

CONGO CHALLENGE
THE MONTHLY BULLETIN

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

Issue 66 | October 2022

Kinshasa, DRC



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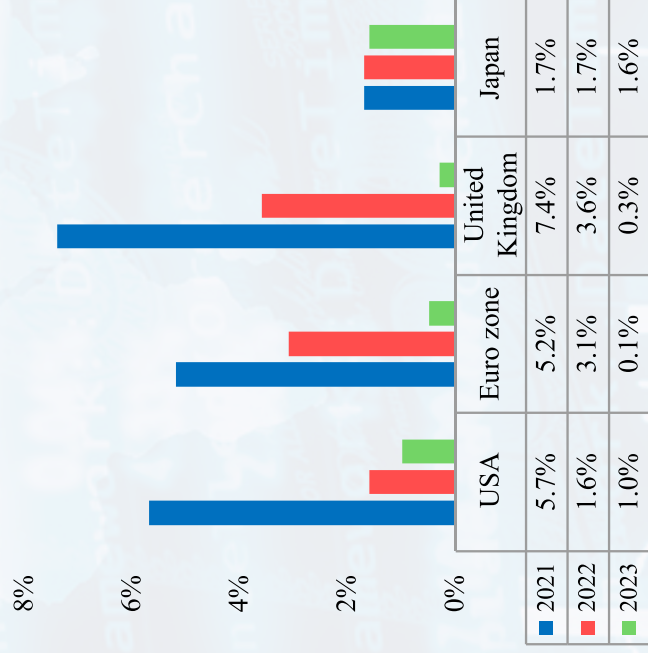
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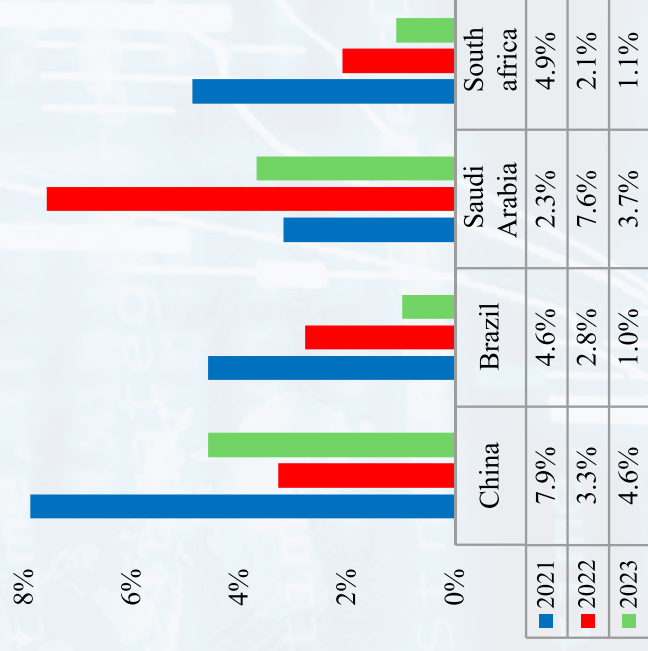
Kinshasa, DRC

Global Economic Growth Projections

Advanced countries



Emerging countries



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Matata Ponyo Mapon

What I think

What happens when people stop thinking and reflecting ?

I think that when people stop thinking and reflecting, its future becomes darker. Indeed, man is called upon to continually find answers to the fundamental questions inherent, not only to his existence, but also to that of the universe in which he lives. The world was created equal for all people. It is the same for whites, blacks and other races. In its wildness, it contains all kinds and forms of wealth. Some apparent, others, for the most part, hidden. Man has been given the ability to think and reflect in order to discover himself and to find ways and means of dispossessing the earth of its treasures for his better living. For the creator, man must use his intelligence to produce, multiply production and distribute it; he must control and dominate the world. In a word, thanks to his intellectual capacity, man must transform the world. He must therefore work hard, offer the best of himself and always seek excellence.

I think that God did not create either rich or poor. Rather, He empowered man to create true wealth. Some people have used their intelligence to meet this original and permanent challenge. They have created quality primary, secondary and university schools. They have created professional schools of high standard. They have built high-level research centers. They identify the best intelligence in elementary school and meticulously nurture it to maturity. They chase and attract brilliant people of all ages from around the world. They want to be the world's knowledge holders as much as possible. They invest heavily in education and research. They continually challenge themselves. Ultimately, their countries have the best schools, universities and research centers in the world. They also have the best ideas and inventions, and their scientists rank high

in the list of recipients of Nobel Prizes and other international awards of excellence. Finally, they have the best industries and produce, in quantity and quality, everything that people need to live better. In addition, they manufacture all kinds of weapons to protect themselves and subjugate others. These people have become “rich” and are part of the so-called “developed” countries. In contrast, the other peoples have little recourse to thought and reflection. They hardly read, but they talk a lot. They are in the school of enjoyment. They invest very little in education and research. Schools and universities are dilapidated, curricula are sometimes outdated, teachers and professors are poorly paid and not up to date with pedagogy and research. In their countries, the exact and engineering sciences are relegated to the background. These sciences sometimes lack professors. Unimaginable! Philosophy, the science of the permanent quest for truth through a continuous questioning of existentialism, is almost abandoned. The educational and invention system is not competitive and motivating. Their universities and research centers hardly appear in the world ranking. Anti-values supplant values and become a frame of reference for thought and production. The culture of meritocracy is withering away before that of mediocrity. In the end, these peoples invent almost nothing. They adopt the ideas of others and try to think like them. They produce very little and the added value is low. So, they import and consume the production of developed countries. And the ranking of countries according to the UNDP Human Development Index puts them at the bottom of the scale. They are considered as “poor” and live in countries qualified as “underdeveloped”.



I think that the leaders of the underdeveloped countries and their peoples must stop complaining and demand the same kinds of rights and respect as the peoples of the developed countries. Respect cannot be given. It must be earned. Peace and security are not given, they are earned. Instead, they must ask themselves why others are better off, secure and protected. They will understand that their progress is fundamentally linked to the mastery of knowledge and learning, as well as to effort and sacrifice. They will also understand that the international institutions where the great questions related to the world's progress are discussed have been created essentially to protect the supremacy of the great. This is in accordance with the logic of creation to see the strongest subjugating the weakest. Ethically, these institutions belong to the United Nations, that is to say to all the peoples of the world. For some, the international community does not exist. It is rather a union of developed countries in which the representatives of poor countries are associated, for the sake of appearances. Because decisions are taken on the basis of the weight of the production of each country, the result of knowledge, know-how and hard work. And in general, the decisions benefit the strongest, who have a preponderant voting power. In the Security Council, some of them even have the power of veto. So, instead of complaining and demanding preferential justice, poor countries should invest in knowledge and research to produce more, create wealth and protect themselves. On the basis of their new economic and financial weight, they will be able to demand the restructuring of all international institutions in which they currently have no real power. Only in this way will their claims and

rights be seriously taken into account. Some countries like China and India and others in Southeast Asia like South Korea and Singapore have understood this and have taken the option to follow this path of wisdom and greatness in silence. They have been dreaming, thinking, reflecting and working hard for several decades. They produce quality, consume their products and export the surplus. The results are impressive. Their voices are heard and will be heard more tomorrow. Respect and honor are also coming to them. Peace and security too. As Gerard Paps said, they are taking the path of evolution and enlightenment. They leave the other peoples on the path of involution and obscurity. Let them learn to think and reflect.

Paris, October 27, 2022.

Executive Summary

Economic situation

- **At the international level**, global economic growth is expected to slow to 3.2 percent in 2022 and 2.7 percent in 2023, according to the IMF's economic outlook. In the face of this deceleration in global economic activity, there is a need to implement long-term policies capable of boosting labor productivity and easing supply constraints.
- With respect to inflation, OECD projections indicate that it should decline in 2023, but remain well above central bank targets. Therefore, monetary policy should work to restore price stability and fiscal policy should focus on easing cost-of-living pressures for vulnerable households and viable firms.
- During the month of October 2022, stock market indexes rebounded strongly. These stock market gains were driven by corporate earnings per share reports as well as economic recession fears that may discourage central banks from continuing their monetary tightening policies.
- In the international foreign exchange market, the US dollar fell significantly against the euro and the pound sterling during the month of October 2022, mainly due to agents' anticipation of a low interest rate hike by the federal Reserve. On the Asian continent, the Japanese yen and the Chinese yuan have collapsed against the U.S. currency, which works to the advantage of these economies in terms of their trade balance surpluses.
- In terms of commodities, copper prices stabilized around an average of USD 7,540 per metric ton. Gold prices declined following the recent rebound in US yields. In the crude oil market, prices rose in the first half of October 2022 on the back of OPEC+'s announcement of production cuts, but then fell back in the latter half of the month as demand for black gold is likely to contract due to the risk of economic recession.
- World Trade Organization (WTO) projections indicate that the volume of merchandise transactions between countries will increase by 3% by the end of 2022, down from the 3.5% growth rate initially forecast in April 2022. This sharp slowdown in foreign trade growth is expected to continue through 2023 and will be driven primarily by declining import demand in Asia.
- **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 October 2022. Compared to its level at the end of September 2022, the exchange rate depreciated slightly by 0.01 percent on the interbank market and appreciated slightly by 0.64 percent on the parallel market. In the goods and services market, the weekly inflation rate stood at 0.23 percent in the second week of October 2022. The rate is projected to be 0.21 percent at the end of the month. This leads to a cumulative inflation rate of 10.72% compared to 9.65% at the end of the previous month. The year-on-year inflation rate stood at 11.97% in the second week of October 2022 and was projected at 12.31% at the close of the same month. At this rate, the inflation rate at the end of December 2022 is expected to be 13.25% compared to 13.06% achieved at the end of September 2022. Compared to the situation of the previous year, an acceleration in prices of 15.95% was observed between the end of December 2021 (5.28%) and the expected inflation at the end of December 2022 (13.25%).
- On the public finance side, the Treasury recorded a deficit of 376,774.00 million CDF in the second week of October 2022. This deficit is the result of a level of expenditure of 824,056 million CDF compared to revenue of 447,282 million CDF. However, it should be noted that the available data refer to the second week of the month and may change at the close of the month.
- Finally, the economic news of October 2022 was marked by several notable events. More explicitly, these events are presented below: (i) a strike by Congo Airways employees; (ii) the declaration by the National Assembly of the admissibility of the draft law on the rendering of accounts (fiscal year 2021) and its transmission to ECOFIN; (iii) a proposal by the Federation of Congolese Enterprises for a revision of the mining code; and (iv) the placement of the Democratic Republic of Congo on the Financial Action Task Force's grey list.



Political situation

The month of October 2022 was particularly marked by the following political events: (i) the Rwandan aggression in the Democratic Republic of Congo; (ii) the preparations for the organization of the 2023 elections; and (iii) the no-confidence motion against the Minister of Transport Cherubin Okende.

In his address to the United Nations in September 2022, the head of state called for a re-scheduling of the withdrawal of peacekeepers from the United Nations Stabilization Mission in the DR Congo (MONUSCO). Félix Tshisekedi emphasized the fact that the weaknesses and limitations of MONUSCO have been recognized at the highest level of the UN administration. The President of the Republic also recalled the determination of the Congolese people to defend national sovereignty and the territorial integrity of the country whatever the cost. On this occasion, the Head of State bluntly criticized the attitude of Rwanda, which feeds and supports the M23 rebellion that is destabilizing the entire eastern part of the DRC, where fighting resumed during the month of October, sending civilians into the bush in search of shelter from the sound of boots and cannons.

After the promulgation of the electoral law and the establishment of consultation frameworks with women, youth, political parties and civil society, which were welcomed by the head of MONUSCO, the President of the Independent National Electoral

Commission (CENI) announced the launch of the revision of the electoral file in December 2022, and stressed that his team is committed to working in a different context, reaffirming its desire to involve all stakeholders in the current electoral cycle despite the constraints that CENI is called upon to face.

Finally, accused of mismanagement of the driver's license and airplane file, Mr. Cherubin Okende, Minister of Transport, Communication and Opening-up, was the subject of a motion of no confidence, which was allegedly motivated by his loyalty and fidelity to Moïse Katumbi, president of the Ensemble, his political party, who is no longer in good standing with his partners in the Sacred Union. The rejection of this motion at the end of a vote at the plenary session of October 19, 2022, has left a bitter taste in the ranks of the Sacred Union of the Nation, where pro-Katumbi deputies and others have criticized the irregularity and theatrics of the process.

