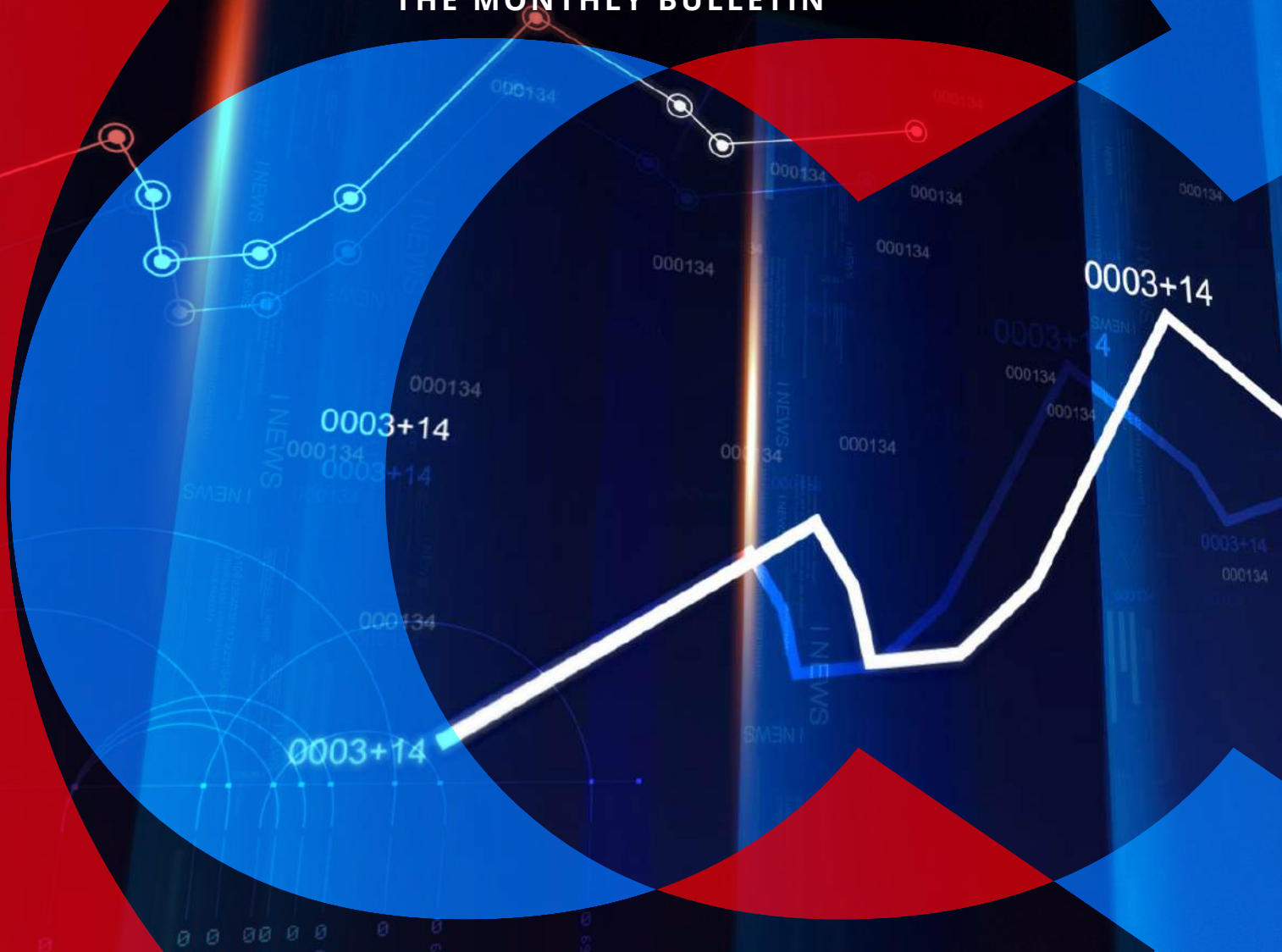


CONGO CHALLENGE
THE MONTHLY BULLETIN



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

Issue 77 | September 2023

An electoral process set in motion without consensus between the stakeholders, a continuing deterioration in the quality of life of the population, persistent insecurity in the east of the country: what is the outlook for the DRC?

Kinshasa, DRC



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

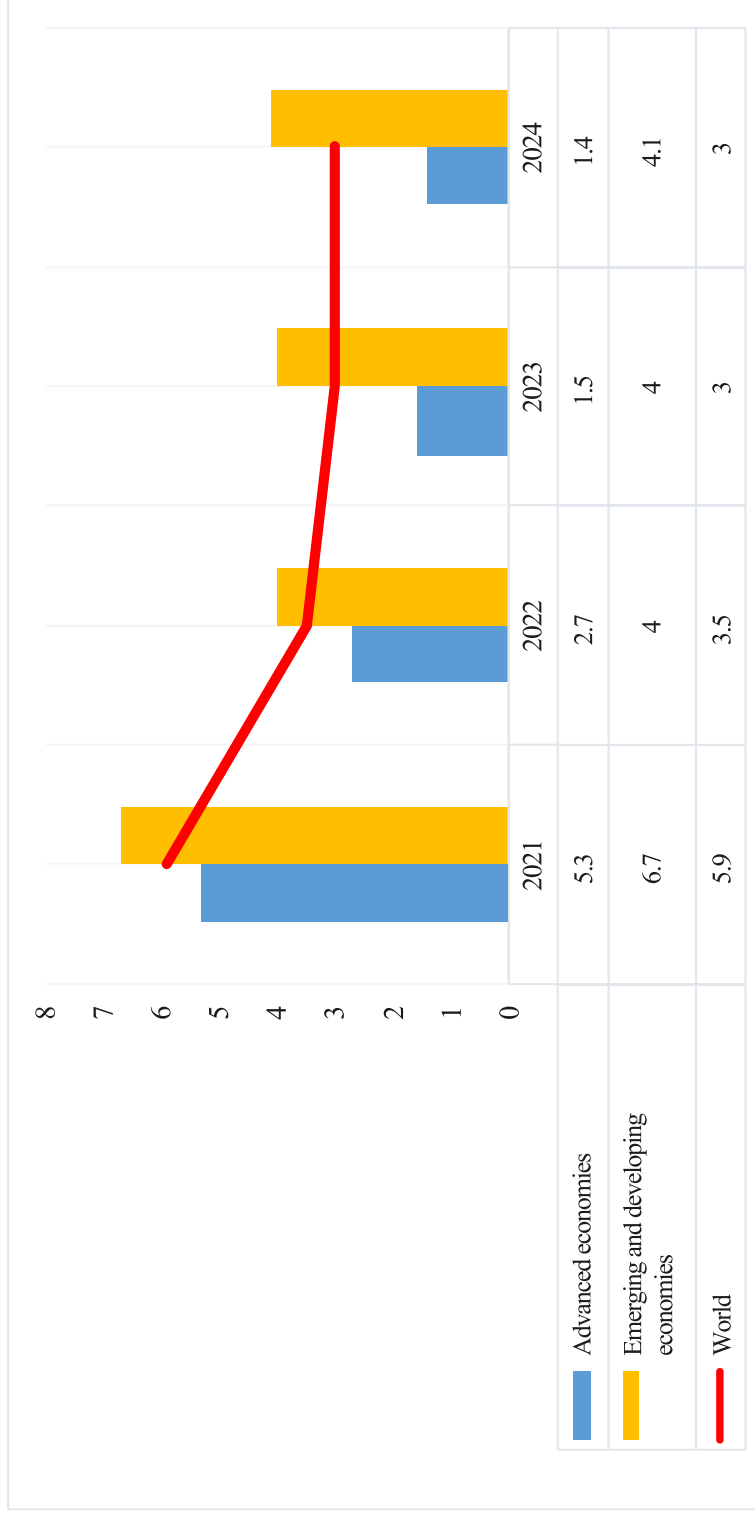
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This monthly bulletin was translated by Congo Challenge staff. The original version is in French. Thus, the translated version may contain some shortcomings without altering the content of the original one.

WORLD ECONOMIC GROWTH PROJECTIONS

Figure 1 >>



Source: International Monetary Fund.

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Matata Ponyo Mapon

What I think

Africa: Is the Republic of the military back?

- **What I think** is that the governance of elected African civilian leaders is being called into question. In recent years, the military have returned to power as Presidents of the Republic. This is particularly the case in Mali, Burkina Faso and Niger, three countries in the Economic Community of West African States (ECOWAS). In less than a year, Mali has seen two successive coups d'état led by Colonel Assimi Goïta. The first took place on 18 August 2020, overthrowing the elected President Ibrahim Boubakar Keita, known as "IBK"; the second took place on 24 May 2021, overthrowing the President of the Transition, Mr Bah N'Daw. Burkina Faso has also seen two coups d'état in eight months. The first was carried out on 24 January 2022 by Lieutenant-Colonel Paul-Henri Sandaogo Damiba, who overthrew the elected president Rock Kaboré; the second was carried out by Ibrahim Traoré on 30 September of the same year, ending the term of office of a military coup predecessor. Niger has recently seen only one coup d'état, carried out on 26 July by General Abdourahamane Tchiani, putting an end to the duties of elected president Mohamed Bazoum. Also in West Africa, another coup d'état on 5 September 2021 by Lieutenant-Colonel Mamadi Ndoubouya toppled the octogenarian president-elect Alpha Condé. Central Africa has not been spared. In Sudan, General Abdel Fattah Al-Burhane took power on 25 October 2021, overthrowing the transitional civilian authorities installed in 2019 after the fall of Omar el-Bechir, who had ruled for nearly 30 years. Since 15 April this year, Sudan has been the scene of bloody clashes between the two military factions behind the October 2021 putsch. In Gabon, Ali Bongo, freshly elected, was ousted from power on 30 August by General Brice Oligui Nguema. The military putschists put forward several reasons to justify the coup. For the first three countries, the main

reason was to put an end to political regimes incapable of guaranteeing peace and security in the face of the jihadist movements occupying large areas of these countries and sowing terror. In the case of Guinea and Gabon, the aim is to put an end to political regimes that remain in power in violation of the country's constitution and laws, yet fail to guarantee significant economic progress capable of significantly reducing poverty. President Alpha Condé had served two five-year terms and was now in his third after amending the Constitution. Gabon's president had just spent 14 years in power after his father Omar Bongo's 41 years at the head of the same country (1967-2009). Faced with this new way of acquiring power by force, some people want to know more about the "coup d'état" phenomenon.

