyaya, Government Spokesperson and Minister of Communication and Media: *"Here the main concern is to have leaders who will be accountable to the population. We do not want to perpetuate practices where you have leaders who are only accountable to those who gave them money or sponsored their campaign because it is imperative to give such and such an amount during the campaign. He added: "The elections are in 4 days, and*

they should not be the result of who has more money, but the result of who has the best ideas about the population. Following the example of what we see, we need a model of leaders who put the needs of the population first".

IV. Precipitous and controversial departure of Mr. KALUBA, president judge of the Constitutional Court

In a service announcement dated May 9, the chief clerk of the Constitutional Court informed the members of the court that "following the instructions of His Excellency the President of the Republic, Head of State (...) and in accordance with the provisions of Articles 158 paragraph 4 of the Constitution and 6 paragraph 2 of the organic law, it will be proceeded to the drawing of lots of one member per group.

The presence of all at this session was highly desired, even if the closed session had been decreed.

On Tuesday, May 10, 2022, by reading the minutes of the draw made by the chief clerk of the Constitutional Court of the Democratic Republic of Congo, two judges of this court left the Constitutional Court. These are Judge Kaluba Dibwa, the current president of this high court, and Judge Evariste Funga. This information has been widely reported and has caused a great deal of controversy among the public.

Around this draw that led to the eviction of Dieudonné Kaluba, there is a lot of confusion about the conduct of this procedure provided by the provisions of the organic law of October 15, 2013 and framed by the rules of procedure of the high court. A confusion that casts a thick cloud more on the interpretation of the time of the draw than on the modalities of designation of high magistrates of this court.

To this end, in accordance with article 158 of the Constitution of 18 February 2006, "the Constitutional Court shall comprise nine members appointed by the President of the Republic, three of whom shall be appointed by the Parliament meeting in Congress



and three appointed by the Supreme Council of the Judiciary.

Two-thirds of the members of the Constitutional Court must be jurists from the judiciary, the bar or university education.

The term of office of the members of the Constitutional Court is nine years and is not renewable.

The Constitutional Court is renewed by thirds every three years. However, at the time of each renewal, one member per group will be drawn by lot.

The President of the Constitutional Court is elected by his peers for a period of three years, renewable only once. He is invested by order of the President of the Republic."

It should be noted that there is, on the one hand, the term of office of the member of the constitutional court which is nine years, and on the other hand, the term of office of the president of the constitutional court which is three years.

With regard to this draw, if Judge Funga was almost at the end of his mandate, the case of Presiding Judge Kaluba is interpreted as an act of rejection on the part of the power that brought him in only a few months ago. Indeed, judged as not very docile, Kaluba seems to have paid the price of the position of the Constitutional Court in the judicial procedure initiated by the Prosecutor General's Office and which led to the ruling delivered under RP 0001 on November 15, 2021, having decreed the incompetence of judging the honorary Prime Minister Matata Ponyo Mapon. Also, the regime in power does not feel more reassured about the loyalty of this nerd who would obey more his books than the political will that made him pass from the shadows to the light. The constitutional judge who cleared Matata Ponyo and the lawyer who pleaded for the "intellectual crime" of Vital Kamerhe seem not to understand.

Curiously, the result of this draw was already known in advance because several sources on social networks

(including Jeune Afrique) spoke of the eviction of Dieudonné Kaluba who was no longer in good standing with the presidential camp.

For Noël Tshiani, a former presidential candidate, the intervention of the President of the Republic is even to be welcomed: *"I welcome the decisive action of President Félix Tshisekedi to clean up the Constitutional Court of the seeds of corruption. My wish is that these corrective actions extend to all levels of all jurisdictions of justice to root out corruption from the system. Bravo! Well done,"* said Mr. Tshiani.

In view of the facts, particularly as regards the deposed president of the constitutional court, the procedure initiated is irregular.

For some, the procedure for the removal of these judges is not regular. This is rejected by the supporters of the current government. It is for this reason that the members of the Cabinet Kaluba have cried to a masquerade, an irregularity and a suicidal fraud to the rule of law.

For Patrick Nkanga, rapporteur of the political bureau of the PPRD, *"The Constitutional Court, the highest judicial authority of the Republic, whose current composition is based on sin, will soon die in sin. Thus, the disintegration of the State and the Institutions of the Republic continues its way easily"*.