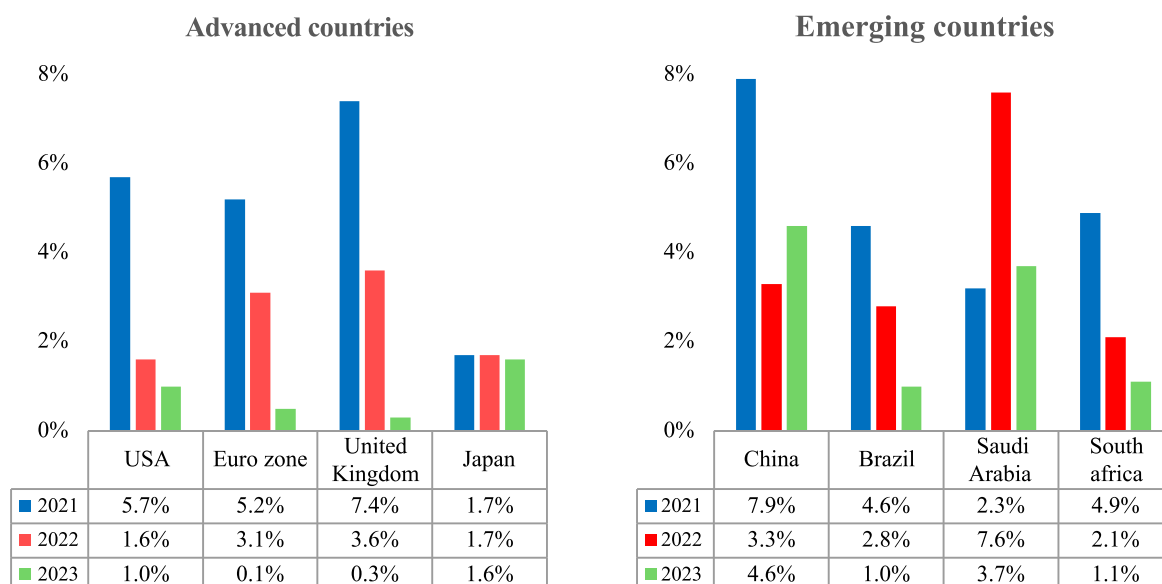
1. International context

I.1. Economic growth

Global economic activity is experiencing a widespread and sharper than expected slowdown. According to updated economic projections from the International Monetary Fund (IMF), global growth is expected to

slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the slowest growth profile since 2001, except for the financial crisis of 2008 and the pandemic shock in 2020.

Figure 1 » GLOBAL ECONOMIC GROWTH PROJECTIONS



Source : IMF.

Figure 1 shows that the economic slowdown will be more pronounced in the advanced economies than in the emerging economies. In the face of this deceleration in economic activity, the future of the global economy depends on the proper calibration of monetary and fiscal policies, the unfolding of the war in Ukraine,

and the growth prospects in China. Policymakers must therefore focus on restoring price stability, easing cost-of-living pressures, and implementing structural policies that can both boost labor productivity and ease supply constraints.

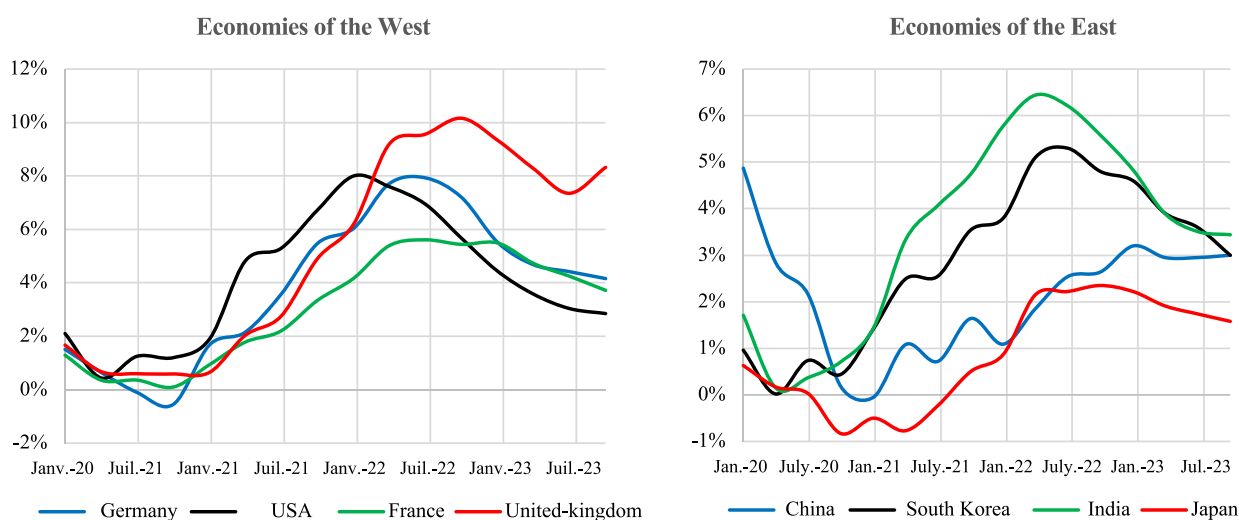


I.2. Inflation

Largely as a result of the Russian-Ukrainian war, inflation in 2022 reached levels not seen in several decades before. The cost-of-living crisis, tighter financial conditions and the Russian invasion of Ukraine are all factors fueling upward pressure on

prices. In addition, while inflation is projected to decline next year, it will remain well above the targets of the world's central banks, at around 6% in advanced countries and 12% in emerging countries.

Figure 2 » MONTHLY FORECASTS OF INFLATION RATE IN THE WORLD



Source: OECD.

According to OECD forecasts, global inflation will jump from 4.7 percent in 2021 to 8.8 percent in 2022, before falling to 6.5 percent in 2023 and 4.1 percent in 2024. Therefore, policymakers need to tighten macroeconomic policy to bring down inflation, while helping vulnerable households and viable businesses cope with the food and energy crisis. In

other words, monetary policy should continue to focus on restoring price stability and fiscal policy should focus on easing cost-of-living pressures. In addition, structural reforms can further support the fight against inflation by improving productivity and easing supply problems.



I.3. Financial market

After falling drastically during the previous month, the stock market indices rebounded during October 2022. On Wall Street, the Dow Jones, the S&P-500 and the Nasdaq reached peaks of 32,730 points, 3,870 points and 11,200 points respectively. The same is true on the European continent. On the Paris stock exchange, the CAC-40 came close to a peak of nearly 6,270 points; and on the Frankfurt stock exchange, the peak was around 13,260 points for the DAX-40 index. The Tokyo Stock Exchange was also characterized by the same bullish momentum, with the Japanese Nikkei index peaking at nearly 27,790 points in late October 2022.

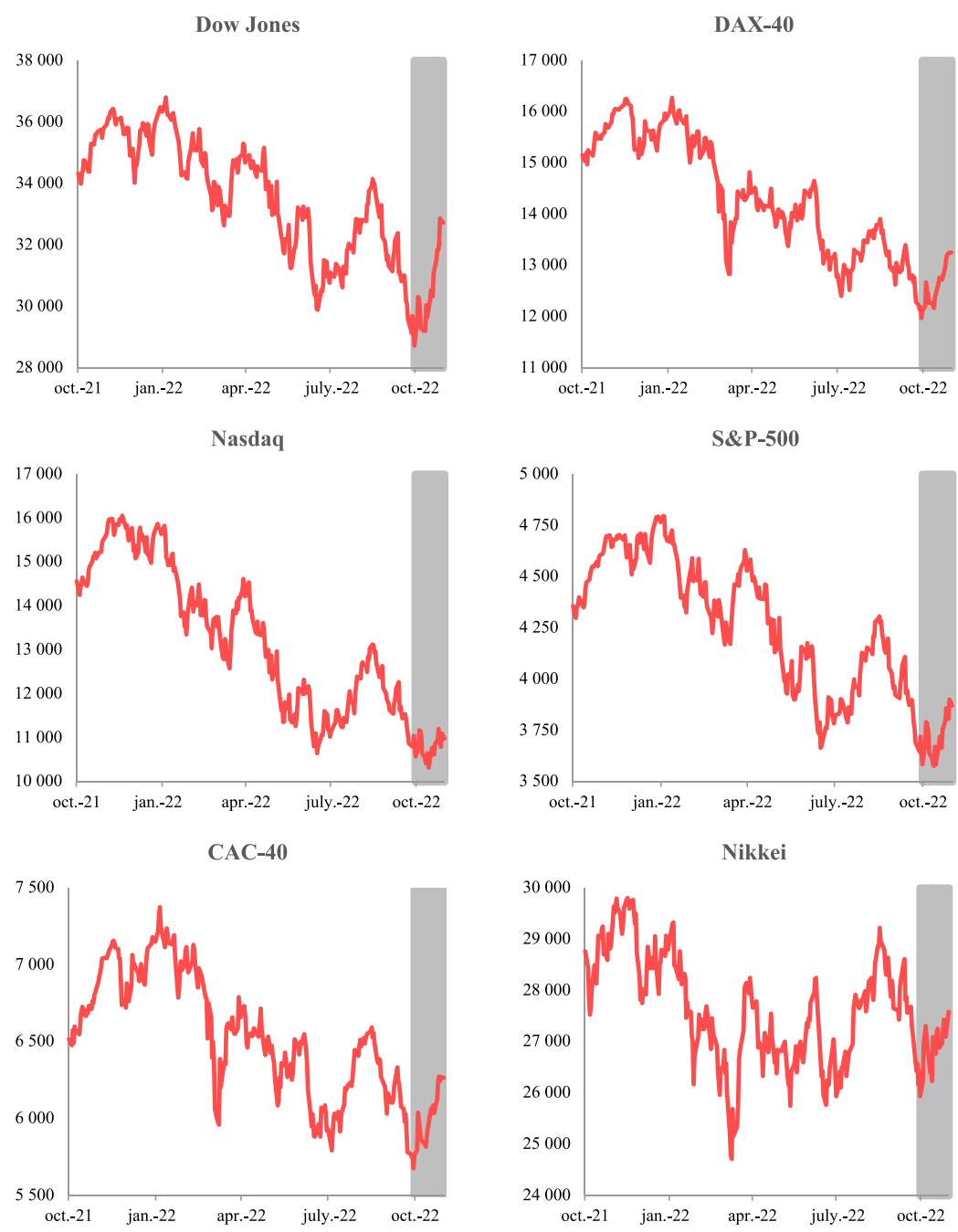
These stock market gains can be explained by at least two factors: (i) corporate earnings per share reports, and (ii) economic recession fears. Indeed, the earnings of the majority of iconic companies at the end of the third quarter boosted the level of financial confidence among private investors. It is this reallocation of stocks to equity indices that has led to the sustained rise in the latter throughout the current month. On the other hand, concerns about the onset of a deep economic recession should discourage central banks from pursuing their tightening monetary policies for long. Intended to combat inflation induced by the geopolitical crisis in Eastern Europe, these tightening policies are likely to have the corollary of precipitating a slowdown in global economic activity. It is on the basis of this expectation that agents hope that monetary authorities will slow down their pace of interest rate increases in the last quarter of the year in order not to plunge the global economy into a prolonged, dark recession. However, to firmly

improve financial confidence, post-war economic conditions that are conducive to growth will be needed to discourage central banks' plans for quantitative tightening.