- **In my view**, the history of coups d'état is as old as the hills. In fact, in 2,340 BC, the minister Sargon overthrew King Ur-Zababa in a coup d'état to found the Akkadian Empire in Mesopotamia. In Egypt, 399 BC, the general Nephertites overthrew the pharaoh Amyrteus of the XXVIIIth dynasty. In China, in 249 AD, Sima Yi eliminated Cao Shuang and seized power. In 1610, the boyars of Russia overthrew Vasily IV and proclaimed Ladislaus IV king. Closer to home, in the twentieth century, Benito Mussolini overthrew Victor Emmanuel III of Italy on 27 October 1922. In Iraq, King Faisal II was overthrown on 14 July 1958 by the soldier Abdul Karim Qasim. In Pakistan, army chief Muhamad Ayub Khan overthrew President Iskander Mirza on 27 October 1958. In Cuba, Fulgencio Batista was overthrown in 1959 by Fidel Castro. In South Korea, Yun Po-Sun was overthrown in 1961 by General Park Chung-hee. In Togo, Sylvanus Olympio was



overthrown by Gnassingbé Eyadema on 13 January 1963. In Algeria, Ahmed Ben Bella was ousted from power by Colonel Houari Boumédiène on 19 June 1965. In Zaire, Joseph Kasavubu was overthrown on 24 November 1965 by Colonel Joseph Mobutu.

- As you can see, the list is long, and no continent has been spared coups d'état. And generally speaking, it is the military that takes power. The question that needs to be asked is whether the military have the skills required to lead countries in order to guarantee not only peace and security but also the necessary socio-economic progress.

- **What I think** is that some military regimes have succeeded, others have totally failed. General Park's military regime in South Korea is one of the examples that succeeded perfectly. On the other hand, the military regime of Lieutenant-Colonel Mobutu Sese Seko of the DRC is one that failed miserably. In 1960, the DRC and South Korea had relatively similar GDP per capita. During this period, the military leaders Mobutu Sese Seko for the DRC and Park Chung-hee for South Korea played a decisive role in the development of these two countries, with far-reaching structural reforms, albeit of very different kinds. President Mobutu came to power in the DRC in 1965 but, unfortunately, he subsequently established an authoritarian regime that led to economic mismanagement, economic stagnation and then an economic crisis exacerbated by corruption and political instability. In parallel, in South Korea, General Park came to power in 1961 and established an authoritarian regime, but accompanied by a coherent series of development policies, particularly in the areas of education, technology and innovation, exports and industrialisation. This fundamental distinction in

economic policies may explain much of the contrasting fortunes of the economies of the DRC and South Korea respectively. Both Mobutu and Park were military men, but the former mismanaged and misgoverned the DRC, which became one of the poorest countries in the world. The DRC is the 164th largest economy in the world. While the latter has implemented coherent economic policies that have fostered economic growth in South Korea, which has become the tenth largest economy in the world. In view of the above, it is clear that the difference between the socio-economic results achieved by the two militaries is justified by the quality of leadership and governance.

- **What I think** is advisable is that the democratic process for appointing the Presidents of the Republic should be respected in order to avoid disappointment and anger among the population and the military. In a word, this process must not be transformed into civilian coups d'état carried out on the fringes of the country's Constitutions and laws in order to maintain in power, on the basis of sham elections, unelected civilians who are sometimes hated by the population. Furthermore, democratically elected leaders must genuinely address issues of peace and security, as well as wealth creation for the benefit of the majority of citizens. Failure to do so will lead to the return of the military, who have armed forces at their disposal not to dismiss the Presidents of the Republic, but rather to defend the integrity of countries and guarantee peace and security. It is true that in the past, some military regimes have favoured the development of their respective countries. But other military regimes have destroyed entire economies of countries under their responsibility. Ideally, genuinely elected and



competent civilians should be allowed to manage the economy, while the military should be allowed to manage the defence and security of the country. In conclusion, it is important to promote quality

leadership and governance at the head of African countries to guard against coups d'état.

Kinshasa, 20 September 2023



Executive summary

Economic situation

- **Internationally**, according to the International Monetary Fund, the world economy is currently experiencing its greatest crisis since the Second World War. Benchmark forecasts indicate that growth in advanced economies is set to slow to 1.5% in 2023, while growth in emerging market and developing economies is expected to stagnate at 4% in the same year. This economic deceleration is mainly attributable to the continuing conflict in Ukraine and the adoption of stricter macroeconomic policies aimed at mitigating the devastating effects of this conflict on the global economy and stabilising the global economic situation.
- As far as inflation is concerned, despite slowing in 2023 to 6.8% from 8.7% in 2022, it remains stubbornly high relative to central bank targets. It could also rise again in the event of further shocks, such as the prolongation of the conflict in Ukraine or extreme weather events.
- In September 2023, financial markets trended downwards overall, mainly due to the continued monetary tightening policies implemented by central banks to counter the price rises resulting from the conflict in Ukraine. The resulting appreciation of the US dollar reduced demand for stock market assets, leading to a fall in their value.
- On the international foreign exchange market, the US dollar strengthened against the euro, the pound sterling, the Japanese yen and the Chinese yuan, as central banks tightened their monetary policy to control inflation.
- With regard to international trade, forecasts from the World Trade Organisation indicate that growth in the volume of merchandise trade in 2023 could be between -2.8% and 4.7%. This forecast is due to persistent inflation, tighter monetary policy and financial uncertainty.
- With regard to raw materials, copper prices continued to fall during September 2023, reaching a low of USD 36,496 per metric tonne as a result of the slowdown in the global economy. Similarly, gold prices fell in response to the appreciation of the US dollar. On the crude oil market, on the other hand, prices rose slightly due to positive signs of economic recovery in China, which stimulated demand for crude oil.
- **At national level**, the macroeconomic environment improved overall. The national currency appreciated by 2.88% on the interbank market and depreciated by 1.90% on the parallel market. During September 2023, the national economy recorded negative variations in inflation rates overall. Weekly inflation fell by 23.86% compared with the previous month. Cumulative inflation rose by 1.51% and year-on-year inflation fell by 23.46%. The trend is the same for annualised inflation, which fell by 9.35%.
- In terms of public finances, the Treasury is expected to record a deficit of CDF 17,897.00 million at the end of September 2023. This deficit would result from a level of expenditure of 1,654,872.00 million CDF (of which 39.53% capital expenditure) against revenue of 1,636,975.00 million CDF (of which 90.42% tax revenue). It should be noted that the figures presented above represent projections by Congo Challenge based on historical data up to August 2023. They will be updated as soon as the official data for September 2023 are published.
- Finally, the economic news of September 2023 was marked by several notable events. These were (i) the temporary interruption of Congo Airways operations; (ii) the government's proposal to abolish certain taxes and fees in order to rationalise generating acts; (iii) the launch by the President of the Republic of industrial production in the Maluku special economic zone; (iv) the launch of free maternity and newborn care nationwide; (v) the government's imposition of the domestic debt payment threshold on local suppliers.



The political situation

- September 2023 saw a number of significant political events in the Democratic Republic of Congo (DRC). Here is a summary of the events:
- The Independent National Electoral Commission (CENI) announced that the electorate had been called for the presidential elections scheduled for 20 December. The office for the receipt of candidatures will be open from 9 September to 8 October, marking the start of the final stage of the electoral process.
- On 30 August, elite troops of the regular Congolese army committed a massacre in Goma, in the province of North Kivu. More than 50 civilians were killed as they prepared to protest against MONUSCO, which they perceived as foreign interference in the east of the DRC. Two commanders of the Republican Guard's special unit were charged in connection with the tragedy.
- The two chambers of the Congolese parliament opened the last session of the current legislature on 15 September 2023. This session, which focused mainly on the budget for the 2024 financial year, provides for a budget of 16.6 billion US dollars. The National Assembly also paid tribute to the late national deputy Chérubin Okende, who was murdered two months ago in circumstances that remain unclear.
- The President of the DRC, Félix Antoine Tshisekedi, gave a speech at the 78th General Assembly of the United Nations in New York on 20 September 2023. He called for sanctions against those responsible for the alleged aggression against the DRC by Rwanda and its M23 allies. The President stressed the importance of bringing to justice the individuals mentioned in the UN experts' report and commended the US government for imposing sanctions against Rwanda and M23.

1. International context

1.1. Economic growth

According to the International Monetary Fund (IMF), the global economy is currently experiencing the greatest crisis since the Second World War. Over the past year, the ongoing pandemic has continued to take a heavy toll on the health and socio-economic stability of the world's populations, affecting lives and livelihoods across the globe. In addition, despite initial signs of economic recovery, the global economy is now facing a second major shock of unprecedented proportions, namely Russia's invasion of Ukraine.

The economic repercussions of these shocks are still being felt. Rising food and energy prices and widespread inflation are disproportionately affecting the most vulnerable populations. At the same time, governments, faced with high levels of debt and

increasingly restrictive global financial conditions, are struggling to provide adequate support to these populations. What's more, the risk of the world fragmenting into geopolitical and economic blocs is more present than ever, against the backdrop of a persistent climate crisis.

Against this disastrous economic backdrop, sustainable recovery of global economic activity will depend on enhanced international cooperation and effective coordination of economic policies. The challenge is to rebuild a stronger, more inclusive global economy that is resilient to shocks.

Figure 1 » WORLD ECONOMIC GROWTH PROJECTIONS



Source: International Monetary Fund.

As Figure 1 shows, growth in the advanced economies is expected to fall to 1.5% in 2023, while growth in emerging and developing market economies is expected to stagnate at 4% in the same year. Much of this deceleration in economic growth is attributed to the continuing war in Ukraine and the

implementation of tighter macroeconomic policies in response to the devastating effects of this conflict on the global economy. It should be noted that emerging and developing economies are particularly vulnerable to further geopolitical and economic fragmentation, given their heavy reliance on global economic



integration, direct investment and technology transfers. In all these areas, enhanced multilateral cooperation remains essential to ensure a secure and prosperous economy for all.

situation and fostering a sustainable economic recovery. A coordinated approach between economic players is imperative to meet the current challenges facing the global economy.