For Mr. Hervé Diakese, lawyer and human rights activist, "the drawing of lots" of this day constitutes a *casus belli* *juridicum*. "The President of the court drawing his mandate from the election of his peers, for a period longer than the vacancy he filled was he concerned by the drawing of lots? Did the plenary respond to these means," he wondered.

For Prince Epenge of Lamuka, the departure of Kaluba: "It is a good opportunity to find a consensus around the judges of the Constitutional Court". *The opponent Prince Epenge believes that the departure of Dieudonné Kaluba is an opportunity for the opposition to seek consensus around*



the judges of the Constitutional Court given their role during the election period. "We think this is a good opportunity to find a consensus around the Constitutional Court, something we have always called for because the judges of the high court have a great role to play during the elections," said Prince Epenge. Like the UDPS during the Kabila era, Lamuka also demands a consensus around the judges of the Constitutional Court. "We want neutral personalities," Prince Epenge said.

The Center for Research and Studies on the Rule of Law in Africa (CREEDA) notes that the process of drawing lots carried out Tuesday, May 10, 2022 at the Constitutional Court was marred by irregularities.

For CREEDA, this draw is tainted by irregularities in that, on the one hand, it occurred outside the required legal deadline (May 10, 2022 instead of April 4, 2021) and, on the other hand, it was organized on the instructions of the President of the Republic, contained in the letter of his Director of Cabinet, addressed to the Chief Clerk of this High Court, "said the NGO in a statement.

This way of proceeding not only undermines the independence and credibility of the Constitutional Court, but also and above all creates instability in this institution which is, however, called upon to ensure respect for the Constitution and the protection of the fundamental rights of citizens as well as to regulate the functioning of the institutions," CREEDA adds.

According to CREEDA, the observation of a certain instrumentalization of the drawing of lots has begun since 2018 until now. "Indeed, in 2018 instead of the draw, the first renewal of the composition of the Constitutional Court was made possible by the death of a member of this Court followed by the resignation of two others. In 2021, the second and final draw was not organized by the members of the Constitutional Court for unspoken reasons. Against all odds, it is by a service release of the Chief Clerk of this court, dated May 09, 2022, that the draw was convened and organized on May 10, 2022 and, this, at the initiative of the Presidency of the Republic", recalled the release.

V. The Katanga forum and the stakes of reconciliation between Joseph Kabila and Moïse Katumbi

Organized by the Episcopal Assembly of the Ecclesiastical Province of Lubumbashi, under the aegis of Monsignor Fulgence Muteba, following the theme "*Brothers and sisters once, brothers and sisters always*", the meetings of the Forum held in Lubumbashi from 17 to 22 May 2022, The objective of the Forum, held in Lubumbashi from May 17 to 22, 2022, was to bring together the natives of this part of the country in order to celebrate brotherhood and to allow the Katangese leaders to smoke the peace pipe and to finally look in the same direction for the development of their province.

If several personalities and political and social leaders of Katanga have enhanced with their presence these meetings, that of Joseph Kabila, President of the Honorary Republic and Moïse Katumbi was eagerly awaited by all Katangese who, in an impulse of reconciliation, asked to see these two brothers seal the peace after so many years of opposition and animosity towards each other.

Also, by the handshake between Joseph Kabila and Moïse Katumbi, at the closing of the meetings, the Katangese, reassured of their presence, wanted to prove to the world their immense maturity to get along, smoke the peace pipe, erase and forget the resentments and forgive each other forever.

Also, the work of the thousand-year-old church will be a milestone in the hearts of the Katangese of Tanganyika, Haut-Lomami, Haut-Katanga and Lualaba.

In his introductory words at the closing of these meetings, Monseigneur Fulgence Muteba Mugalu, maintained that for the unity so much sought after, the provincial borders gave way to Katanganity. Far from any secessionist illusion, the Katangese reaffirmed loud and clear that they are there because



they believe in Katanga and are proud to be Katangese, and that they are convinced that, despite the division of Katanga into four provinces, the Katangese soul is intact.

The ex-Katanga has a new start. The two brothers' thirst for reconciliation was very noticeable. In Lubumbashi, Katumbists and Kabilists will once again rub shoulders. Shake hands and cogitate together. Because 2023 is already tomorrow.

For an event as important as this reconciliation forum, several reactions were recorded across the country.