Figure 3 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



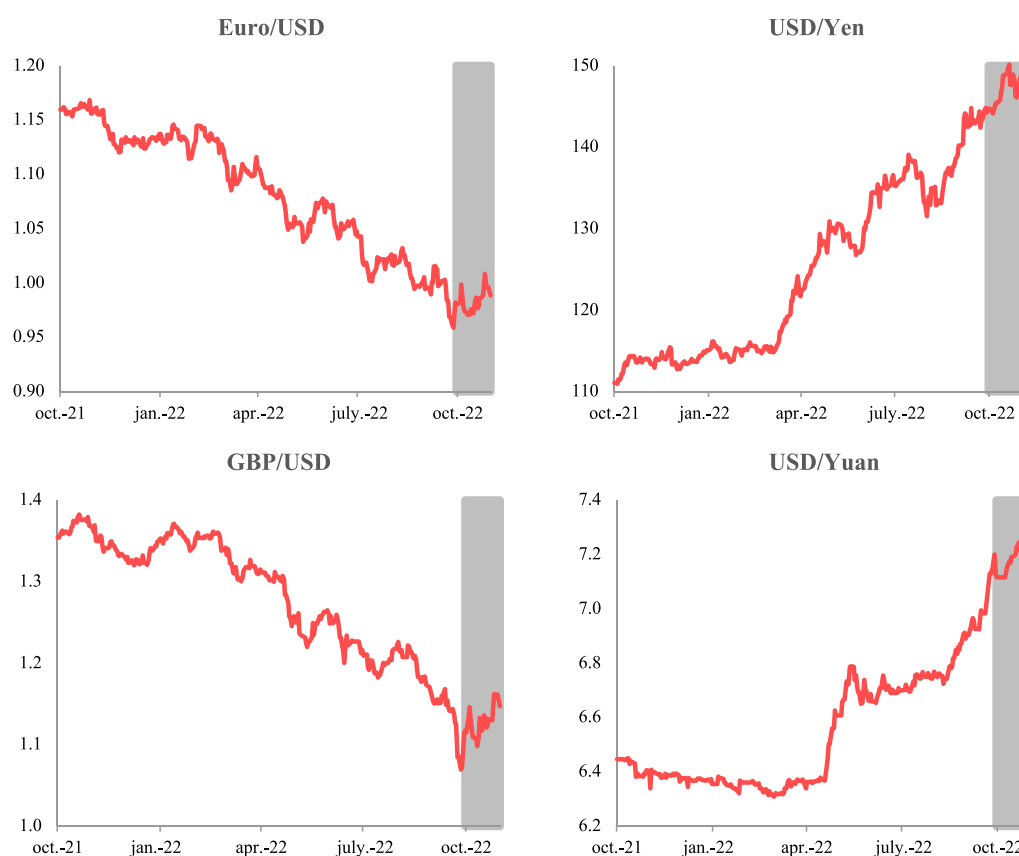
Source : Macrotrends.

I.4. Foreign exchange market¹

After appreciating sharply during the previous two months, the U.S. dollar fell significantly against the euro and the British pound during the month of October 2022. At the close of the month, the European currency was valued at 0.98 EUR/USD and the British currency at 1.15 GBP/USD. This depreciation of the greenback is explained by agents' anticipation of a small interest rate hike by the Fed by December 2022, in order to avoid a potential economic recession.

On the Asian continent, the Japanese yen continued to plummet against the US dollar. In order to ensure the stability of the national currency, the Bank of Japan (BoJ) was forced to intervene in the foreign exchange market by injecting foreign exchange. It was this policy that allowed the yen to remain below the 150 USD/JPY mark at the end of October 2022. At the same time, the Chinese yuan has depreciated against the US currency. If the Chinese currency manages to break through the 7.5 USD/CNY level by the end of the year, then this will work strongly in China's favor, as it will have a large trade surplus with the US.

Figure 4 » DAILY EVOLUTION OF THE MAIN EXCHANGE RATES



Source : Macrotrends.

1. This section refers to the world's major currencies, i.e. those used in the calculation of the Special Drawing Rights (SDR). The European currencies (EUR/USD and GBP/USD) are quoted at certainty, while the Asian currencies (USD/JPY and USD/CNY) are quoted at uncertainty.



I.5. Market for strategic products

- Copper

After declining the previous month due to weakening manufacturing activity in China, copper prices have stabilized around an average of USD 7,540 per metric ton during this October 2022. With ongoing concerns about worsening economic growth potentially contracting demand in the market, expect the red metal's price decline to consolidate by the close of the final quarter of 2022.

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



Source : Macrotrends.



- Gold

During the month of October 2022, gold prices showed an overall downward trend. As in the previous month, the yellow metal closed this month near the USD 1,630 per ounce mark. The recent rebound in U.S. Treasury yields, although smaller than expected, is believed to be the cause of the yellow metal's weak appeal. However, the expected easing in the pace of rate increases in the bond market by the end of 2022 should help to increase the attractiveness of gold as a store of value, and thus cause prices to rise.

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

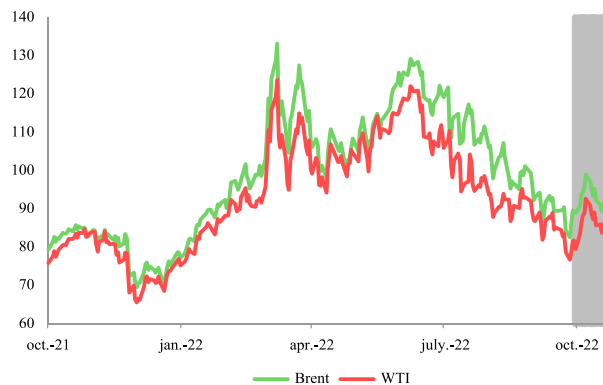


Source : Macrotrends.

- Oil

During the month of October 2022, the trajectory of black gold prices reveals two dynamics forming an inverted U-shaped curve. Initially, prices trended upwards in the first half of the month, reaching peaks of 98 USD per barrel and 93 USD per barrel on the European (Brent) and US (WTI) markets respectively. This increase can be attributed to OPEC+'s decision to gradually reduce its supply in order to ease market tensions, but also to the remarkable purchases of crude oil by Chinese refiners. Subsequently, the second half of the month was characterized by a further decline in prices due to concerns about aggressive monetary tightening by central banks increasing the risk of recession, as well as reduced oil demand that may result from this weak economic environment.

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



Source : Macrotrends.

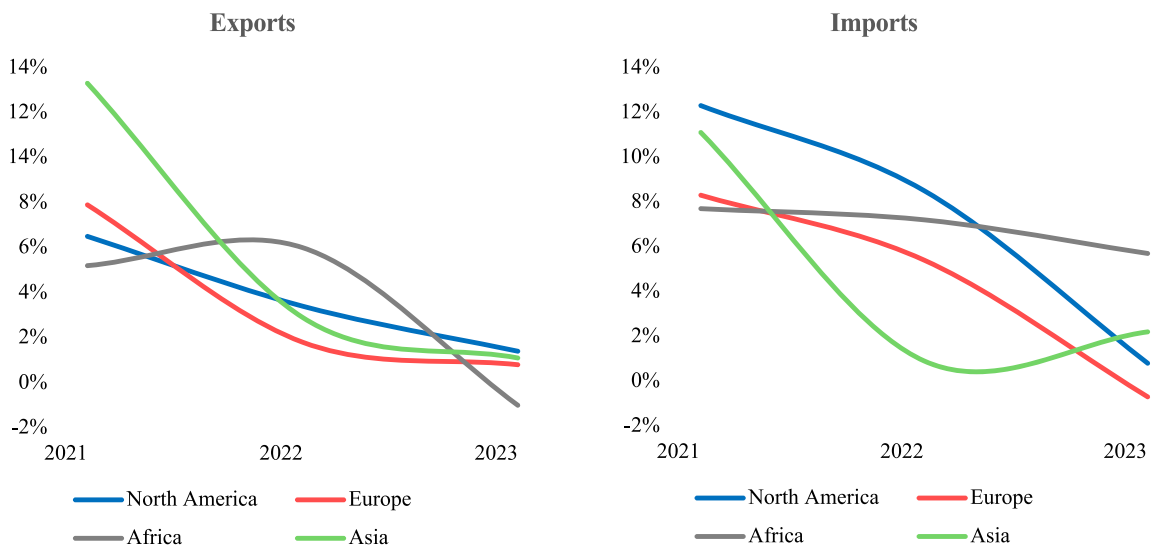


I.6. International trade

Given the slowdown in growth in the world’s major economies, international trade is expected to lose momentum in the last quarter of 2022 and remain moderate (but positive) in 2023. The World Trade Organization (WTO) forecasts that the volume of

international merchandise transactions will increase by 3% by the end of 2022, compared to the initial estimate of 3.5% in April 2022. For the year 2023, the forecasts indicate that this growth rate will be around 1%, against an initial estimate of 3.4%.

Figure 8 » GROWTH OF MERCHANDISE TRADE



Source : WTO.



In Europe, high energy prices resulting from the Russian-Ukrainian war squeezed household spending and increased production costs. In the U.S., tightening monetary policy has affected interest-rate-sensitive spending in areas such as housing, motor vehicles and fixed investment. China continues to face Covid-19 outbreaks and production disruptions associated with

weak external demand. Finally, rising import bills for fuel, food, and fertilizer have led to food insecurity and debt overhang in developing countries in Africa. This sharp slowdown in foreign trade growth is expected to continue through 2023 and will depend mainly on a decline in import demand.



2. National context

II.1. Evolution of the national economy

The economic news of September 2022 was marked by several notable events. More explicitly, these events are presented below: (i) a strike by Congo Airways employees; (ii) the declaration by the National Assembly of the admissibility of the draft law on the rendering of accounts (fiscal year 2021) and its transmission to ECOFIN; (iii) a proposal by the Federation of Congolese Enterprises for a revision of the mining code; and (iv) the placement of the Democratic Republic of Congo on the Financial Action Task Force's grey list.

1. Strike of the agents of Congo Airways

On Monday, October 17, 2022, the agents of Congo Airways went on strike. To this end, they observed a three-day work stoppage in all representations of the company. Their main claim was the settlement of their salary arrears, unpaid for seven (7) months. This situation is also valid for the subcontractors who claim to Congo Airways nineteen (19) months of arrears. The agents of Congo Airways believe that this situation is unjustified especially since they continue to produce.

This strike was general and was observed throughout the country. Apart from the offices in Kinshasa, those in Kindu, Lubumbashi and Goma also experienced disturbances. Among other demands, the strikers asked for the installation of a union that will serve as an interface with their employer.

In addition to the financial and technical difficulties faced by Congo Airways, this strike is fuelling concerns about the sustainability of the company's activities and the stability of air transport in the DRC. Indeed, in a country where air coverage is essentially provided by two companies (Congo Airways and CAA), the crisis in which Congo Airways is immersed will certainly have significant negative consequences on the entire sector. Thus, if no appropriate measures are taken to limit the damage and revitalize Congo Airways, the country will experience enormous difficulties in terms of the

mobility of people and goods, with the result that the country will become even more isolated and the price of airline tickets will rise significantly.

2. Declaration by the National Assembly of the admissibility of the bill on the presentation of accounts (fiscal year 2021) and transmission to ECOFIN

The plenary of the National Assembly of Friday, October 21, 2022 declared admissible the draft bill of accountability for the fiscal year 2021, following the intervention of the Deputy Minister of Finance, O'Neige N'sele who was responding to questions and concerns of national deputies.

In all, 66 questions were addressed to the Vice-Minister and were grouped into 9 themes: (i) budget overruns within certain institutions; (ii) inequalities in the distribution of credits throughout the Republic; (iii) the misappropriation by certain governors of credits allocated to decentralized territorial entities; (iv) the allocation of credits not provided for in the finance law; (v) the state of mining funds for future generations; (vi) the problem of special funds held in commercial banks; (vii) the poor allocation of own resources for investments; (viii) the use of emergency payments and the poor mobilization of revenues from health and higher and university education.

On all of these points, the Deputy Minister gave the government's explanations. There are three main points. First, on the issue of budget overruns in some institutions and/or ministries, the Vice-Minister justified the overruns by the sensitive nature of these institutions and the urgency imposed by the situation in the east of the country, free primary education and school construction.



Second, with regard to the alleged misappropriation of retrocession funds allocated to the decentralized territorial entities, the Vice-Minister informed the plenary of the options taken by the Government. These include the intensification of administrative and financial control, as well as consideration of the establishment of accounts for each of the ETDs, so that there is no longer an intermediary between the central government and them.

Finally, with regard to the emergency payment, the Vice-Minister limited herself to reminding the public of the regularity of the procedure.