In this particular global economic context, international cooperation appears to be an undeniable means of overcoming this disastrous

Box 1. Earthquake in Morocco¹ : causes, assessment and consequences

1. Causes

The earthquake that struck Morocco on 11 September 2023 was tectonic in origin. It was caused by the collision of the African and Eurasian tectonic plates, which meet in the Atlas Mountains. The earthquake, measuring 6.8 on the Richter scale, hit the epicentre in the Al-Haouz region, in the centre of the country. The city of Marrakech was particularly hard hit, but the tremor was also felt in Rabat, Ouarzazate and Casablanca.

2. Assessment

The earthquake caused extensive material and human damage. More than 2,900 people were killed, more than 5,600 injured and tens of thousands left homeless. The worst-hit regions were the High Atlas mountains in the south-west of the country. Material damage was also extensive. Thousands of homes have been destroyed or damaged, and major infrastructure such as roads, bridges and schools have been damaged or destroyed. The table below summarises the results of the disaster as at 30 September 2023.

Table 1: Earthquake results to September 30, 2023

Category	Number
Dead	2946
Injured	5674
Material damage	Priceless
Areas affected	Province of Al Haouz, Marrakech, Ouarzazate, Safi

3. Response from the government and its partners

The Moroccan government immediately launched an emergency response to help the victims. The armed forces, civil protection and rescue services were deployed on the ground to carry out search and rescue operations, clearance operations and humanitarian assistance. The government has also announced a reconstruction plan worth 10 billion dirhams (nearly USD 977 million).

Morocco also received assistance from several partner countries, including Spain, France, Germany and the United States. These countries provided rescue teams, equipment and financial resources.

¹ The data used was taken from the following sources: CNRST, "Bilan provisoire du séisme du 8 septembre 2023"; BBC, "Maroc: un séisme de magnitude 6,8 fait des milliers de morts"; The Guardian, "Moroc earthquake: Death toll rises to 2,900"; Al Jazeera, "Tremblement de terre au Maroc: des dizaines de villages détruits".



4. Consequences for the future

The earthquake in Morocco highlighted the country's vulnerability to natural disasters. The Moroccan government has announced that it will be stepping up prevention and crisis management measures to deal with such events.

The measures envisaged include :

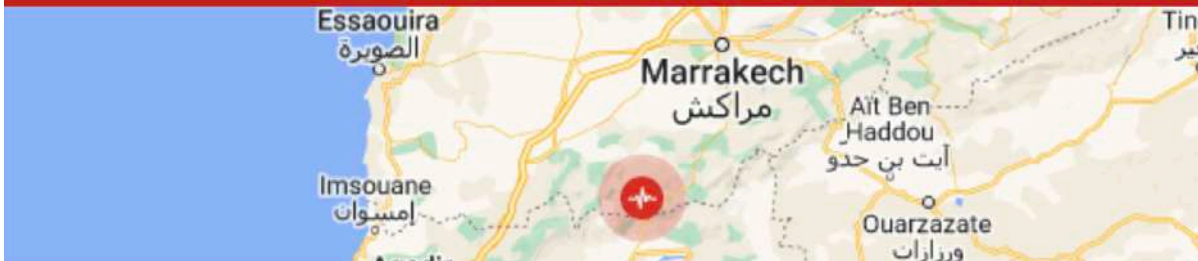
- Setting up a more effective early warning system;
- Improving the construction of buildings to make them more resistant to earthquakes;
- Training people to deal with natural hazards.

5. Conclusion

This is the deadliest earthquake to hit Morocco in over sixty years. It was a destructive tragedy that caused many deaths and extensive material damage. However, this crisis was also an opportunity for the Moroccan government to take steps to improve the country's resilience to natural disasters.

Séisme de magnitude 4,0

À 11 km de "Tizi n' Test, Maroc" · 30 sept., 09:04



Source: #Google royalty-free image.



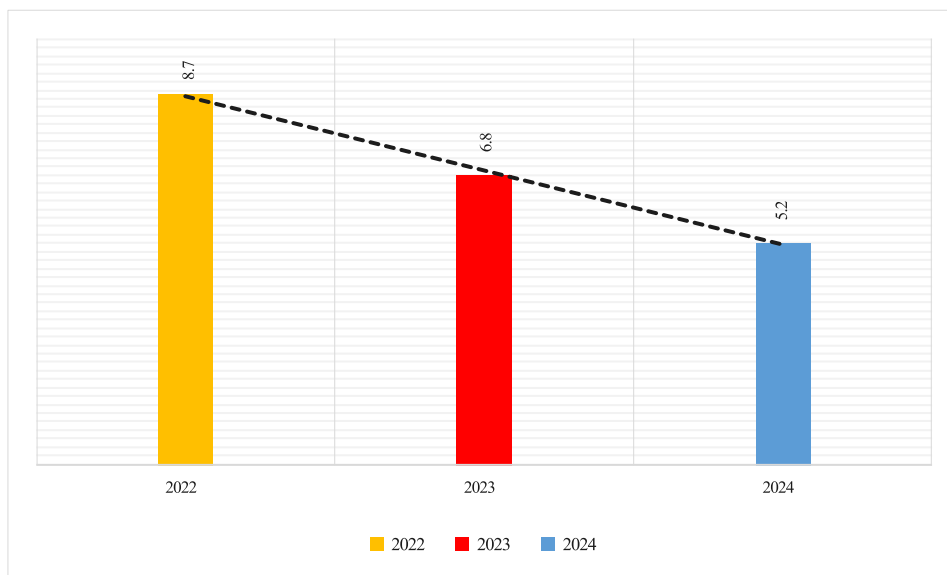
1.2. Inflation

According to the International Monetary Fund's (IMF) baseline forecasts, although global inflation has slowed in 2023 to 6.8% from 8.7% in 2022, it remains stubbornly high relative to central bank targets. There is still a risk that inflation could rise again in the event of additional shocks, such as the continuing conflict in Ukraine or extreme weather events. Against this backdrop, financing conditions will continue to tighten, putting increased pressure on many emerging and developing economies, leading to higher borrowing costs and the risk of capital outflows. Ultimately, this could contribute to the fragmentation of the global economy into distinct geopolitical and economic blocs.

Moreover, in most countries, the priority remains the sustainable restoration of price stability while guaranteeing financial stability. Central banks should therefore continue to focus on strengthening financial supervision and risk management within the financial system.

It is therefore crucial to note that, in order to deal effectively with this situation, it would be necessary to build up budget reserves that would enable targeted support to be provided to the most vulnerable populations faced with the generalised rise in the prices of goods and services.

Figure 2 » GLOBAL INFLATION FORECAST



Source: International Monetary Fund



Compared to the upward trend observed in 2022, Figure 2 shows that global inflation is set to slow from 2023 onwards, but will nevertheless remain above the targets set by central banks. With this in mind, monetary policy should continue to aim for price stability, while fiscal policy should seek to alleviate the cost-of-living pressures weighing on the most disadvantaged populations.

1.3. International trade

According to forecasts by the World Trade Organisation (WTO), growth in the volume of world merchandise trade in 2023 could be between -2.8% and 4.7%. This expansion has been hampered by a number of factors, including the continuing conflict in Ukraine, persistent inflation, tighter monetary policy and financial uncertainty.

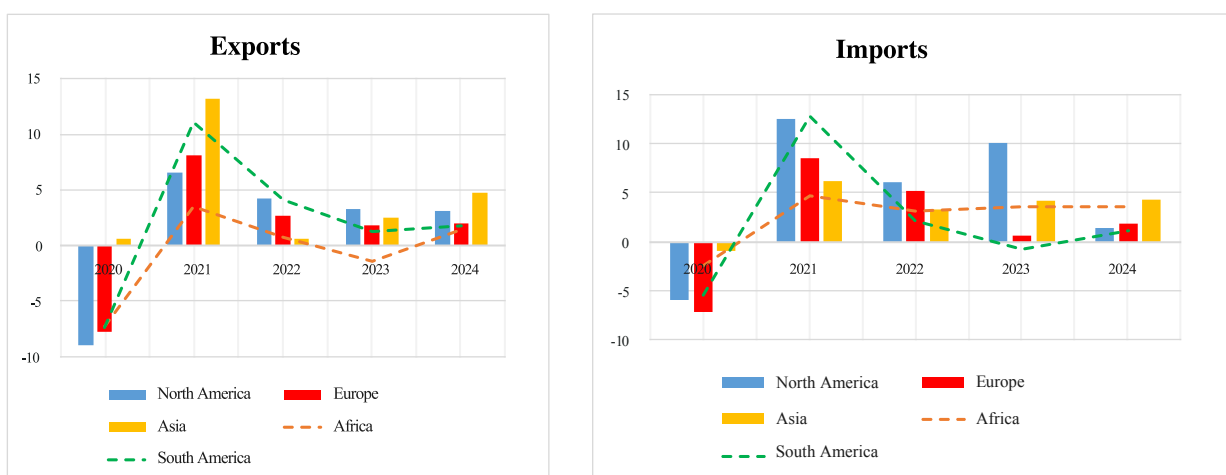
However, it is essential to note that CENUCED's "Maritime Transport Study 2023" report underlines the need for an equitable transition towards a decarbonised maritime transport sector. Maritime

transport accounts for more than 80% of world trade volume and nearly 3% of global greenhouse gas emissions.

The report calls for a transition to cleaner fuels and stresses the need for a transition strategy that is environmentally, socially equitable, technologically inclusive and globally fair. It also stresses the importance of international collaboration to put in place rapid regulations and invest massively in environmentally-friendly technologies and fleets. This transition implies substantial costs, estimated at between 8 and 28 billion dollars per year for the decarbonisation of ships between now and 2050, as well as even greater investments, of between 28 and 90 billion dollars per year, to develop infrastructures compatible with 100% carbon-neutral fuels between now and 2050.

Against this backdrop, a sustainable recovery in world trade in goods will depend on the future development of the global economic situation and the resolution of global geopolitical tensions.