For Felix Kabange Numbi, close to the former president of the Republic: "It will not be a surprise to see Joseph Kabila and Moïse Katumbi reconcile. They are sons of Katanga. There have been moments of rupture between the two brothers for a long time. Today, there is talk of reconciliation between all the worthy sons of Katanga. The two could also be reconciled at the same time," he said on Top Congo. And to continue: *"We discuss the Katangese values. We are here to exchange on the moral vision of Katanga, on its heritage. Why there have been these moments of rupture between communities in Katanga," he added, reassuring that, contrary to what is said, this forum has no political connotation. "It is really a fraternal meeting that has nothing to do with everything that people say on social networks in relation to politics, elections. People should stop with that. We have better things to do than to talk about what they think.*

For his part, Mr. Séraphin Umba, Secretary General of the Union for Democracy and Social Progress UDPS/Kibassa, welcomed the initiative and said that: "it is an opportunity to repair all the problems created in Katanga under the Kabila regime. If for some people these meetings have no reason to exist, this is not the case for Mr. Séraphin Umba Kapepe, who believes that there is no problem for the Congolese to talk to each other in order to cultivate peace and live together.

National Deputy Lucain Kasongo: "Katanga will be stronger by the end of 2023 and more united than before. The Deputy Permanent Secretary of the PPRD is pleased with the outcome of the forum for unity and reconciliation of the sons and daughters of Katanga, whose closing ceremony took place this Sunday, May 22, through a mass celebrated by the Metropolitan Archbishop, Fulgence Muteba at the Cathedral of Saint Peter and Paul in Lubumbashi. The national deputy Lucain Kasongo, one of the supporters of Katangese unity, sees the beginning of the fulfillment of a prophecy in favor of the Greater Katanga area which wants to get out of the economic and political stagnation at the base of the successive crises.

On the side of the presidential party, Augustin Kabuya, Secretary General of the UDPS maintained that: *"The Lubumbashi Forum is an alliance against Felix Tshisekedi. In this process, Joseph Kabila and Moïse Katumbi have greeted each other after nearly 8 years of quarrel, it is (Felix) Tshisekedi who disturbs, a Kasaian as he is presented. "What others say down, I say up. Let the alliances be mounted, no one can change the will of God. They now want to make the public believe that it is Felix Tshisekedi who is at the root of their problems. For him, "the Lord knew that in this period there will be a Kasaian at the head of the country. It is his will". Reason for which "I am very happy, because people have gathered from North to South, from East to West to fight a child of God. The Lord will enter the scene now to show Felix Tshisekedi is (at the head of the country) by his will". "They are supposed to tell us the truth, but they take us for little children. They said that this is not a political forum, but look at the facilitators, 99.9% are politicians. They were there for their political interests," said Augustin Kabuya. The Katangese "dismembered this province in a hurry. They themselves have done the most harm to the Katangese. We must not mislead the public.*

Augustin Kabuya finally recalled that "Katumbi was forced into exile by another Katangese. But someone

from another province arrived and freed Muyambo, who was imprisoned by another Katangese. Eddy Kapend spent several years in prison because of a Katangese, so let's stop with the hypocrisy," Kabuya concluded.

VI. Congolese reaction to the attack on FARDC positions by M-23 rebels

Fighting resumed in May between the DRC's armed forces (FARDC, government) and M23 rebels north of Goma. FARDC positions in the territories of Nyiragongo and Rutshuru were surprised by attacks from M23 rebels, resulting in the displacement of civilians. The Kinshasa government, which has evidence on the ground, has accused Rwanda of supporting this rebellion, which had already been militarily defeated once in 2013 by the FARDC with the help of the blue helmets of the United Nations Stabilization Mission in Congo (Monusco).

Not surprisingly, Kigali rejected these accusations, which led to the meeting of the High Council of Defense.

During this meeting, chaired by the Head of State, Félix-Antoine Tshisekedi Tshilombo, several decisions were taken, including the decision to consider the M23 a terrorist movement and to exclude it from the discussions underway in Nairobi.

The High Council of Defense has strongly denounced a campaign of manipulation by Rwanda that accuses the DRC Army of collaborating with negative forces to justify its support for the M23 terrorist group.

These attacks, the umpteenth adventure of the M23 and its sponsors, have been unanimously condemned by the African Union, the United Nations, the European Union, the United States and Belgium.

The population was encouraged to continue to support the armed forces and the national police who ensure

the protection of the country and the intangibility of the borders. They were asked to be vigilant so as not to fall into the enemy's trap, while preserving the peace that reigns between the different communities.

The DRC also recalled its commitment to the Nairobi process led by President Uhuru Kenyatta to build a lasting peace with all countries of the East African community.