In light of the questions asked by the deputies and the answers provided by the government, it should be noted that budget planning is not yet optimal. Firstly, it is noticeable that the government has allowed itself total freedom in the execution of the budget, which is a legal requirement, for many years. In addition, although they may be justified, budget overruns in certain institutions are made at the expense of social programs, a sector that is important given the difficult living conditions of the Congolese people, exacerbated by Covid-19 and soaring prices as a result of the war in Ukraine. Finally, the quasi-structural recourse to emergency payments demonstrates the lack of a forward-looking strategy on the part of the government, which seems to be suffering rather than acting.

3. Federation of Congolese Companies proposes revision of mining code

Four years after the new mining code came into force, sector actors evaluated its application in Kinshasa. Under the aegis of the FEC, the Federation of Enterprises of Congo, the various stakeholders (civil society, officials and investors) discussed the gains and challenges, as well as ways to clean up and further develop the industry.

The picture drawn shows that the results are mixed. Indeed, introduced in 2018, the Mining Code expressed the government's desire to significantly increase the royalty rate for certain strategic minerals such as cobalt, lithium and coltan. Four years later, it appears that the results have not been achieved overall, with a few exceptions, particularly in the cobalt sector, which has benefited from the rise in prices and the share of Congolese cobalt in world production.

While developments in the cobalt sector are more than satisfactory, this is not the case for coltan. Indeed, in terms of artisanal production, the DRC remains the leading producer, but the increase in rates has had an unexpected effect insofar as it has favored fraud, which has largely developed in the eastern part of the country, to the benefit of neighboring countries.

The evaluation of the Mining Code shows that a number of challenges still exist in the sector. While the promulgation of the Mining Code was an important step, it must be situated within a holistic approach to the mining issue. For example, there is the issue of the business climate, governance problems, parafiscality, the energy deficit and the isolation of the mining areas due to the lack of infrastructure. All these issues need to be addressed in order to have a good impact of the Mining Code.

4. Democratic Republic of the Congo placed on the Financial Action Task Force's gray list

The Democratic Republic of Congo has been placed on the Financial Action Task Force's (FATF) gray list. In its latest report (October 2022), three additional African countries were added to the Gafi's grey list of jurisdictions "under enhanced scrutiny". These are the Democratic Republic of Congo, Mozambique and Tanzania, which join Senegal, Mali, Morocco, Burkina Faso, South Sudan and Uganda as African countries.



The DRC was already in an uncomfortable situation with the Gafi for several months. Indeed, in the space of two years, the DRC has received multiple warnings from the intergovernmental organization and was placed in the status of a country "under observation" in June 2022. The Gafi's conclusions are based on the poor results in the fight against money laundering, although efforts have been made by the government.

The inclusion of the DRC on the "Enhanced Surveillance List" will have many consequences. First, it commits the country to fully address the identified deficiencies and to implement the Gafi action plan. Second, maintaining the status quo, or even deteriorating the environment, could be detrimental to the economy, particularly with respect to its foreign transactions, especially dollar transactions. Third, although not a sanction, this status is a constraint on the realization of reforms in the sector. Indeed, this situation unfortunately brings the DRC closer to another mechanism, that of the Gafi's "blacklist" of high-risk jurisdictions, on which only Iran and North Korea are listed, since 2009 and 2011 respectively.

II.1.1. Economic activity

In its report published on the economic update of the Democratic Republic of Congo, the World Bank stated that the Congolese economy has proved resilient in the face of the negative shocks associated with the Covid-19 pandemic and the effects of the Russian-Ukrainian crisis. A slowdown in economic growth was observed in 2020 with 1.7% and an economic recovery was then recorded in 2021 with an economic growth rate of 6.2% at the end of 2021. This economic performance is the result of the improvement in the price of raw materials, of which the DRC is one of the world's leading producers, and the rebound in other sectors of activity, mainly in the technology sector.

According to the report, the war in Ukraine has had mixed economic and social consequences, with

moderate effects on the balance of payments, but more pronounced on inflation and the welfare of the population. Efforts have been made to control inflation, although poverty among the population is increasing. The focus is on digital development to reduce poverty and promote inclusive growth. The Covid-19 pandemic has stimulated digital transformation, but it has also highlighted the digital divide that exists. It shows that the key indicators of the digital economy in the DRC are among the lowest compared to its peers and the country faces significant geographic and socio-economic disparities in access to cell phones and the internet.

Digital access could significantly boost GDP growth and job creation: a 10% increase in broadband penetration could lead to an additional GDP growth of about 2.5% and generate nearly 700,000 jobs. To achieve this, it was recommended that the government implement three priority actions: (1) implement the secondary legislation necessary to operationalize the new law; (2) develop the national fiber optic backbone by mobilizing private sector investment; and (3) encourage private sector participation through public-private partnerships (PPPs) and fiscal and parafiscal reforms to simplify taxation throughout the economy.

During the Council of Ministers of October 21, 2022, the government through the Minister of Finance, submitted the draft law on corporate income tax and personal income tax. The purpose of this bill is to modify the ordinance law n°69/009 of February 10, 1969 relating to the income of natural and legal persons as well as the taxation system with three schedules, each of which has its own rules of basis and specific rates, including rental income, income from movable capital and professional income. The latter includes remuneration, profits and earnings. The new bill amends and completes law n°004/2003 of March 14, 2003 on the reform of tax procedures.



This bill makes it possible to distinguish between corporate income tax (IS)² and personal income tax (IRPP). In terms of innovations, this bill proposes (i) a free revaluation of the fixed assets of companies and a legal revaluation; (ii) the levy in full discharge of the corporate income tax and the personal income tax in the case of revaluation capital gains, the rates of which are fixed at 20% and 5%, respectively in the case of free revaluation or legal revaluation; (iii) in the event of a loss carry forward, a system of imputation of losses on the following fiscal years is provided for until the third fiscal year following the loss year; (iii) and specific exemptions are provided for according to the income category of the individual.

Certainly, it must be recognized that this proposed law, once adopted and promulgated, will have a positive impact on public finances by increasing public

revenues. This impact will be perceptible in the long term since the implementation of this law will require enormous resources especially concerning the income tax of individuals. The procedure of identification and categorization of individuals according to their income may take more time, given that most of these people operate in the informal sector. Worse still, if the categorization is not done correctly, it could lead to social tensions in the country. It should already be noted that people in the private sector pay more than those in the public sector, which is justified by the low salaries of certain categories of people in the latter sector. In short, the implementation of this bill therefore refers to equity for a successful accumulation of public revenues.

Box 1. Financial and social inclusion of people living with disabilities in the DRC: an analysis by the Agence de Notation Financière (ANOFIN Sarl)

1. Context of the study

- The literature presents several factors that trigger the development of nations. These factors include natural endowments, the quality of leadership and governance assessed through the relevance of public policies put in place, etc. In the case of the DRC, although it has significant natural resources, it has not managed to start on the road to emergence. The country is still characterized by significant social and financial exclusion of a large part of the population. These are mainly people living in rural areas (nearly 65% of the population with agriculture and livestock as their main activity), refugees or displaced persons from war, people living with disabilities, etc. With its mission to ensure the general well-being of the population, the government should put in place appropriate policies to empower the most vulnerable populations. Unfortunately, these categories are generally left to their fate. Also, private institutions (especially financial ones) do not favor the emancipation of these marginalized categories, because they are considered unprofitable. This justifies the need to reflect on the means to be implemented to reverse this trend.
- It is within this framework that the Agence de Notation Financière (ANOFIN Sarl) had proposed to conduct appropriate studies to identify the modalities of intervention adapted for the emancipation of the aforementioned social categories. To this end, the reflection carried out was first oriented towards the issue of

2. Corporate income tax (also called profit tax) is a tax levied on the annual profit of companies.

3. Personal income tax is a single tax assessed on all income earned by individuals in a given year.

financial and social inclusion of disabled people⁴ in the Democratic Republic of Congo (DRC). Indeed, even if disabled people represent, according to the WHO, nearly 15% of the population (16 million out of 107 million inhabitants in 2021), they remain socially and economically excluded in the DRC and live, for the majority, in absolute poverty. Thus, the socio-economic integration of this category constitutes an important lever on which the public authorities as well as the private sector should rely in order to act effectively, to a certain extent, on the reduction of inequalities and poverty. This reality is equally true in other underdeveloped or developing countries.

- Indeed, people with disabilities are a low priority and disadvantaged group⁵ in terms of socio-economic integration. According to the United Nations (2008), employers are often reluctant to hire them. Even if "disability does not necessarily mean incapacity" (Handicap International, 2006), statistics indicate that 80% to 90% of people with disabilities do not have a formal job; thus, some resort to self-employment and others resort to social assistance, but mostly to begging. Also, considering the fact that the lack of access to financial capital is a major blocking factor for the emancipation of this group, access to financial services, especially credit, should be one of the priorities of policies for people with disabilities (Handicap International, 2006).
- In this regard, the literature essentially identifies five mechanisms or barriers that lead to the exclusion of people with disabilities from financial services, more specifically from the services offered by decentralized financial system institutions (microfinance institutions), which in essence should contribute to the financial inclusion of the excluded (Beisland, L. A., & Mersland, R., 2017). These are the exclusion mechanisms opposite: (1) exclusion by other members of the lending groups, (2) exclusion by staff, (3) exclusion by service design, (4) exclusion by the person with a disability themselves, and (5) physical and informational exclusion arising from the disability itself. These factors, although analyzed in other contexts, may also be relevant to DRC. However, the study conducted by ANOFIN has filled the gap in terms of specific analysis of the factors that cause exclusion of the category under analysis in the DRC.
- In its approach, ANOFIN Sarl had indicated that it was not easy to carry out an exhaustive study in terms of inclusiveness of all the categories of people in situation of handicap because the types of handicaps are very differentiated and that the solutions to be brought cannot be homogeneous. Indeed, an exhaustive census of disabled people is not only limited to physical disabilities, but also includes mental or cognitive disabilities. Within the category of physically disabled people, the situation is also very heterogeneous⁶ and the paths to socio-economic inclusion are different depending on whether the disability is mobility, visual, etc. With regard to mental disabilities, it should be noted that people with this type of disability are often the most excluded and may be more reluctant to express their needs than people with other types of disabilities. Thus, in order to identify and collect the information necessary for a study among this latter category, it is important to involve other specialists such as psychologists, psychiatrists, etc. Thus, the sample of ANOFIN Sarl was limited to people living with physical disabilities and concerned only the city of Kinshasa. More explicitly, the types of disability covered by this study are (i) motor disability; (ii) visual disability and (iii) hearing disability.

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4. The United Nations Convention on the Rights of Persons with Disabilities (CRPD) defines "persons with disabilities" as persons who have long-term physical, mental, intellectual or sensory impairments that interact with various barriers to their full and effective participation in society on an equal basis with others.
 5. According to the World Bank's Guideline on Risks and Effects on Disadvantaged or Vulnerable Individuals or Groups, disadvantaged or vulnerable persons are persons who, because of, for example, age, gender, ethnicity, religion, physical, mental or other disability, social or civil status health status, sexual orientation, gender identity, economic status, indigenous status, and/or dependence on unique natural resources, are more likely to suffer from the effects of the project and/or are more limited than others in their ability to enjoy the benefits of a project.
 6. The concept of disability includes several sub-components, including: (i) **mental disability**, which is the consequence of an intellectual deficiency and corresponds to difficulties in thinking, conceptualizing, communicating and making decisions; (ii) **psychological disability**, which is the consequence of a mental illness. The patient suffers from disorders of various origins that alter his or her behavioural patterns in a momentary or lasting manner and are unevenly severe. This does not directly affect intellectual capacities but rather their implementation; (iii) **cognitive disabilities** which concern learning disorders such as 'dys' (dyspraxia, dyslexia), but also for example memory disorders; (iv) **motor disabilities**, which can, depending on the case, cause discomfort or impediment in moving or grasping objects and sometimes in speaking; and (v) **sensory disabilities** (visual or auditory), which can cause discomfort in accessing information and communication.



2. Current situation of people with disabilities in the DRC

In its approach ANOFIN Sarl had considered it necessary to make an inventory of the situation of disabled people in DRC. Such an approach required the availability of statistics on the group studied. Unfortunately, the Think Tank was not able to access the necessary data for this purpose since they do not exist. Indeed, since 1984, there has never been a population census in the DRC, only estimates have been used in recent years. In 2017, the National Institute of Statistics (INS) estimated the population of the DRC at 85 million. In 2021, the population was estimated at 107 million.