Figure 3 » GROWTH IN MERCHANDISE TRADE



Source: OMC



Analysis of Figure 3 reveals that global import demand is declining as a result of the continuing economic slowdown in the major economies. In Europe, energy inflation is squeezing household purchasing power and raising production costs. In North America, tighter monetary policy is leading to a fall in spending on property, investment and cars. In Asia, China is struggling to revive its economy, mainly because of persistent concerns about the property sector. In Africa and Latin America, rising food costs are threatening food security and increasing indebtedness.

To address this situation, it is imperative to improve trade infrastructures and strengthen international cooperation. Bold and coordinated policies are also essential to ensure a sustainable recovery in international trade.

1.4. Financial markets

In September 2023, the financial markets maintained their overall downward trend, with the main stock market indices such as the Dow Jones, the S&P 500 and

the Nasdaq closing the month at 33,550 points, 4,274 points and 13,271 points respectively. This downward trend was also reflected on the European stock markets.

On the Paris stock market, the CAC-40 fell slightly from 7,316 points to 7,071 at the end of September 2023. In Germany, the DAX-40 index also contracted, reaching 15,217 points at the end of the month. Similarly, the Tokyo Stock Exchange fell slightly, from 32,619 points in August 2023 to 32,371 points at the end of September 2023.

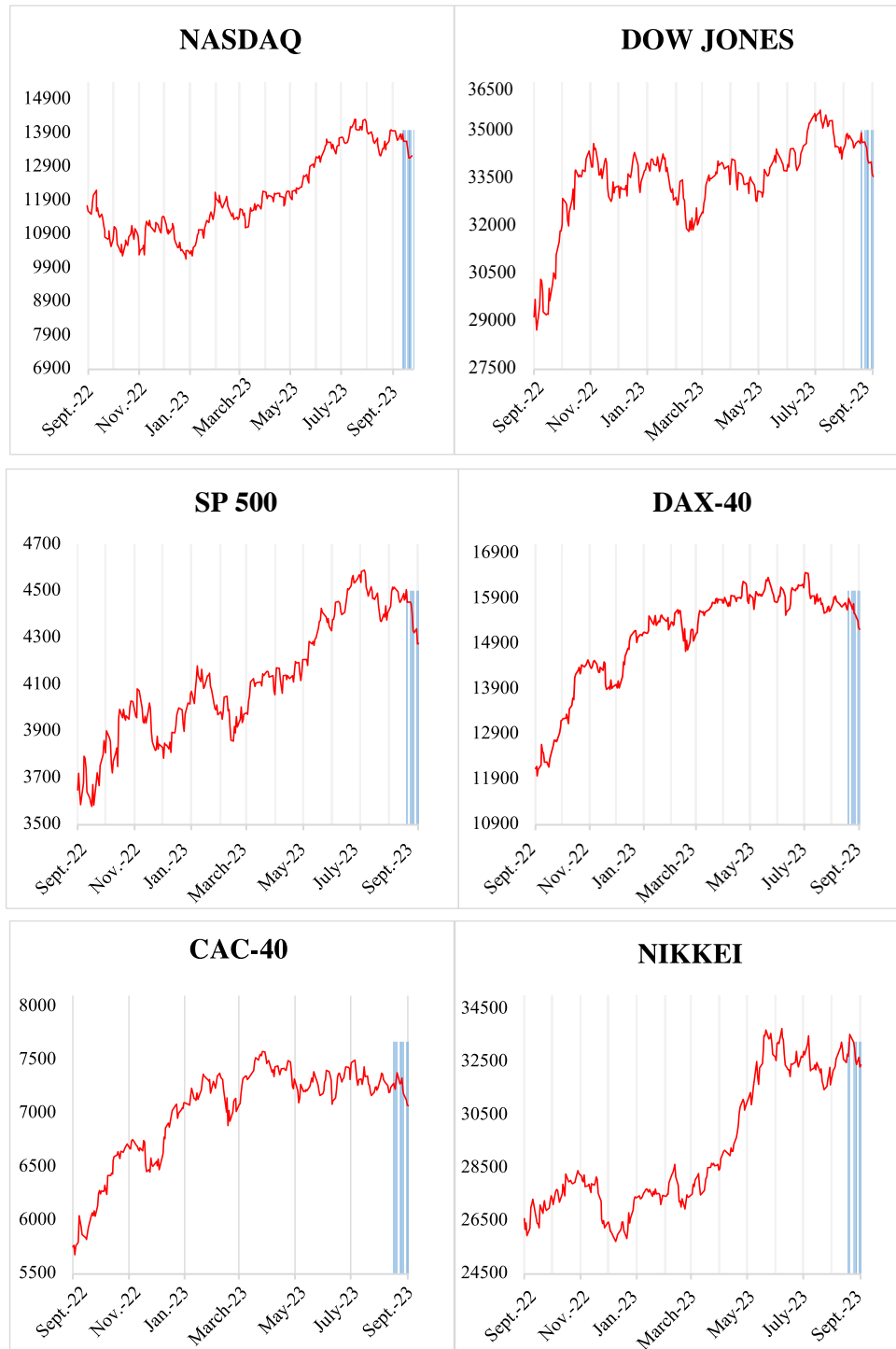
These falls in stock market indices can be largely explained by the continuing restrictive monetary policies pursued by central banks to control price rises linked to the Russian-Ukrainian conflict. The subsequent appreciation of the US dollar reduced demand for stock market assets, leading to a corresponding fall in their value.



Source: #Freepik royalty-free image.



Figure 4 » DAILY TRENDS IN THE MAIN STOCK MARKET INDICES



Source : Macrotrends.

Box 2. Deadly floods in Libya² : a heavy toll and an uncertain outlook

On 12 September 2023, a tropical storm named "Daniel" hit Libya, causing severe flooding in the east of the country. The towns of Derna, Al-Marj and Benghazi were the worst affected.

A heavy toll

The human toll of the floods is particularly high. By 30 September 2023, the death toll was estimated at 3,800. The number of missing and injured is estimated at 2,400 and 7,000 respectively.

The material damage is also considerable. Thousands of homes, infrastructures and businesses have been destroyed or damaged. Economic losses are estimated at several billion dollars.

Social and economic consequences

The floods have had major social and economic consequences in Libya. They have caused a humanitarian crisis, with thousands of people displaced and left homeless. They have also disrupted economic activity, already weakened by the civil war that has ravaged the country since 2011.

Measures taken by the government

The Libyan government has declared a state of emergency in the areas affected by the floods. It has also announced a reconstruction plan worth 10 billion Libyan dinars (nearly 850 million US dollars).

This plan provides for the reconstruction of destroyed infrastructure, aid for disaster victims and the restoration of affected economic areas.

An uncertain outlook

The outlook for Libya after this natural disaster is uncertain. The country is already facing many challenges, including civil war, poverty and unemployment. The floods have added a new challenge to the country's recovery.

The challenges ahead

The Libyan government faces a number of challenges in dealing with the consequences of the floods. These include:

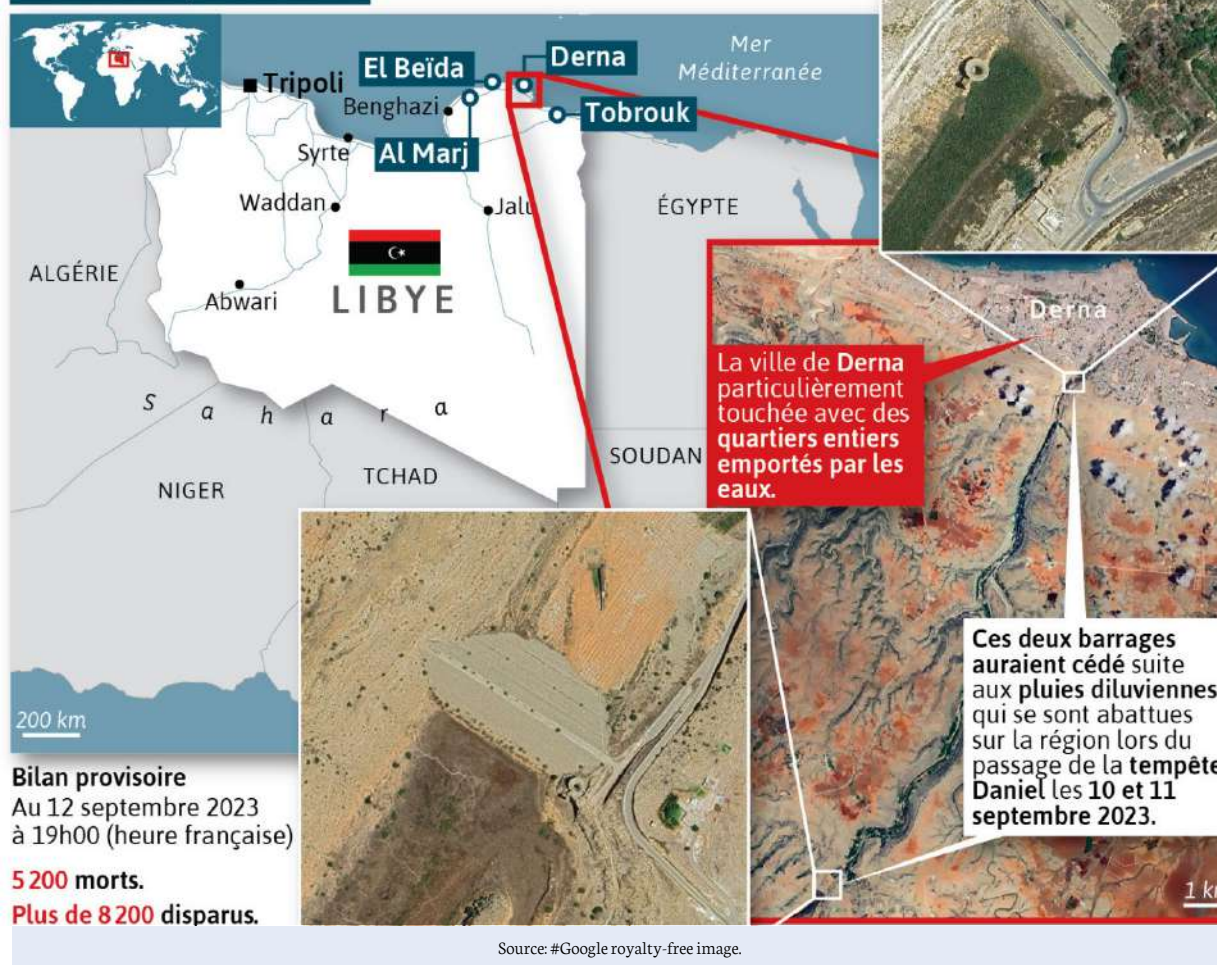
- Guarantee humanitarian aid for those affected by the floods;
- Restore destroyed infrastructure;
- Reduce the country's vulnerability to natural disasters;
- Promote the country's economic reconstruction.