In addition, the DRC is warning the Rwandan government that its attitude is likely to disrupt the peace process, which is nearing completion with the Nairobi talks in which all the armed groups, with the exception of the M23, have committed themselves to the path to peace. It was also taken as a precautionary measure, the immediate suspension of flights of the airline Rwandair to the Democratic Republic of Congo. Finally, the Rwandan ambassador accredited to the Democratic Republic of Congo was summoned on Tuesday, May 31, 2022 to notify him of the Congolese government's total disapproval.

Several reactions were recorded to this umpteenth M23 attack. Demonstrations by the population supporting the armed forces were reported in Kinshasa, Bukavu and Goma.

The Church of Christ in Congo (ECC) has strongly condemned the "hypocritical behavior" of some neighboring countries that continue to fuel the war in eastern DRC. It gives its "unwavering" support to the FARDC in the hard fighting to safeguard the homeland.

The ECC recommends that the Congolese government pursue with determination all ongoing initiatives vis-à-vis Rwanda, which has been clearly identified as responsible for serious human rights violations and crimes against humanity. "In this case, a rupture of diplomatic relations should be considered," the ECC concludes.



For Constant Mutamba, President of the *Dynamique Progressiste Révolutionnaire*, we cannot accept that Rwanda can continue to feed on Congolese massacres to build its country. We also want to curb its impulse to annex part of the Congolese territory.

Indeed, through the Sit-in, the number one of the DPR appeals to the international community to note that in this 21st century, there are killings orchestrated and imposed by Rwanda under the aegis of Paul Kagame for the simple reason of stealing the mineral resources of Congo. *"The war in the East is an unjust aggression imposed by Rwanda. We would like to denounce this before the international community," he told the press while sending a message of support to the armed forces of the Democratic Republic of Congo. "We give our unwavering support to our armed forces. Let them understand that all the youth and all the Congolese people are behind them. We will support them until Rwanda is reduced to its smallest expression. "We will no longer accept Rwandan infiltration in our institutions and in our army. The Congo will remain one and indivisible," said Constant Mutamba.*

Bintou Keita, Special Representative of the UN Secretary General in the DRC, "condemned in the strongest possible terms the attacks by the March 23 Movement (M23) against the Armed Forces of the DRC (FARDC) and against Monusco peacekeepers this morning in the Shangi area", in the Rutshuru territory, in the North Kivu province. Indeed, in a press release, Monusco, the United Nations force in the DRC.

Ms. Keita maintains that after attacking Congolese army positions, "the M23 rebels deliberately targeted Monusco peacekeepers in the area, who returned fire in accordance with their mandate. "A joint FARDC-Monusco operation was then launched to clear the area of M23 fighters," calling on the movement to "immediately cease all hostilities, in accordance with the commitments made in the Nairobi process.

For its part, the M23 affirmed, also in a communiqué, that elements of the FDLR (Democratic Forces for the Liberation of Rwanda), Rwandan Hutu rebels who have taken refuge in the DRC, had come to reinforce the Congolese army and had attacked some of its positions on Sunday morning. According to the M23, the Congolese military "took refuge" in a Monusco base, "forcing the hand" of the peacekeepers "to intervene in the fighting.

3. Political and economic perspectives

On the political level

Two essential aspects are likely to significantly mark the political environment in the coming months. On the one hand, there are the movements of political parties ready to mobilize the population to put an end to what they call the preparation for electoral fraud; on the other hand, a possible recomposition of the political microcosm with the rapprochement between Joseph Kabila and Moïse Katumbi, two Katangese leaders, recently reconciled in the name of peace and development of the Katangese space, and on the other hand, the rapprochement of Martin Fayulu and Matata Ponyo Mapon.

Much more, it is now necessary to rely on this duo, which held talks just days after the exit of the LGD party. Many analysts expect to see the lines move in the presence of a possible current political offer of Lamuka, the main opposition platform born in November 2018 in Switzerland, could come to the conclusion that Martin Fayulu will repeat in 2023. In other words, he is the natural candidate of the anti-power in the presidential election of 2023.

For the party "Envol" of Delly Sessanga, his party denounces the preparations for "electoral fraud" and threatens to mobilize the population. This political party Envol accuses the Sacred Union of the Nation of President Tshisekedi who prepared electoral fraud and destroyed the hopes of organizing good elections in 2023.