As far as disabled people are concerned, it should be noted that their statistics are almost non-existent. To date, only surveys that are poorly documented and generally carried out by national and international organizations of people with disabilities (DPOs) in part of the national territory allow for a partial census of people with disabilities. This situation shows that the collection of data on people living with disabilities is one of the weak points of the already inefficient data collection system in the DRC.

The fact that state and humanitarian actors and other organizations hardly collect data on people with disabilities limits access to information on the protection risks faced by this category and the access barriers that this group faces in participating in social life. This lack of data results in the needs of people with disabilities not being taken into account in the planning and programming documents for this category. Hence the need for the government to update its demographic data by carrying out a general population census and to integrate the global census of people with disabilities.

Given the statistical constraints, ANOFIN researchers have been content to present the following information as part of the inventory of the situation of the disabled in the DRC :

- **Ratio of disabled to total population** : 15% (16 million out of 107 million inhabitants in 2021) ;
- **Proportion of women with disabilities in DRC** : no statistics available ;
- **Proportion of children with disabilities in DRC** : no statistics available ;
- **The most common forms of disability in the DRC are** : motor disability, visual disability, hearing disability and mental disability ;
- **Source of funding for expenses** : In the DRC, some people with disabilities have income-generating activities or rely on family and community assistance to meet certain basic needs, including food. However, the majority of people with disabilities resort to begging as a mechanism to cover their survival expenses ;
- **Principales contraintes des handicapés en RDC** : la plupart des handicapés en RDC n'ont pas accès à (i) l'éducation ; (ii) des soins de santé appropriés ; (iii) un emploi décent ; (iv) aux services financiers ; (v) une alimentation équilibrée ; etc.
- **Main constraints of the disabled in the DRC** : Most of the disabled in the DRC do not have access to (i) education; (ii) adequate health care; (iii) decent employment; (iv) financial services; (v) a balanced diet; etc;
- **Ratification of the DRC to the CRPD** : by Law number 13-024 of July 07, 2013, the Parliament of the DRC had authorized the accession of the country to the CRPD and its Optional Protocol, and this, in accordance with articles 213 al.1er , and 214 of the Constitution. And on September 14, 2015, the President of the Republic signed the instrument of accession to this Convention and the Protocol thereto, which was deposited with the Secretariat General of the United Nations in New York on September 30, 2015. In accordance with the provisions of the Convention, especially its article 35, the Initial Report due by the DRC to the Monitoring Committee established by the CRPD should be submitted for examination within two years from the date of deposit of the instruments of accession, that is to say at the end of September 2017. Unfortunately, the DRC, as a party to the CRPD, has not been able to meet this obligation to submit its initial report. As a result, to date,

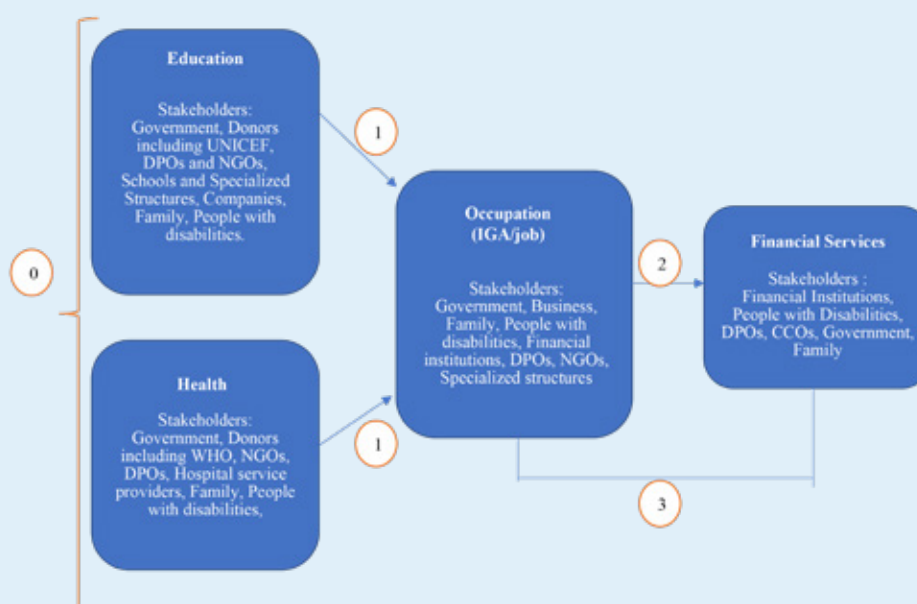


the DRC is not yet a party to the CRPD, and as such, it is not required to submit a periodic report to the CRPD monitoring committee ;

- **Constitution of February 18, 2006 (amended and completed by Law No. 11/002 of January 20, 2011) and provisions concerning the disabled: Article 45 of the Constitution of the DRC on the freedom of education, stipulates in its 2ème paragraph :** "Everyone has access to national educational institutions, without discrimination as to place of origin, race, religion, sex, political or philosophical opinions, or physical, mental or sensory condition, according to his or her abilities. Article 49 of the same Constitution states: "The elderly and persons with disabilities have the right to specific protection measures in accordance with their physical, intellectual and moral needs" ;
- **Specific legislation for people with disabilities :** The Law No. 09/001 of January 10, 2009 on the Protection of the Child gives special treatment to the child with physical or mental disability, so it is the child in a situation that may constitute an obstacle or a difficulty to the normal expression of all his physical or mental faculties, including intellectual and cognitive functions, language, motor skills and social performance. However, it should be noted that the draft law dedicated to people with disabilities has been validated by both houses of Parliament and promulgated by the President of the Republic. Thus, to date, the DRC has an organic law on the protection and promotion of the rights of people living with disabilities. This law would create a legal framework to facilitate the social inclusion of people with disabilities.

3. Main recommendations

In light of the results of the study, which showed a high level of financial and social exclusion of people living with disabilities in the DRC, ANOFIN Sarl identified certain avenues which, if well organized, could contribute to the financial inclusion of people with disabilities. Thus, it indicated that the achievement of this objective could be fundamentally facilitated by access to education and quality health care as well as professional occupation (IGA/employment). Schematically, ANOFIN Sarl proposed a coordination of interventions as presented below :



The diagram above illustrates in a very simplified way the process that leads to access to financial services for people with disabilities. Indeed, as required by the financial intermediation profession, financial institutions (FIs), including microfinance institutions, direct the supply of financial services (mainly credit) towards projects deemed profitable and carrying acceptable risks. Thus, access to credit is very often conditioned by the credibility offered by the applicant's professional occupation (IGA or job) and the quality of the guarantees offered by the latter. Unfortunately, as the results of the study show, people with disabilities generally do not have access to IGAs or decent jobs due to several constraints they face, some of which have been developed in this study. This situation contributes to the financial exclusion of this group. Also, access to IGAs or employment requires certain prerequisites including a certain level of education and an acceptable state of health. Unfortunately, as the results of this study show, people with disabilities generally do not have access to education and decent health care due to several constraints, some of which have been discussed in this study.

It is within this framework that the approach of ANOFIN Sarl advocates a system of regulation at the base by starting with education and health, passing by the professional occupation before concluding with the financial services themselves.

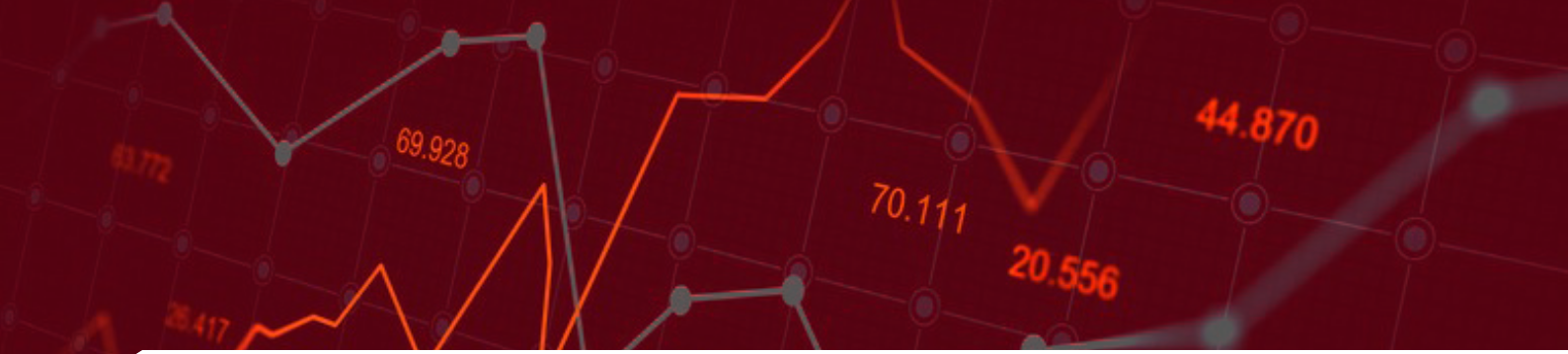
Finally, in setting the context for the study, ANOFIN identified five key factors that limit access to financial services for people with disabilities. The results of the study highlighted some of these factors as obstacles to the financial inclusion of the disabled. Thus, the table below presents the recommendations of ANOFIN Sarl in relation to each factor.

Table 1 » BARRIERS TO FINANCIAL INCLUSION OF PEOPLE WITH DISABILITIES AND RECOMMENDATIONS

Barriers to financial inclusion	Constats	Recommendations	Observations
<p>Personnel barrier</p>	<p>Staff prejudice and stigma are major reasons why people with disabilities often do not have access to financial services. Some loan officers confuse disability with incapacity and consider people with disabilities to be less profitable and may be a source of portfolio deterioration because they are deemed unable to repay the loan.</p>	<p>Focus on training and awareness for FI staff.</p> <p>Define realistic objectives and implement an evaluation and compensation system that integrates social criteria, including the number of disabled clients in the portfolio.</p> <p>Implement a code of ethics that clearly prohibits discriminatory practices against the disabled.</p>	<p>Nevertheless, it is important to note that at a detailed level, there is little or no research on the nature of discrimination and how it is conducted. After all, the rejection of a loan application for a person with a disability is not discrimination if it is based on an analysis demonstrating lack of ability to repay. Thus, appropriate controls should be put in place to better understand whether or not discrimination is occurring.</p>

<p>Barrier related to the design of credit and other services</p>	<p>People with disabilities themselves see this as the most important barrier. In our study, many people with disabilities were concerned that loan conditions were not adapted to their needs. Unfavourable credit design is a general problem especially in the microfinance sector, and design improvements could potentially benefit all clients.</p>	<p>Adapting products to meet the needs of people with disabilities, as this adaptation would often be a test to ensure that the product is user-friendly for all clients. For example, less frequent reimbursements could be beneficial to all people living in remote areas, not just people with disabilities.</p>	<p>The problem with credit and service design is that we know little about design issues that are particularly troublesome for people with disabilities. In general, MFIs have difficulty designing products to meet clients' needs, so we do not know whether clients with disabilities are less satisfied than other clients. Another challenge is related to the heterogeneity within the group of people with disabilities. The needs of people with hearing impairments are very different from those of people with mental impairments. Thus, designing special microfinance products for all clients with disabilities could lead to many different types of products. However, Banco D-MIRO in Ecuador has found that these adaptations are not necessarily necessary to increase outreach to people with disabilities. This bank decided to specifically target the disability segment and began by training its staff in sensitivity, while also conducting targeted marketing efforts, including partnering with local DPOs. Customers with disabilities were offered exactly the same products as other customers. In one year, the number of disabled customers tripled. Banco D-MIRO also found that using existing customers with disabilities to reach potential new customers with disabilities was one of the most effective marketing channels.</p>
		<p>Conducting market research to identify the specific needs of customers in general and the disabled in particular. This will necessarily involve following the stages of product design, namely: (i) evaluation and preparation; (ii) market research; (iii) prototype design; (iv) pilot testing; and (v) launch.</p>	





<p>Other members of the group</p>	<p>It is difficult to address the local stigma and discrimination that leads to the exclusion of people with disabilities from credit groups and savings associations. For example, some studies have emphasized the importance of allowing groups to be autonomous in their selection of members.</p>	<p>Policy makers, DPOs, MFIs and others should therefore continue to raise awareness about the rights of people with disabilities. In addition, current trends in the microfinance sector could benefit people with disabilities.</p>	<p>As competition in the sector increases, MFIs should lower their prices, improve their services, and target new market segments, including the disability segment. In addition, there is now a strong shift from group to individual methodologies, which in most cases are preferred by people with disabilities.</p>
<p>Self-exclusion</p>	<p>According to most people with disabilities, self-exclusion due to low self-esteem is not the main limitation, but it is worth considering as it limits access to financial services for a considerable number. Stigma and discrimination experienced by peers reduces the propensity of some people with disabilities to seek new opportunities.</p>	<p>DPOs are most likely in the best position to address these challenges through outreach. However, FIs and others need to be aware of this challenge and ensure respectful customer service.</p>	
	<p>An important type of self-exclusion is that many people with disabilities (like many other vulnerable people) are not aware of the services available. This suggests that some people with disabilities do not approach FI services simply because they do not know that they could benefit from these services.</p>	<p>FIs should establish an effective communication system with the use of appropriate media to communicate with the disabled.</p>	



II.1.2 Price dynamics

During the month of October 2022, prices moved up overall compared to September 2022.