Success in meeting these challenges will be essential to Libya's recovery and reconstruction.

² The data used comes from the following sources: Agence France-Presse, "Libye: bilan des inondations grimpe à 11.300 morts"; BBC, "Inondations en Libye: le bilan s'élève à plus de 10.000 morts"; The Guardian, "Libya floods: Death toll rises to 11,300"; Al Jazeera, "Inondations en Libye: la catastrophe humanitaire s'aggrave".

Libye. Des inondations dévastatrices

Les zones les plus touchées



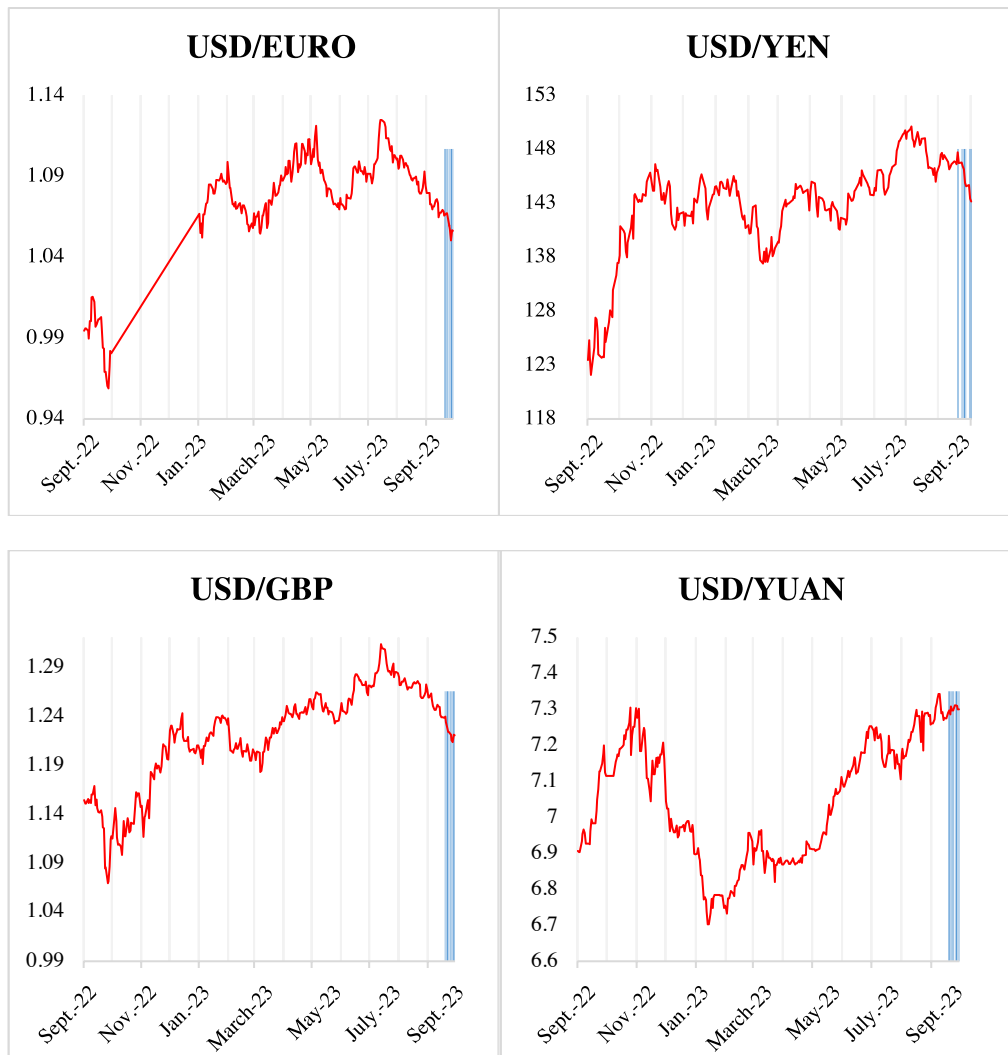
1.5. The foreign exchange market

During September 2023, stock market indices recorded a widespread downward trend, mainly due to the persistence of the restrictive monetary policy pursued by central banks. This situation increased demand for liquidity as a safe haven, leading to a significant appreciation of the US dollar against the euro and sterling over the month.

At the end of the month, the European currency was trading at 1.0564 USD/EUR, while the British pound was close to 1.2201 USD/GBP. In Asia, the Japanese yen was on an upward trajectory throughout the month, mainly due to the depreciation of the Japanese currency against the US dollar, notably in reaction to the rise in US bond yields. Similarly, the Chinese currency in Beijing was affected by the rise of the US dollar on the foreign exchange markets.



Figure 5 » DAILY TRENDS IN THE MAIN EXCHANGE RATES



Source: Macrotrends.

1.6. Market for strategic products

• Gold

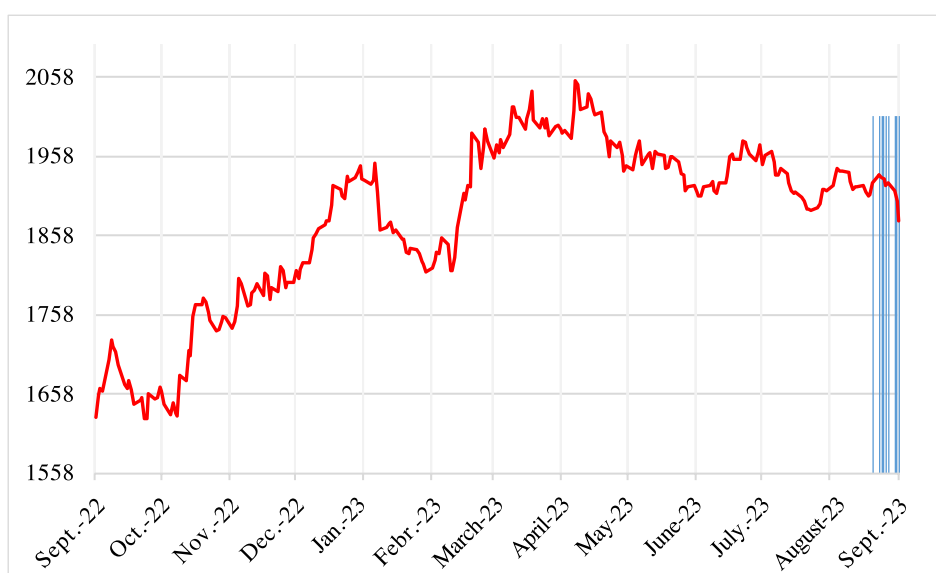
As in the previous month, gold prices fell during September 2023. At the end of the month, gold was trading around USD1,876 per ounce. Upward pressure on the US bond markets reduced the attractiveness of the precious metal. Indeed, the appreciation of the US dollar has reduced the attractiveness of gold as a store of value, due to the negative correlation between the US currency and the precious metal.

It is essential to note that the Fed's monetary policy decisions have a significant impact on gold prices. Expansionary measures, such as interest rate cuts, can

increase the value of gold by reducing the opportunity cost of holding it relative to other financial assets. On the other hand, a restrictive monetary policy, characterised by an increase in interest rates, can lead to a fall in gold prices because of the reduced demand for safe-haven assets.

Ultimately, gold is often seen as a safe asset in times of economic uncertainty, encouraging investors to consider it as a means of protecting their capital and diversifying their portfolios.

Figure 6 » DAILY GOLD PRICE TREND (IN USD PER OUNCE)



Source: Macrotrends.

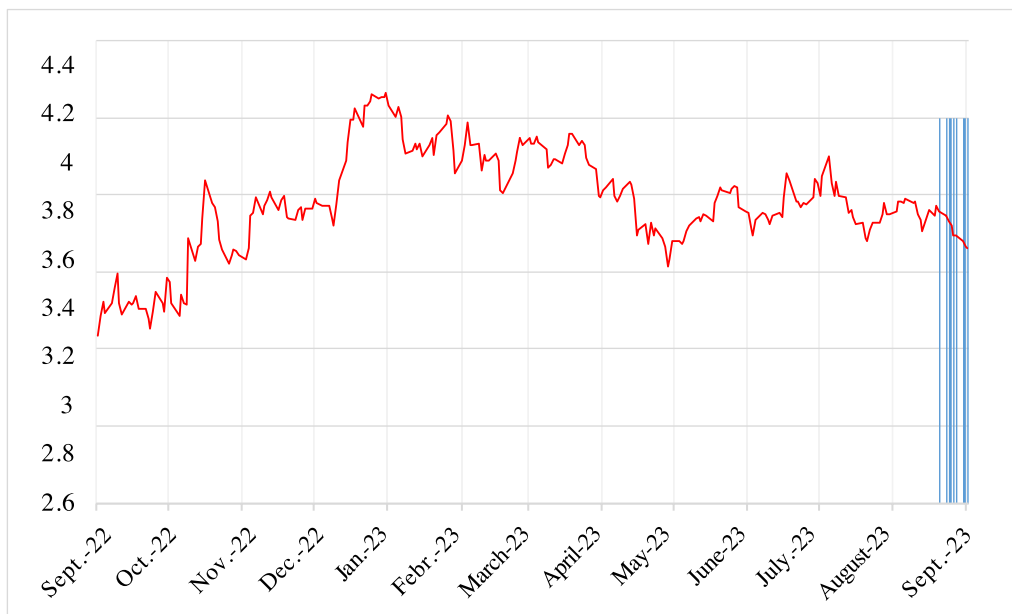


• Copper

Copper prices confirmed their overall downward trend, similar to the previous month, during September 2023. At the close of the month, prices for the red metal reached a low of USD 36,496 per metric tonne. This can be attributed to the continued slowdown in the global economy, with prices for this commodity being a reliable indicator of global economic health.