"ENVOL reminds the national and international opinion that with this orientation of the Sacred Union in the National Assembly, the prospect of holding the elections of 2023 in better conditions than that of 2006, 2011 and 2018 has been destroyed by the lack of political

will and the stubbornly self-interested refusal of the Sacred Union to organize in the law, the guarantee of transparency and traceability of voting results. This attitude of the Sacred Union sets the stage for an opaque, non-transparent and fraudulent electoral process. This position was echoed by MONUSCO, when MONUSCO spokesman Mathias Gillmann called on the National Assembly to adopt an electoral law guaranteeing the transparency and inclusiveness of the elections, at all levels and stages, to reduce political, institutional and pre-electoral tensions and facilitate the preparation of the 2023 polls, and encouraged all stakeholders to show flexibility in the means of achieving these objectives. For him, the United Nations believes that the revision of the electoral law represents one of the last opportunities to strengthen transparency and accountability mechanisms that can ensure quality elections and restore, at least in part, trust among stakeholders.

At the same time, there are whispers about Moïse Katumbi, leader of the "Ensemble pour la république" party, who is also known as one of the signatories of the Lamuka Founding Act in Switzerland. Even if nothing is official yet, as for the candidacy of the chairman of the prestigious Lushois soccer club, his supporters firmly believe in it. The only difficulty is that Moïse Katumbi seems to have an artistic vagueness about his relationship with the Sacred Union of the Nation, the new parliamentary majority acquired by the current Head of State, Felix Tshisekedi.

However, beyond the enigmas, Augustin Matata Ponyo (Fayulu's new partner?), no longer makes any mystery of his ambitions to run for president in 2023. In any case, the very first congress of his party, held on May 3 in Kinshasa, doubly invested him as national

president of the LGD and candidate of the party to the next presidential election.

In this perspective of alliances, if Martin Fayulu and Augustin Matata have decided to unite, then they will have to agree on the single opposition candidate against Félix Tshisekedi, candidate to his own succession, carried by the USN. So the question is: who of Fayulu and Matata will have to step aside for the other? How far would their marriage project go? Obviously, at this stage of things, it is premature and even very risky to predict. Since the current unknown is part of the internal strategy, public opinion and opposition supporters should be patient.

Last but not least, the debate on the form of the state (unitary or federalist) raised recently by Katangans at the Forum on Reconciliation held in Lubumbashi in May, provides food for thought, especially since it was noted that a good number of Katangans would like to see the DRC finally opt for federalism. This is something that other analysts fear, given the secessionist tendencies of some Katangese since the 1960s.

On the economic level

In May 2022, the world economy experienced a rise in the level of inflation as a result of the increase in energy prices. The military hostilities launched by Russia on Ukrainian soil have affected the Russian economy, the European and world market via the stock market, the money market, the energy market, etc. This invasion, which has already lasted for three months, is affecting the world economy as well as African economies, which are, for the most part, extroverted and vulnerable to external shocks.

At the national level, the DRC's economic outlook has deteriorated. Disruptions in the airline sector (flight cancellations and delays) due to the likely disruption of fuel and kerosene supplies, increases in food prices, and growing inequality among the population are all signs of a deteriorating national economy.

With respect to public finance, it is worth noting that at the end of 2021 and especially in March 2022, the financial authorities achieved execution rates of over 100, which is a remarkable performance. However, as described in Box 1, these are pseudo-performances, since these achievements are not the result of the mechanisms put in place by the government for optimal resource collection. Instead, they are the repercussions of the upturn in the price of mining products, and therefore a favorable development in the economy. Moreover, as a percentage of GDP, government revenue represented only about 10.8% of fiscal pressure in 2021 (a level below the African average of about 20% and the norm for fiscal pressure in mining countries). This reveals a problem of low state revenue collection. In other words, economic growth does not provide the state with sufficient financial resources. Thus, in order to overcome the problem of under-mobilization of public revenues, relevant structural reforms must be put in place to enable (i) the Congolese economy to diversify; (ii) the tax base to be broadened; and (iii) corruption within the state administration to be reduced.

In addition to the above-mentioned factors, it should be noted that other factors could have a negative impact on the Congolese economy and further damage its prospects. These include: (i) corruption and embezzlement of public funds; (ii) intra- and inter-institutional political wars as well as differences of vision and opinion within the Union Sacrée; (iii) insecurity and the many military confrontations in the east of the country.

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Dixit Machiavel

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The monthly bulletin Issue 61

Published in June 2022

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

www.congochallenge.cd/info@congochallenge.cd