As for the year-on-year inflation rate, it stood at 11.97% in the second week of October 2022 and was projected at 12.31% at the close of the month, an increase of 5.67% compared to that recorded at the close of September 2022, when it stood at 11.65%.

As for the annualized inflation rate, it is expected to be 13.25% by the end of this year. This forecast is higher than that of the previous month, when annualized inflation stood at 13.06%, a slight positive variation of 1.45%. At the same time, this forecast is higher than that made at the end of 2021, when the rate was 5.28%.

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

Table 2 » INFLATION TRENDS (OCTOBER 2022)

	Weekly inflation	Cumulative inflation	Year-on-year inflation	Annualized inflation
Week 1	0.25	9.92	11.83	13.08
Week 2	0.23	10.17	11.97	13.07
Week 3 (forecasts)	0.17	10.44	12.15	13.17
Week 4 (forecasts)	0.21	10.72	12.31	13.25

Source : CCO, October 2022.

In addition, it should be noted that other important developments could further compromise the macroeconomic framework. These include: (i) the intensification of military confrontations between the FARDC and the M23 in the eastern part of the country; (ii) budget overruns within certain institutions to the detriment of social programs (especially in a context of deterioration in the standard of living of society

exacerbated by Covid-19 and the soaring prices of basic necessities) (iii) disruptions to air mobility caused by the strike and other difficulties faced by Congo Airways; (iv) the expenses to be incurred for the preparation and conduct of elections in 2023, as well as (v) the continuing Russian invasion of Ukraine with its consequences on the dynamics of the price of fuel and other products imported by the DRC.



II.1.3 Exchange rates and foreign exchange reserves

Throughout October 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 September 2022, the exchange rate experienced a very slight depreciation of 0.01 percent on the interbank market, where it fell from 2 012.38 at the end of September 2022 to 2 012.66 in the second week of October 2022. In terms of projections, this rate is expected to be 2,005.73 at the end of October 2022.

On the parallel market, the exchange rate also depreciated slightly between the end of September 2022 and the second week of October 2022, falling from

2,086.67 to 2,100.00 (a negative variation of 0.64%). In terms of projections, the month of October 2022 is expected to close with a rate of 2,105.42.

Table 3 » EXCHANGE RATES TRENDS

	Closing september 2022	October 2022				Variation september-october 2022
		Week 1	Week 2	Week 3 (forecasts)	Week 4 (forecasts)	
Interbank market	2 012.38	2 006.9	2 012.66	2 006.36	2 005.73	-0.33%
Parallel market	2 086.67	2 067.5	2 100.00	2 088.15	2 105.42	0.90%

Source : CCO.

With regard to foreign exchange reserves, they were at a slightly lower level than at the end of September 2022. They stood at USD 3.9 billion in the second week of October 2022 and were projected at USD 3.93 billion at the end of the same month, a drop of 5.53 percent compared to the end of September 2022. In terms of the

number of months of imports, the Congolese economy has maintained its capacity at the end of September 2022. The coverage of imports by foreign exchange reserves remained at 2.5 months in the second week of October 2022 and was projected at 2.53 at the end of the same month.

Table 4 » FOREIGN EXCHANGE RESERVES TRENDS

	Closing september 2022	October 2022				Variation september-october 2022
		Week 1	Week 2	Week 3 (forecasts)	Week 4 (forecasts)	
In billions of USD	4.16	3.9	3.9	3.92	3.93	-5.53%
In months of imports	2.5	2.5	2.5	2.63	2.53	1.20%

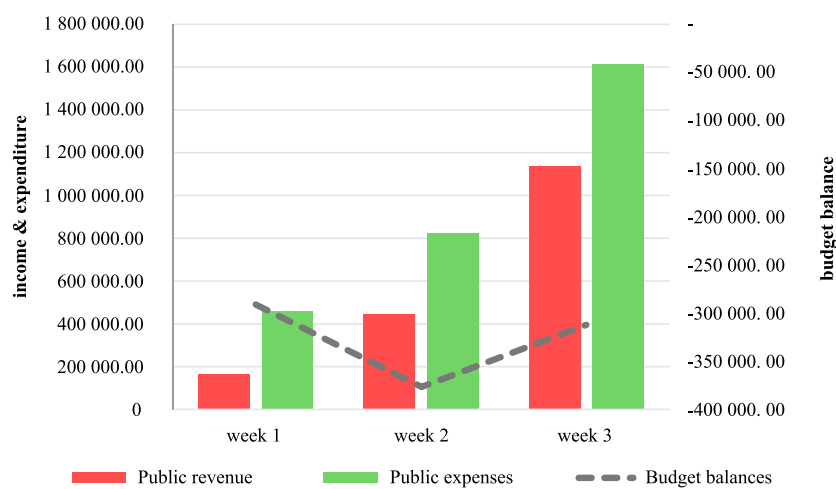
Source : CCO.

II.1.4 Public finance

CTR (Ministry of Finance) statistics indicate that in the second week of October 2022, the Treasury recorded a deficit of 376,774 million CDF. This deficit is the result of an expenditure level of 824,056 million CDF against revenue of 447,282 million CDF. The cumulative balance for this second week shows a surplus of 201,295

million CDF, and capital expenditures were low at 75,770 million CDF. On the other hand, the forecast shows a surplus in the fourth week of the month of 740,598 million CDF with revenue and expenditure levels of 1,868,846 million CDF and 1,210,149 million CDF respectively.

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

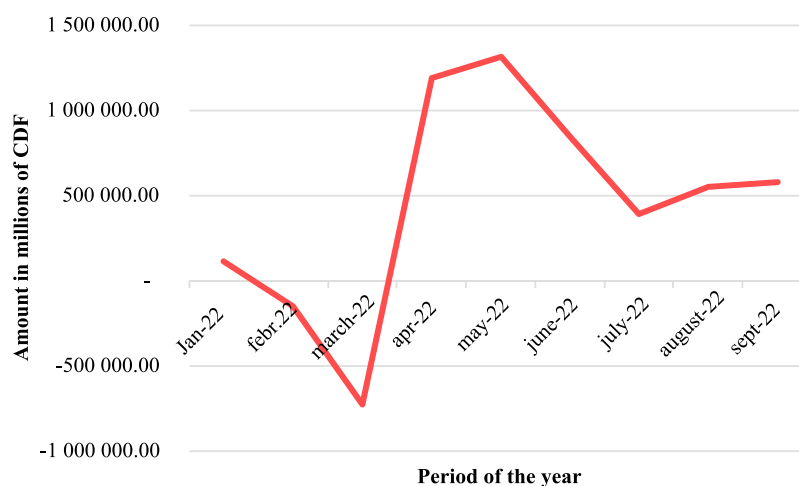


Source : CTR (Finance Department).

At the end of these two weeks, the state has spent an amount equivalent to 23,427 million CDF, or 2.84% of total expenditure on the salary of civil servants. This could be a continuation of the September payroll process, as recently the civil service payroll operation

has been late in starting. Forecasts for the end of October 2022 indicate an estimated 417,220 million CDF for salary expenditures and nearly 88,643 million CDF for capital expenditures.

Figure 10 » CUMULATIVE BALANCE (IN MILLIONS OF CDF)



Source : Ministry of Finance.

The graph below shows that the Congolese government is making considerable efforts to manage its cash flow, which is consistent with good budget execution this year. Despite the war situation in the east of the country and the effects of the Ukrainian crisis on the Congolese economy, which increase the amount of emergency spending, it has been observed that the payment deadlines for certain expenditures have been set according to the availability of the State's cash. This is a budgetary programming of the cash flow plan which is adjusted from time to time according to the orthodoxy of budget management.

However, some believe that the freezing of certain expenditures deemed important does not promote the smooth functioning of the national economy and could be the cause of tensions, particularly strikes. Thus, it would be wise to clearly define the expenditures deemed to be priorities that the government should carry out according to its cash flow plan without jeopardizing the functioning of the Congolese economy.

II.2 Evolution of the political situation

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

1. Rwandan aggression in DRC

In his message, the Head of State called for a re-scheduling of the withdrawal of peacekeepers from the United Nations Stabilization Mission in the DR Congo (MONUSCO). During a council of ministers meeting, Félix Tshisekedi emphasized the fact that the weaknesses and limitations of MONUSCO have been recognized at the highest level of the UN administration. Also, mobilizing for this existential cause, Felix Tshisekedi showed the determination of the Congolese people to defend national sovereignty and the territorial integrity of the country whatever the price.

At the same time, the Head of State also deplored the impotence of the UN and the indifference of the international community in the face of the aggression of which the DRC is victim on the part of Rwanda through the M23 rebels. In addition, Felix Tshisekedi also expressed indignation that these two organizations mentioned above support restrictive measures affecting the defense capabilities of the Armed Forces of the DRC (FARDC).

On the occasion of the review of the latest report of the UN Secretary General on the situation in the DRC, Ambassador DAI Bing, Chinese Deputy Permanent Representative to the United Nations, condemned the escalation of violence in the eastern DRC and emphasized the return of stability, which he said is an absolute priority. With regard to the violence perpetrated against peacekeepers, he called for a rapid investigation, and said that "the Security Council should respond positively to the Congolese government's request to lift the arms embargo.

In a doctrinal petition addressed to the Constitutional Court earlier this month, a group of Congolese scientists led by Professor Kabissa asserted that the war in the eastern part of the DRC was planned and desired by foreigners through the 2006 Constitution. According to this group, their request is for the "annulment of the 2006 Constitution" which was drafted by foreigners and for foreigners. Also, they argued that their request is not political, but purely doctrinal. For them, the disorders that the country is experiencing in its eastern part have been placed in this Constitution.

In addition, this group also denounced the fact that the current Constitution of the Republic is at the root of several confusions.



Moïse Moni Della denounced the Machiavellian plan of the balkanization of the DRC, concocted by Rwanda, since the capture of the strategic city of Bunagana by the M23. This political actor was keen to draw the attention of those who lead the Congolese, as well as that of all natural and legal persons, lovers of peace and justice, that the enemies of the DRC are now moving up a gear by currently propagating the concepts of the "buffer zone" or "right to self-determination". This is a dangerous and sulphurous notion, which carries the seeds of the country's dismemberment.

Still on this issue of the M23, the former Head of State in the Central African Republic in 2014, Ferdinand Alexandre N'Guendet has, in a correspondence addressed to the current President of the National Assembly of the CAR, Simple Mathieu Sarandji, made known that according to some rumors, there would be a massive military redeployment of the M23 in Central African territory, precisely along the border between these two states. Also, in an effort to preserve good relations with the DRC, this actor made three recommendations to the head of his country's National Assembly to (i) set up, as soon as possible, a parliamentary commission of inquiry on the redeployment of M23 forces in Central African territory, (ii) request the support and expertise of the African Union (AU), the Economic Community of Central African States (ECCAS), CEMAC and ICGLR; (iii) call on the Government to organize the prompt repatriation, under the control of neutral MINUSCA forces, of the M23 elements already on Central African soil, and to set up a particularly dynamic parliamentary diplomacy that should lead to the activation of a joint FACA/FARDC force in the border areas threatened by the presence of armed M23 groups.