It is essential to stress that economic, geopolitical and monetary developments need to be closely monitored to assess the future outlook for the copper market. Fluctuations in copper prices can have a significant impact on companies, producing countries and investors.

Figure 7 » DAILY COPPER PRICE TREND (IN THOUSANDS OF USD PER TONNE)



Source: Macrotrends.



source: #Freepik royalty-free image.

• Oil prices

In September 2023, crude oil prices rose slightly on both the US (WTI) and European (Brent) markets, reaching USD 88.84 per barrel for WTI and USD 94.01 per barrel for Brent at the end of the month. This increase can be attributed to positive signs of economic recovery in China, stimulating demand for crude oil. However, it is crucial to note that the long-term direction of the market will largely depend on the decisions

taken at the next meeting of OPEC+ member countries regarding their policy of limiting oil production.

The oil market is also subject to uncertainties linked to the global geopolitical and economic situation, as well as OPEC+'s choices regarding oil production.

2. The national context

2.1. Developments in the national economy

The economic news of September 2023 was marked by several notable events. These included (i) the temporary interruption of Congo Airways' operations; (ii) the government's proposal to abolish certain taxes and fees in order to rationalise the acts that generate them; (iii) the President of the Republic's launch of industrial production in the Maluku special economic zone; (iv) the launch of free maternity and newborn care nationwide; (v) the government's imposition of the domestic debt payment threshold on local suppliers.

More explicitly, these facts are presented as follows:

1. Temporary suspension of Congo Airways operations

On Sunday 10 September 2023, the national airline Congo Airways announced that it would temporarily suspend its operations nationwide from Monday 11 September. This decision comes at a time of strong demand for air traffic in the Democratic Republic of Congo.

Some believe that the company, which was created in 2014 and had 4 aircraft (two A320s and two Q400s), is on the verge of bankruptcy. At the moment, no aircraft is able to serve the 80 million Congolese. Some experts believe that this situation could have been avoided if the restriction plan announced in 2019 had been implemented to the letter.

The company also has a dark history. In May 2021, at the end of its management control mission at Congo Airways, the General Inspectorate of Finance (IGF) noted losses and shortfalls amounting to 19.2 million US dollars. According to the IGF, every month, 1.5 million US dollars were deducted from the amount earmarked for the purchase of fuel and returned to the Ministry of the Economy. According to the IGF

investigation, the payments were made to a number of personalities from different backgrounds, including heads of NGOs that claim to promote good governance.

In his State of the Nation address on 26 July 2023, President Félix Tshisekedi announced a programme to acquire eight new aircraft for Congo Airways in order to expand its fleet. The announcement was hailed as a boost for the national airline. Unfortunately, three years on, no aircraft have been purchased for the national airline.

In January 2021, Congo Airways issued a press release announcing that it had paid Embraer on account. These E19-E2 bis-class aircraft with 96 seats were due for delivery in May 2022. However, the possibility of delivery at the end of 2021 was also envisaged, according to Congo Airways management. The cost of the orders was estimated at 272 million dollars. The new aircraft were intended to enable the carrier to build up and expand its domestic, regional and international passenger and cargo network.

The aircraft were never acquired, however, as the company failed to honour its commitments. To save the company, the government is trying a new venture. A&M Développement Group agreed to pay 1.3 billion US dollars to save Congo Airways following an agreement signed with the government on 2 March 2023. However, these commitments never produced results.

When major maintenance operations threatened to ground the airline's aircraft, the Congolese government tried in vain to forge partnerships with two major African airlines to relaunch Congo Airways. On 15 September 2021, Congo Airways took delivery of two Brazilian Embraer aircraft from Kenya.



In March 2022, Kenya Airways took over its two aircraft (Embraer E190 jets) leased to Congo Airways with an option to buy, for insolvency on the part of the Congolese airline.

A few months later, the idea of creating a new airline, Air Congo, was announced. Negotiations then began with Ethiopian. While former transport minister Chérubin Okende wanted Air Congo and Congo Airways to coexist, Prime Minister Sama Lukonde is said to be directing Ethiopian Airlines' partnership proposal towards Congo Airways. According to The Africa Report, the Ethiopian flagship has begged the authorities to accept the solution proposed by the head of the Congolese government. Despite the signing of a memorandum of understanding, the project stalled halfway.

According to a study conducted by Turkish Airlines experts, Congo Airways should have a capacity of 25 to 80 aircraft to serve Congolese airspace and meet the country's needs. In 2018, the national airline carried just 400,000 passengers out of an estimated population of 80 million, or 0.5%. This suspension could cause Congo Airways to lose around \$40,000 a day.

In response, the Congolese government has released US\$10 million to relaunch the national airline, Congo Airways. This sum will be used to lease two aircraft and for other acquisitions.

However, this allocation is insufficient to ensure the airline's long-term viability. Congo Airways needs substantial financial resources to cover its operating costs, invest in its development and face up to competition from foreign airlines.

The Congolese government must therefore take additional measures to support the company, in particular by granting it a loan or injecting equity capital. It must also implement appropriate reforms in the aviation sector to create an environment conducive to the development of Congolese airlines.



Box 3. What can we learn from the current situation of Congo Airways?

Congo Airways, the national airline of the Democratic Republic of Congo, is currently facing a series of major challenges that threaten its long-term viability. The temporary suspension of operations for aircraft maintenance is a symptom of deeper problems that have affected the country's aviation sector.

One of the key problems is the earlier decision to cut air fares by 40%, a populist measure which, according to former CEO Désiré Balazire, had a devastating impact on Congo Airways' finances. The drastic reduction in fares led to a significant reduction in the company's revenues, compromising its ability to maintain operations and invest in aircraft maintenance.

In addition, the decision to create a new state-owned airline, Air Congo, in partnership with Ethiopian Airlines, has attracted criticism. Some believe that this decision was not taken on the basis of sound economic considerations and that it could create internal competition that could harm Congo Airways. Questions have also been raised as to the underlying strategy behind this creation and whether it was truly in the national interest.

State subsidies, although granted to Congo Airways, were considered insufficient, especially in light of the economic challenges posed by the Covid-19 pandemic. The air transport sector in the DRC needs adequate financial support to cope with fluctuations in demand and high operating costs.

The high cost of jet fuel (Jet A1), maintenance, taxes and spare parts has also weighed on the company's finances. Airlines operating in the DRC face considerable logistical and financial challenges, requiring careful management of resources.

Finally, unfair competition from foreign airlines has been a further factor putting pressure on Congo Airways. The ability of these airlines to operate at often lower costs, combined with sometimes differing safety standards, has created a difficult environment for the national airline.

Overall, these challenges highlight the need for more robust strategic planning for the aviation sector in the DRC, taking into account the economic realities and needs of the country. It is imperative that the government works closely with aviation experts to find viable and sustainable solutions, in order to maintain Congo Airways as a major force in the country and contribute to national and international connectivity.



Temporary suspension of Congo Airways operations: course of events.



2. Government proposal to abolish certain taxes and duties in order to rationalise revenue-generating activities

In order to rationalise the central government's sources of revenue and improve the business climate in the Democratic Republic of Congo, the Council of Ministers meeting on 1 September 2023 examined the Finance Minister's proposals concerning the abolition of certain taxes and fees. This step is part of the second review of the formal programme concluded with the International Monetary Fund (IMF) and supported by the Extended Credit Facility.

Finance Minister Nicolas Kazadi Kadima presented a report on the rationalisation of central government revenue sources, stressing the importance of this measure for the implementation of government policy. More specifically, this initiative aims to abolish 32 revenue-generating acts spread across various ministries, such as Foreign Affairs, Communication and Media, Higher and University Education, Fisheries and Livestock, Public Health, Transport, Roads and Opening-up, Environment and Sustainable Development, Culture and the Arts, Agriculture, as well as Hydraulic Resources and Electricity.

In addition, it has been proposed to merge 13 other generating acts spread across various ministries and departments. This consolidation is intended to simplify the tax system and reduce administrative complexity.

At the same time, four generating acts have been reformulated to improve their clarity and efficiency, notably affecting Higher Education and Universities, Tourism, Culture, Arts and Heritage.

The Minister of Finance sought the Council's approval to move on to the next stage, which consists of amending Ordinance-Law no. 18/003 of 13 March 2018, setting the nomenclature of central government duties, taxes and fees, in order to implement these reforms.

The Council of Ministers took note of the report presented by Minister Nicolas Kazadi, recognising the importance of this approach to improving the economic situation and simplifying the tax system in the Democratic Republic of Congo.

3. The President of the Republic launches industrial production in the Maluku special economic zone

On Saturday, September 2, the President of the Republic inaugurated the industrial production phase of the Maluku special economic zone in Kinshasa.

According to the Minister of Industry, Julien Paluku, this step in Maluku marks the operational start of the program to create special economic zones, aimed at strengthening the DRC's industrial fabric and stimulating the country's economy.

According to Julien Paluku, the first special economic zone in Maluku, which today celebrates its first industrial production of tiles and earthenware, offers a wide range of business opportunities for the Congolese population, with a significant impact on other sectors of the economy.

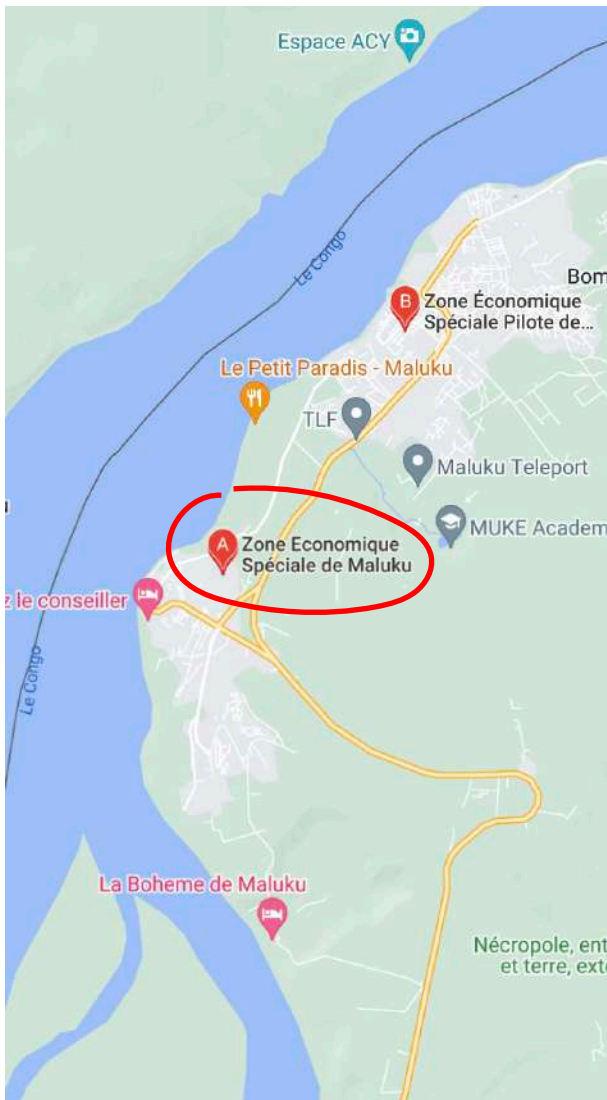
The "made in DRC" tiles and earthenware are manufactured by Saphir Ceramics, which has created six thousand jobs, contributing to the economic development of the Maluku Special Economic Zone.