Finally, the former Central African Head of State noted that what appears to be the massive military redeployment of the M23 into Central African territory should be of the utmost concern and should be studied and analyzed seriously by the Central African

authorities. The sad and unfortunate example of the Ugandan LRA redeployed in eastern CAR should give food for thought and invite active vigilance.

Martin Fayulu, in turn, demanded that the countries of Kagame and Museveni respect the sovereignty and territorial integrity of the DRC. He called on Rwanda and Uganda to withdraw their troops from the DRC, and on the UN to also act to dislodge the FDLR and ADF from Congolese territory. Fayulu believes that "to stop the violence in the DRC, we need the rule of law, territorial integrity, national cohesion, honest governance and an army.

Reacting through a publication on social networks, Senator Francine Muyumba, member of the IPU's International Humanitarian Law Committee and chair of the Senate's External Relations Committee, said that Congolese parliamentarians, members of the Inter-Parliamentary Union, were informing their colleagues around the world of their refusal to take part in the 145^{ème} IPU Assembly, which will be held in Kigali this October as long as Bunagana remains occupied by the M23 rebels, supported by Rwanda.

The national president of the Union for the Congolese Nation (UNC), Vital Kamerhe, has proposed a plan to end the crisis based on "his theory of the eye of the storm in the center of a triangle. This plan recommends first and foremost that the M23 lay down its arms. His approach then emphasizes the need for a frank dialogue between the countries involved in this crisis, notably the DRC, Rwanda and Uganda. These three countries, he says, form the triangle at the center of which lies the M23, the eye of the storm. This plan also provides for the peaceful cohabitation of all local communities that must be welded together like "the five fingers of a hand, and banish, thus definitively, from the Congolese vocabulary xenophobia and tribalism.

Reacting to Vital Kamerhe's proposal, Patrick Nzey, president of the political party "Les Démocrates



Nationalistes" (LDN), said he was opposed to the plan and supported military intervention in the region.

Mr. Nzey argued that Kamerhe's position is a treachery and a misdiagnosis that cannot result in therapy for lasting peace in the eastern Democratic Republic of the Congo. According to him, the decried Nairobi declarations and agreements have not prevented the M23 from erecting a wall in Bunagana, with a view to self-determination.

In his speech at the official launch on Thursday, October 6, 2022, of the 6ème Conference of the Network of African Parliamentarians in Defense and Security Committees (REPAM - CDS), the President of the National Assembly, Christophe Mboso condemned the aggression of the DRC by Rwanda, which "decided to be the epicenter of the destabilization of its neighbors, especially the DRC.

On the government side, Patrick Muyaya, Minister of Communication and Media and government spokesperson, ruled out any possibility of negotiating with the M23 rebels who have been occupying the territory of Bunagana in North Kivu for four months now. He recalled, however, that the DRC is engaged in diplomatic efforts, through the Nairobi and ICGLR (International Conference on the Great Lakes Region) processes, to resolve this security issue. Meanwhile, the rebellion is consolidating its presence in the region.

In front of the members of the Congolese diaspora in Great Britain, the Head of State presented the global situation of the country, and explained to his compatriots why, until now, he favors the diplomatic way to solve the problem of the aggression in the East of the country. Indeed, for him, the option of war will be an "ultimate" option, if diplomacy "fails". "The President of the Republic has urged the Congolese diaspora to engage in pleading with the authorities of their country of residence the cause of the DRC and explain the reality of the facts of the aggression unjustly suffered by the DRC.

Denis Mukwege for his part called on Belgium to support an international criminal court to stop the suffering imposed on the Congolese population through the war. It was before the Committee on External Relations of the House that he pleaded for Belgium to make proposals at the international level, both within the EU and the UN, to stop the war that has plagued the eastern DRC for 25 years. The Nobel Peace Prize laureate called for the fight against "the culture of impunity", encouraging Belgium to set up an international conference in favor of the establishment of a "transitional justice", referring to the "right of the Congolese to justice, truth and the guarantee of non-repetition of the atrocities committed in the last 25 years and which continue today."

In a communiqué issued in the evening of October 31, 2022, the Rwandan government betrayed its long-hidden intentions regarding its proven authorship of the instability of the DRC. Indeed, reacting to the latest statements by Félix Tshisekedi denouncing the cross-border banditry of the regime of Paul Kagame, the only one of the DRC's nine (9) neighbors who has chosen violence and terrorism against his country, Kigali argued that "the intensification of new attacks by the FARDC against the M23, a Congolese armed group, is a clear violation of agreed regional security mechanisms, including the Nairobi and Luanda processes. So, by proceeding in this way without caution, not only does Rwanda seem to be responding to the latest verbal jabs from the Congolese president, but it is also taking up the cause of the M23 terrorist movement.

In a letter dated October 20, 2022, to U.S. Secretary of State Antony Blinken and U.S. Treasury Secretary Janet Yellen, a group of U.S. senators point out that since late 2021, the M23 has launched an increasing number of "sophisticated and deadly" attacks against the Congolese government, the U.N. Stabilization Mission in the DRC (Monusco) and civilians.

These senators based their concern on reports from human rights organizations that the rebel movement has a steady supply of modern weapons and ammunition that allow its members to regularly hit targets on firing ranges and conduct precision shooting against aircraft. These senators ultimately felt that the M23 has direct state support. As a result, they called for an update on the ongoing implementation of U.S. sanctions against the M23, as required by Public Law 112-239.

For his part, the American senator Menendez, member of the Committee on Foreign Affairs of the American Senate, has once again condemned Rwanda's support for the M23 in the war in the east of the DRC. He expressed in his Tweet published on October 29, 2022 by which "he joined the U.S. Ambassador to the United Nations to call on Rwanda to stop supporting the M23 rebels in the eastern DRC. He further pleaded that all those who are causing the desolation and death of Congolese citizens and UN peacekeepers, the M23 and its supporters be held accountable and deserve international condemnation.

Finally, at the end of the security council chaired by Felix Tshisekedi on Saturday, October 29, 2022, at the African Union headquarters, with the top brass of the army and some members of the government, it was finally decided to expel the Rwandan ambassador to the DRC, Vincent Karega, who had 48 hours to leave the country.

2. Preparations for the organization of elections in the DRC

The president of the Independent National Electoral Commission (CENI), Denis Kadima Kazadi, officially launched the awareness campaign for the identification and registration of voters, before representatives of the two Houses of Parliament, the diplomatic corps and the media as well as international organizations.

On this occasion, the head of the electoral center has unfolded the steps retained in the organization of elections that will begin with the launch of the revision of the electoral file in December 2022.


Stressing that his team is working in a different context, committed to doing things differently, Denis Kadima reaffirmed his desire to involve all stakeholders in the winding journey of the current electoral cycle marked by constraints of all kinds.

Notwithstanding these constraints, INEC is determined to do its utmost to accomplish the legal mission assigned to it. That of organizing, in all independence and impartiality, free democratic and transparent elections.

To achieve this, INEC has developed two essential tools: the roadmap of the electoral process 2021-2027 published on February 3, 2022 and the Strategic and Operational Plan 2022-2026 adopted last January.

On this occasion, Mr. Kadima recalled that the roadmap lists the major pre-electoral and post-electoral operations that INEC intends to organize, including operational mapping, which has made it possible to draw up the map of registration centers, then the voter identification and enrolment operation, which will be launched in December 2022. Then, the organization of direct and indirect elections of the electoral cycle and, finally, the activities of sustainability of the electoral process.

The Operational Strategic Plan is divided into five pillars: building an image of CENI to strengthen its credibility, improving the quality of services rendered to increase efficiency, strengthening relations with stakeholders for greater confidence, building a new culture of inclusiveness for greater support and, finally, committing to a policy of mobilization and sustainable and efficient management of resources to ensure the sustainability of CENI.



The big announcement expected from INEC concerns the publication of the electoral calendar in November 2022. All this constitutes a real challenge for the INEC management team, which expects to spare no effort to do so.

Several reactions have been recorded on this thorny issue of the organization of elections in 2023.

The Special Representative of the UN Secretary General in the DRC, Bintou Keita, praised the efforts of the government, parliament and CENI to establish the legal framework and conditions for the proper conduct of the polls, while reiterating MONUSCO's readiness to facilitate the dialogue that can ensure a transparent, inclusive and peaceful process, held within the constitutional timeframe, with the active participation of women and youth at every stage.

In addition to the promulgation of the electoral law, the head of MONUSCO particularly welcomed the establishment of consultation frameworks with women, youth, political parties and civil society, and the preparations for the launch of voter registration in December. She also emphasized the strategic nature of the 2022-2025 military programming law, estimated at US\$1 billion per year, which Parliament must examine. This instrument is essential to enable the DRC's Armed Forces (FARDC) to grow and to carry out security sector reforms, two fundamental elements in responding to the security challenges facing the country, particularly in the East, where armed groups continue to commit acts of violence against civilians.

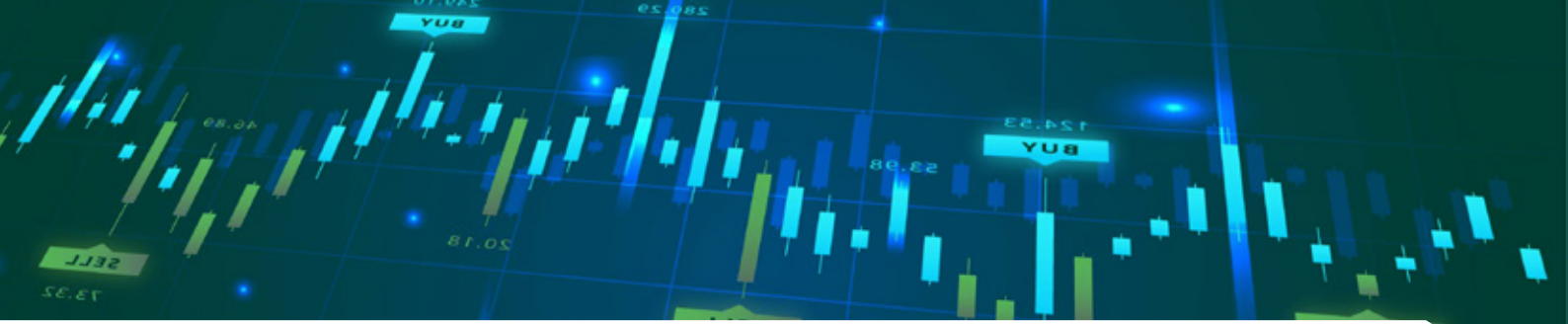
Faced with many difficulties, Congolese political actors are divided on the electoral issue that lead a debate of ideas to raise the country from its challenges. As always, many politicians only talk about the 2023 elections as if they were the priority of priorities compared to all the problems and issues facing the DRC.

It is on this occasion that Jean-Pierre Kambila, the former Deputy Director of Cabinet of Joseph Kabila, pleads for the effectiveness of a real debate of ideas between political actors.

National deputy Dely Sessanga, president of the opposition party Envol, expressed reservations about the presidential statements, saying that "if he were optimistic, he would not have multiplied with his political camp so many maneuvers that organize fraud around all the pillars of this process, namely the CENI, the Constitutional Court and the election law, which have been totally designed with the sole objective of cheating, to have a large-scale fraud. According to him, the demands of the opposition to see the results published office by office, the independence of the Constitutional Court and the respect of its composition "have not been respected. But "there is still time to correct these elements in order to go to these elections within the deadline.

On the side of the PPRD, the People's Party for Reconstruction and Democracy, Patrick Nkanga, who is the rapporteur of the political bureau, believes that the issue is not really about the calendar. For the PPRD, it is not a question of date but above all a question of credibility and transparency of the process. What is important is to know how the elections will be organized so that the people's choice can be respected and guaranteed.