Although this first production represents only the beginning of the expected diversification of industrial production, the Minister of Industry is optimistic about the revitalization of Congolese industry.

He points out that the industrial fabric of the Democratic Republic of Congo is gradually being rebuilt thanks to the contribution of various economic

players, from small and medium-sized industries to heavy industry. He also announced the forthcoming relaunch of the Maluku ironworks to produce sheet metal, nails and concrete reinforcing bars, which will contribute to the country's reconstruction.



source: #Google royalty-free image



4. Launch of free maternity and newborn care nationwide

On 5 September 2023, the President of the Democratic Republic of Congo, Félix Tshisekedi, launched free maternity and newborn care nationwide. This measure, which aims to improve access to maternal and child healthcare, is a key element in the government's strategy to implement universal health coverage.

Free maternity care covers prenatal consultations, ultrasounds, simple and complicated deliveries, newborn care, vaccinations, post-natal consultations, family planning and access to medicines. It is applicable in all the country's health centres and public hospitals.

The government plans to invest US\$200 million to finance this measure. This investment is expected to cover around 1.5 million deliveries per year.

These figures were announced by the Minister of Public Health, Dr Roger Kamba, at a press conference held on Wednesday 6 September 2023 in Kinshasa. According to Dr Kamba, this figure was estimated on the basis of the number of vaginal deliveries and caesarean sections recorded each year in Kinshasa and throughout the Democratic Republic of Congo (DRC).

"We have calculated the cost of free maternity at national level. We know the figures very well. I can tell you how many births there are in Kinshasa, in the whole country, and how many caesarean sections. We calculated on this basis, and our figures are as follows: for Kinshasa, we arrived at 42 million dollars; for the DRC, we arrived at 200 million dollars. That's for one year", said the Congolese Health Minister, Dr Roger Kamba.

He assured us that the 42 million dollars earmarked for the city of Kinshasa, which is the programme's pilot zone, are already available, and added that the 200 million dollar envelope that will cover the whole country has already been included in the budget for 2024.

Free maternity care is an important measure for the health of women and children in the DRC. It should help to reduce maternal and infant mortality, which is still high in the country.

This measure has a number of potential benefits, including :

- increased access to maternal and child healthcare: Free healthcare should enable more women and children (newborns) to access the healthcare they need.
- reduce maternal and infant mortality: Free healthcare should help to reduce maternal and infant mortality, which is still high in the DRC.
- improving women's and children's health: Free healthcare should help to improve the health of women and children (newborns) by giving them access to quality healthcare.

It is still too early to measure the impact of free maternity care in the DRC. However, this measure is an important step in the right direction towards improving access to healthcare in the country. However, it should be noted that free maternity could face a number of significant challenges, including :



- **Lack of resources** : The DRC government has announced that it will invest US\$200 million to fund free maternity care. However, this amount may not be enough to cover all the costs of this measure. Added to this is the country's low revenue-raising capacity compared to its potential. The government will therefore have to find ways of financing this measure on a sustainable basis.
- **The lack of qualified staff** : Free maternity will not guarantee the quality of care. It is important that health centres are well equipped and that staff are trained to provide quality care. The government will therefore have to invest in training staff and equipping health centres.
- **The inaccessibility of health centres** : Free maternity will only be beneficial if women have access to health centres. However, many women live in rural areas where there is little or no access to health centres. The government must therefore work to improve access to health centres in these areas.

The Congolese government will need to address these challenges to ensure that free maternity is a success.



Source: #Google royalty-free image.

5. Government imposes domestic debt payment threshold on local suppliers

The Minister of Finance, Nicolas Kazadi Kadima Nzunji, has drawn up a government-approved strategy for resolving domestic debt arrears. The strategy aims to differentiate between small claims and large claims by setting a threshold of \$300,000 to determine payment terms.

Only claims certified and validated by the December 2022 audit mission are eligible for this scheme. Holders of these claims have until 15 October 2023 to finalise their claims. For the other uncertified claims, estimated at three billion dollars, Nicolas Kazadi is planning another audit with a view to their certification and inclusion.

Over the past 15 years, the Treasury has accumulated domestic payment arrears linked to various debts. The certified amount of these arrears is 2.4 billion dollars. The Minister of Finance has decided that validated debts of up to \$300,000 will be paid in full without discount. However, this payment could be staggered over one or two years, depending on the government's cash position. Although the threshold is in dollars, payments will be made in Congolese francs, using the exchange rate established by the Banque Centrale du Congo (BCC).

On the other hand, claims in excess of \$300,000 will be converted into indexed Treasury bonds denominated in Congolese francs, with no interest rate (zero-coupon indexed Treasury bonds). The principal of each bond will be indexed to the exchange rate between the dollar and the Congolese franc. The bonds will have a maturity of 15 years from the conversion date.

In order to allow creditors to benefit from early payments, the Treasury will periodically organise reverse auctions to buy back the securities issued.

Holders of zero-coupon index-linked Treasury bonds will be able to choose whether to participate in these auctions to resell some or all of their principal at a discount rate of their choice, or to wait until the maturity date to receive the principal amount.

Nicolas Kazadi says that this strategy is favourable to local creditors, offering them the possibility of being paid in full without a discount for claims of \$300,000 or less. Creditors with claims in excess of \$300,000 who wish to receive early payment will be able to participate in the reverse auctions with haircuts of their choice. Index-linked Treasury bonds issued under this process will enjoy the same status and benefits as index-linked Treasury bonds held by commercial banks, including payment by automatic debit from the Treasury's general account at the BCC.

Nicolas Kazadi expects the first small claims payments to be made before the end of 2023, with the aim of ending discrimination between foreign creditors whose payment schedules are respected and domestic creditors whose payments are made in a fragmented manner. It remains to be seen whether this strategy will be effective.

Even if the government believes that this decision will solve the problem of domestic debt clearance, it could have perverse effects. The main criticisms levelled at it concern the points listed below:

- **Extended payment period** : Although the Minister has announced that payments for small claims will be made before the end of 2023, this still leaves a considerable amount of time for creditors who have waited a long time. Some creditors may be in a difficult financial position and may need faster payment to keep their businesses afloat.

- **Incentive to non-certification** : The decision to certify only claims validated to date could discourage creditors from cooperating with future audits. They might be tempted not to participate in future audits to avoid having their claims converted into Treasury bonds.
 - **Risk of haircut** : For claims in excess of the \$300,000 threshold, conversion into zero-coupon indexed Treasury bonds exposes creditors to the risk of a haircut. The amount they receive will depend on the outcome of the reverse auction, which could be less than the nominal value of their claims.
 - **Impact on foreign creditors** : Although the Minister claims that his strategy favours local creditors, it could also have an impact on foreign creditors. Foreign creditors may be unhappy to see their payment schedules respected while domestic creditors benefit from early payment options.
 - **Risk of government default** : Zero-coupon index-linked Treasury bonds have a maturity of 15 years. If the government fails to redeem these bonds in the future, this could lead to payment delays or even default, which would be detrimental to creditors.
 - **Secondary market uncertainty** : The Minister mentions reverse auctions to allow holders of index-linked Treasury bonds to sell their securities. However, the efficiency and liquidity of the secondary market for such securities are uncertain, which could make it difficult for creditors to sell their bonds.
 - **Long-term economic impact**: The conversion of debt into Treasury bonds could have long-term economic implications, depending on how the bonds are managed. Future interest and principal payments will need to be factored into future budgets, which could affect other government priorities.
- It is important to note that these criticisms do not necessarily question the need to resolve domestic debt arrears, but rather highlight the potential challenges associated with the method chosen to achieve this.



2.2. Economic activity

In September 2023, economic activity was marked by the following development s:

- **Launch of the Partial Guarantee Funds for credit portfolios**

The Fonds de Garantie Partielle des Portefeuilles de Crédits (FGPP) was recently inaugurated in Kinshasa with funding of USD 37 million, as part of the Transforme project. This project aims to improve access to credit and financial inclusion for SMEs in the Democratic Republic of Congo (DRC).

The FGPP is the result of a partnership between the Congolese government, the World Bank and the Fund for Financial Inclusion in the DRC. Its main objective is to reduce the risk of non-repayment faced by Congolese financial institutions, in order to improve the conditions for granting credit to micro, small and medium-sized enterprises (SMEs). This initiative should encourage these institutions to increase their financing for entrepreneurs.

The Deputy Managing Director of the ASBL Fonds pour l'Inclusion Financière (FPM) explained that the FGPP will promote access to finance for women and young entrepreneurs who do not have sufficient guarantees. It will also make collateral requirements more flexible, which will prevent borrowers from becoming over-indebted. For example, a customer will be able to obtain credit of USD 30,000 from three financial institutions without having to provide a certificate, which would normally be required for amounts in excess of USD 10,000. This measure is designed to prevent excessive repayments in relation to the entrepreneur's repayment capacity.

- **BCC key rate maintained**

This decision was announced in a press release following a meeting chaired by Malangu Kabedi Mbuyi, Governor of the Central Bank of Congo, on Monday 18 September 2023.