For Professor Lohata Tambwe, speaking in a forum, President Felix Tshisekedi cannot rationally be re-elected. Firstly, because the Congolese will not forgive him for getting closer to Kagame. Secondly, the capture of Bunangana by little Rwanda to date (4 months and no large-scale action as a counter-attack), almost all the roads are not passable, the widespread strikes in particular in the universities and higher public institutes as well as in the nursing profession; The embezzled money has never been returned to the public



treasury while the alleged and convicted embezzlers have been released from prison; the Congolese have not forgotten that the RAM stole a lot of money from them; they have never been compensated; 80% of the Congolese have no water to drink (back to jerry cans instead of taps) and no electricity (the use of the Chinese torch has become the rule and electricity the exception), etc.

He went on to say that with a ton of unfulfilled presidential promises, the housewife's basket is constantly shrinking, food and bread are becoming a luxury again.

Prof. Lohata concludes that honestly, rationally and scientifically, the re-election of FATSHI is not conceivable even if he planned the fraud to the kabilie. Reaffirming his position as a member of the Sacred Union of the Nation, the political family of the Head of State, Mr. Lohata called the Congolese people to be vigilant. Because, one does not have to make a bad choice in 2023. It is the duty of each citizen to make a thoughtful choice of a personality who has a vision of the Republic, that is, we must not fall into the errors of the past and especially of the national or provincial deputies, by voting only people who have an ideal for the people, people who have a visible project for the people.

For Didier Kamundu, in addition to Felix Tshisekedi, the possibility of other leaders of the Sacred Union becoming presidential candidates in 2023 should not be ruled out.

In its report on the 2023 elections published in October 2022, the Groupe d'Études sur le Congo (GEC) and its research partner Ebuteli found that political control of the elections persists, and that the country does not seem to have learned from the 2018 electoral process. This political stranglehold persists especially on the institutions involved in managing the electoral

process. This is the case of the Independent National Electoral Commission (CENI) and the Constitutional Court.

Ferdinand Kambere (PPRD) noted that with or without elections, Felix Tshisekedi must leave in 2023. Because, he maintains, we cannot go ahead with this process. Recalling that his camp did not recognize this INEC and its leaders who are well aware of acting without the legitimacy of all stakeholders. If they were legitimate, Kambere insisted, the first thing would have been to publish the electoral calendar.

In his concluding remarks, Mr. Kambere stressed that the current government cannot install chaos in the East and believe that it can only organize elections in Kinshasa. And even in Kinshasa, he wonders who will participate when we see the deputies fattened by public money and that nothing is in the basket of the housewife.

Jacquemin Shabani, president of the Permanent Electoral Commission (CEP) of the presidential party UDPS, assured that the supporters of the UDPS swear only for the re-election of Felix Tshisekedi, stressing that they are in front of two enormous challenges, namely: the re-election of President Felix Tshisekedi and the assurance of a comfortable majority. In addition, according to Augustin Kabuya, national secretary, on the issue of elections, the party of Tshisekedi adheres neither to the idea of dialogue nor even to that of the shift. Its leaders are calling for elections to be held within the time limit set by law.

3. Motion of no-confidence for the Minister of Transport Cherubin Okende

The Minister of Transport Cherubin Okende was the subject of a procedure that led to the vote by MPs of a motion for having been accused of mismanagement of the file of driver's license and the acquisition of equipment in his sector of responsibility.



This motion, which at the end of a vote was rejected, showed to the opinion a Sacred Union practically cracked on divergent interests. Indeed, there is no need to point out the coldness that characterizes the relations between the relatives of Katumbi and the others within the Sacred Union of the Nation since the ambitions displayed to compete in the elections of 2023, at all levels.

According to those close to him, the minister was targeted by this motion because of his loyalty to Moïse Katumbi, who is no longer in the odor of sanctity with his partners in the Sacred Union.

Also, denouncing a settlement of accounts, cleverly mounted by the motioners, it turned out that "the grievances against him are unfounded, the reason being elsewhere and everyone knows it. His attachment to Moïse Katumbi would be the basis of this plot against his person.

Reacting to this situation, the national deputy Anicet BABANGA MPOTIYOLO, elected in the electoral district of INONGO - Ville, had affirmed that the conditions were met with the 63 signatures they had collected.

For him, this member of the government, a member of Moïse Katumbi's Ensemble pour le Changement (Together for Change), was accused of incompetence, amateurism, lack of vision in his sector and of intruding in the management of public enterprises under his supervision.

Present at the plenary session of Wednesday, October 19, 2022, Cherubin Okende said he was going to respond to the concerns of the legitimate representatives of the people in all tranquility, and was ready to assume any consequences, concerned about the duty of accountability to the lower house of parliament. He also reaffirmed his loyalty to the President of the Republic and claimed to be a fervent actor of the Sacred Union of the Nation.

Those who opposed this motion of no confidence denounced that the procedure was not respected. Indeed, it was thanks to the motion of order of the national deputy Jacques Djoli of the Sacred Union that the minister Cherubin Okende was finally saved from impeachment by a narrow margin.

In his point of order, Professor Jacques Djoli suggested to the President of the National Assembly, Christophe Mboso, that he should use the voice of wisdom by suspending the debate. A proposal that was overwhelmingly voted by the national deputies (Sacred Union and opposition) and allowed Minister Cherubin Okende to escape impeachment.

The leader of Envol, Sesanga decried the attitude of some elected officials who, instead of devoting themselves to the problem of insecurity that is undermining the East of the country with the prolonged occupation of the city of Bunagana and the violence that is paralyzing the territory of Kwamouth, are passionate in bringing to the hemicycle a ridiculous debate. For him, the approach of the elected members of the motion has caused confusion, especially since, he says, the accusations against the minister involved are false and unfounded.

During the debate, National Deputy Daniel Mbawu said it was time for the head of state to dissolve the National Assembly.

Indeed, Daniel Mbawu said that "according to the constitution, when there is a crisis between the government and the National Assembly, the only way to resolve the problem is the dissolution. In this chamber, we challenged our government, it fell. Our Minister of the Economy was brought down, and that was justified because there were no chinchas. But now, what we are just going to bring down the minister on issues that border on the obscurity of the wording, a serious constitutional will say that it is time that the President of the Republic can put us on leave," he said.



In fine, this deputy recalled that the Parliament needs "controls that are based on facts, instead of controls concocted in a living room by 3 people".

For the deputy Léon Nemba Lemba, there is no point in hiding from it. Because everyone knows what is behind this motion. Everyone knows who is targeted, no doubt referring to the tension that exists between the UDPS and the Ensemble party of Moïse Katumbi.

Many executives and members of the presidential party are calling for the departure of the Union Sacrée within the governing coalition.

Reacting to the rejection of the motion against the minister, Felix Kabange Mukwampa, one of the executives of the FCC argued in a controversial tweet that it was the end of the Sacred Union.

3. Political and economic perspectives

On the political level

Of the geopolitics of the Great Lakes region, some analysts believe that the signs of the times show that Rwanda's President Paul Kagame is following in the footsteps of Marshal Mobutu Sese Seko, the former president of Zaire-DRC. The focal point of the United States in the Great Lakes region during his 32-year reign, the late Mobutu Sese Seko, the "Leopard of Zaire," was the states' point man in the region before he was dropped and handed over to the AFDL rebellion, supported by the Rwanda-Uganda-Burundi coalition.

After Mobutu, Rwandan Paul Kagame took on the role of US watchdog in the Great Lakes, with the mission of destabilizing the DRC for the predation of its natural resources, and even of balkanizing the DRC to better subjugate it.

Little by little, Washington is apparently changing its approach, reducing more and more the margin of maneuver of the Rwandan president in the Great Lakes. This is particularly the case when, for the first time, the US openly asks Rwanda to stop supporting the rebels, even without mentioning him.

Like Mobutu in his day, the strongman in Kigali is no longer in good standing with his American mentors. Signs of friction are evident.

According to political scientist Freddy Mulumba, two events herald the end of an era for the man from Kigali. First, the paradigm shifts in American foreign policy: the war on terrorism is giving way to competition or rivalry between the great powers. Then, the denunciation of Rwanda by President Felix Tshisekedi at the UN, the statements of UN Secretary General Antonio Guterres on RFI-France 24 relaying the words of Ms. Bintou Keita, representative of the UN Secretary General in the DRC at the Security Council, denouncing the occupation of Congolese territory by the Rwandan army. Finally, the death of

eight peacekeepers in a crash of a Monusco helicopter following the firing of missiles by the Rwandan army under the cover of M23.

In his July 20, 2022 letter to Secretary of State Antony J. Blinken, prior to his African tour, U.S. Senator Robert Menendez expressed concern about the Rwandan government's continued disregard for human rights and raised the issue of the need for a more effective U.S. policy. The senator noted that U.S. policy toward Rwanda is increasingly out of step with American interests and values. "While the Rwandan military is trained by the U.S. military, the Rwandan military is engaged in 2012 and 2022 in destabilizing the DRC by supporting M23 rebels and deploying its soldiers in the territory," the senator noted.

Finally, the question of organizing elections in 2023 still poses problems of credibility and assurance regarding the effectiveness of important stages of the process. These include the electoral calendar and the government's ability to finance the related operations in a timely manner, starting with identification and voter registration (to establish the electoral roll), which is scheduled for December 2022.

On the political front, we can expect to see some positioning and repositioning as we approach the elections. If the partners of the Sacred Union of the Nation seem to show their solidarity for a new mandate to Felix Tshisekedi, some within this platform are gradually distancing themselves, such is the position of the wing that has remained loyal to Moise Katumbi who is no longer hiding his ambitions for 2023. Others in the opposition are defecting to join the USN camp. This is the case of Adolphe Muzito, who has almost completely disassociated himself from his platform Lamuka to get closer to the presidential camp without making a formal adhesion to date.



Moreover, the issue of the war in the east, where entire territories are passing under the control of the M23, is not likely to encourage an inclusive approach to the organization of elections. Naturally, safeguarding territorial integrity will be the priority in the days ahead.

On the economic level

The continuation of the Russian-Ukrainian war is throwing the global economy into uncertainty. Indeed, recent developments (notably in October 2022) in this invasion are fuelling concerns about the economic outlook. These are essentially the following: (i) the set of sanctions between the European Union and Russia; (ii) the annexation of certain Ukrainian territories by Russia; and (iii) the suspension by Vladimir Putin of the agreement on grain exports from Ukrainian ports. Thus, in the face of this situation, it is possible to feel more the perverse economic effects resulting from this war.

At the national level, although the economy appears to be stable, the DRC's economic outlook is not encouraging. The intensification of military confrontations between the FARDC and the M23 rebel group; flight disruptions causing a hindrance to the movement of people and goods, particularly following the crisis faced by Congo Airways; and the continuing Russian invasion of Ukraine, which is fuelling uncertainties regarding energy and agricultural supplies, with its consequences on the price dynamics of the above-mentioned products, are factors that are contributing to the deterioration of the country's economic outlook.

In addition, there is (i) corruption and embezzlement of public funds; (ii) growing inequality among the population; and (iii) uncertainty about the organization of credible and transparent elections in 2023. These elements are precursors of a deterioration of the national economy.

With respect to public finance, it should be noted that no mechanism has been put in place by the government to ensure optimal collection of resources. The rate of collection of public revenues remains mainly dependent on the price of mining products, and therefore on the evolution of the economic situation. The low tax burden in the DRC suggests that economic growth is not providing the state with sufficient financial resources.

Finally, the DRC's placement on the Financial Action Task Force's (FATF) grey list could fuel concerns about the country's prospects. Indeed, this classification is based on the poor results in the fight against money laundering. Thus, the inclusion of the country on this list of "countries under enhanced scrutiny" could have several negative consequences for the national economy.

Thus, in order to overcome the above-mentioned problems, the government must take the necessary decisions and put in place the appropriate mechanisms to (i) increase the capacity to mobilize public revenue and broaden the tax base; (ii) reduce the cost of living of institutions and increase capital expenditures; (iii) establish the power of the State and definitively resolve the problem linked to the repeated aggressions and incursions of armed groups in the east of the country, in particular by neutralizing the M23 group; (iv) put the Congolese economy on the path to diversification; (v) ensure compliance with international standards and the implementation of international tools to effectively combat money laundering and improve the DRC's rating in this area; and (vi) reduce corruption within the state administration.

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Dixit Machiavel

**EVOLUTION OF THE ECONOMIC
AND POLITICAL SITUATION IN THE
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