The Monetary Policy Committee (MPC) took into account the country's short-term economic outlook, marked by persistent inflation risks and uncertainties. These factors stem mainly from the combined effects of internal and external shocks that continue to exert pressure on the national economy. As a result, the MPC has decided to keep the key rate of the Central Bank of Congo unchanged at 25%, as well as the compulsory reserve coefficients on sight deposits in Congolese Francs, which remain at 10%, as indicated in the press release of the Monetary Policy Committee of the BCC.

According to the information contained in the document, the national macroeconomic framework remains broadly stable. With regard to the exchange rate, the MPC noted that in mid-September it stood at 2,423 Congolese francs to the US dollar on the interbank market and 2,518 Congolese francs on the parallel market.

The press release also points to a significant reduction in pressures on the exchange rate and inflation, which had intensified in the first half of July 2023. This improvement is attributed to the monetary and exchange rate policy measures implemented by the Central Bank of Congo, as well as to the measures implemented as part of the Budget execution.

Despite this positive trend, the MPC stresses the need to strengthen coordination between fiscal policy and monetary policy. This coordination aims to ensure

an orderly reduction in pressures on the foreign exchange market and on the prices of goods and services, while effectively supporting the stability of the macroeconomic framework.

The Monetary Policy Committee also underlined its willingness to tighten the monetary policy of the Central Bank of Congo if the relevant indicators show that this measure is necessary.

- **Development of the electric battery project**

According to the DRC's Minister of Industry, a sum of 30 billion dollars, together with a feasibility study, is currently being sought from financial partners for the development of the electric battery project in the Democratic Republic of Congo (DRC). This sum is the result of the first feasibility study carried out with a view to setting up the first factory to manufacture battery precursors and electric vehicles in the province of Haut-Katanga in the DRC.

He stressed that this project is feasible and could generate more than 7,000 billion dollars between now and 2035-2040. He also noted that the presentation of the study to American industrialists and other interested parties was aimed at mobilising partners to invest in Africa, and in the DRC in particular, in order to develop this major project.

Julien Paluku pointed out that this project is not limited to the battery industry, but also includes investments in energy, road, rail and airport infrastructure.

The minister invited interested partners to join the DRC and Zambia in developing this regional value chain, pointing out that the project will take 5 to 10 years to achieve its objectives, with a transition to other battery and cobalt technologies over a period of 30 to 50 years.

The results of the feasibility study for the installation of the first manufacturing plant for precursors, batteries and electric vehicles in the province of Haut-Katanga, in the DRC, were made public by Minister Paluku. The studies were carried out by ARISE during the economic forum "The Global Africa Business Initiative", organised on the sidelines of the 78th General Assembly of the United Nations in New York. The forum brought together financial partners, members of the Congolese government, the Fédération des Entreprises du Congo and representatives of the United Nations Economic Commission for Africa (UNECA). The latter has supported this project from the outset.

2.3. Price dynamics

During the month of September 2023, prices generally moved downwards compared to August 2023. As the statistics below show, the rate of price change slowed in September 2023.

The weekly inflation rate stood at 0.15% in September 2023, a fall of 23.86% compared with the rate recorded at the end of August 2023, when it was 0.20%.

The cumulative inflation rate stood at 17.48% in September 2023 compared with 17.22% a month earlier, a positive variation of 1.51%.

Year-on-year inflation stood at 17.48% in September 2023, compared with 22.84% a month earlier, a fall of 23.46%. At this rate, inflation is expected to be 25% at the end of 2023 compared with 13.13% a year earlier (2022).

2.4. Exchange rate and foreign exchange reserves

During August 2023, the exchange rate appreciated slightly on the interbank market where it stood at 2 404.82 at the close of September 2023 compared with 2 476.09 at the end of August 2023, an appreciation of 2.88%.

On the parallel market, the exchange rate stood at 2,502.98 at the end of September 2023 compared with 2,456.25 a month earlier, representing a depreciation of 1.90%.

Foreign exchange reserves increased compared with August 2023. Foreign exchange reserves stood at USD 2.9 billion in September 2023, an increase of 3.6% compared with the previous month, when they stood at USD 2.8 billion. In terms of months of imports, the coverage of imports by foreign exchange reserves rose from 2.1 months to 2.2 months between the end of

August 2023 and September 2023, an increase of 4.76%. Several reasons have been put forward to explain these variations. These include :

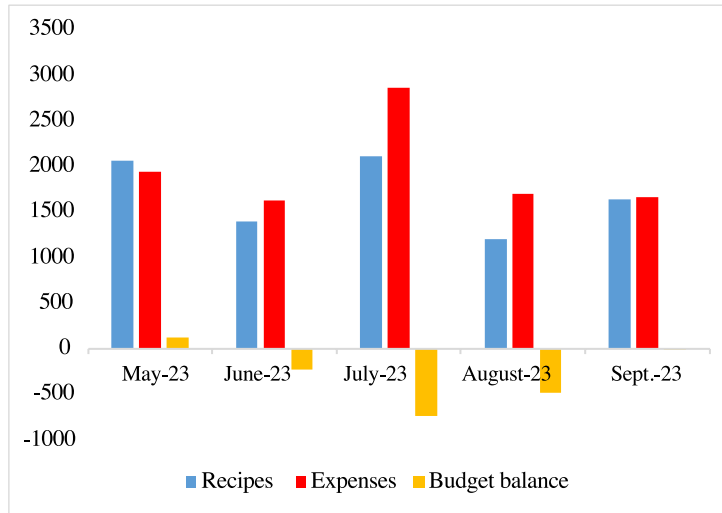
- *The rise in export revenues* : the DRC's exports would have increased by 10% in September 2023, which would have helped to generate foreign currency revenues.
- *Lower imports* : DRC imports would have fallen by 5% in September 2023, which would have reduced the country's outflow of foreign currency.
- *Increase in remittances* : migrant remittances to the DRC would have increased by 2% in September 2023, which would also have helped to strengthen foreign exchange reserves.

2.5 Public finances

According to Congo Challenge forecasts, the Treasury would have recorded a deficit of CDF 17,897.00 million at the end of September 2023. This deficit would result from a level of expenditure of CDF 1,654,872.00 million (of which 39.53% capital expenditure) against revenue of CDF 1,636,975.00 million (of which 90.42% tax revenue). These figures, estimated on the basis of historical data up to August 2023, will be updated as soon as the official data for September 2023 are published.

Compared with the previous four months, government revenue in September would show a relatively significant decline compared with May 2023 and July 2023, which amounted to CDF 2,054,984 million and CDF 2,110,961 million respectively. However, they would still be higher than in other months, such as June and August 2023, which stood at CDF 1,396,453 million and CDF 1,198,464 million respectively.

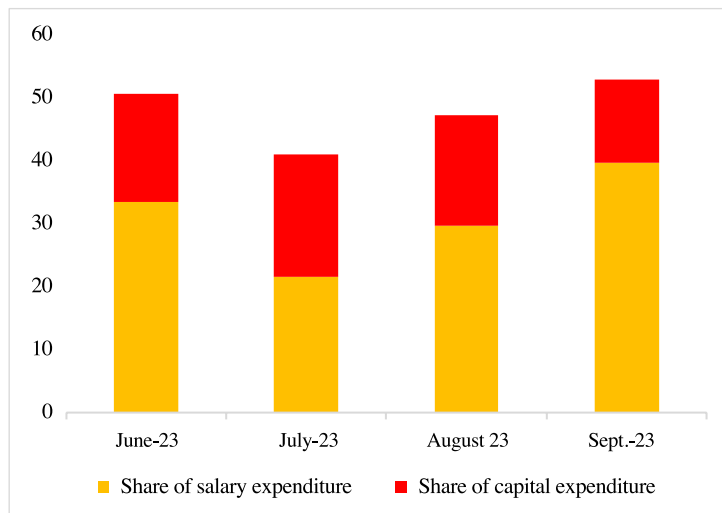
Figure 9 » CHANGE IN PUBLIC REVENUE AND EXPENDITURE FROM MAY TO SEPTEMBER 2023 (IN MILLIONS OF CDF)



Source: Ministry of Finance, CTR and Congo Challenge projections

Public spending in May, July and August 2023 exceeded that forecast for September 2023, at CDF 1,938,423 million, CDF 2,858,189 million and CDF 1,690,815 million respectively, compared with the CDF 1,654,872 million expected for September 2023.

Figure 10 » BREAKDOWN OF PUBLIC SPENDING (%)



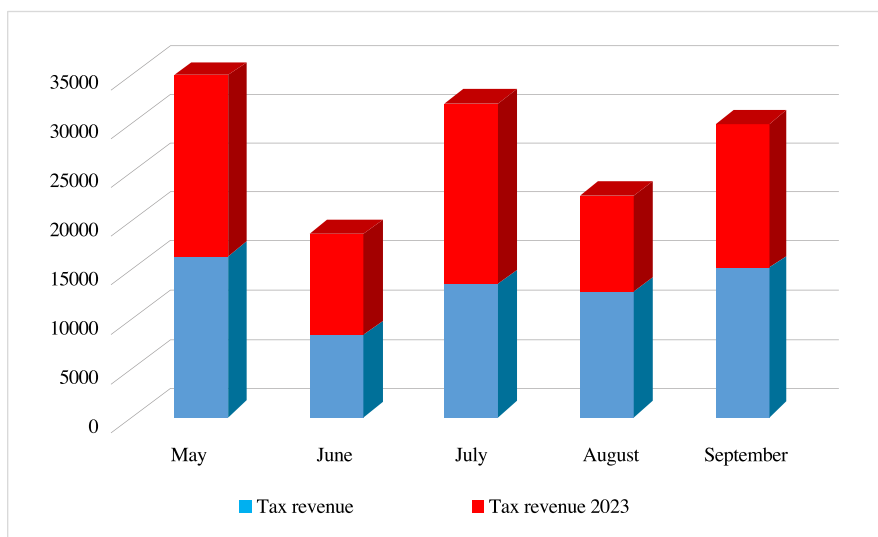
Source: Ministry of Finance, CTR and Congo Challenge projections



At the end of September 2023, it is expected that the share of expenditure relating to the remuneration of State employees will represent around 40% of total public expenditure. On the other hand, the share of capital expenditure is expected to remain below 15%. It is notable that the bulk of public spending is devoted to the running costs of public institutions, closely followed by the remuneration of civil servants. Capital

investment, on the other hand, remains relatively low in the distribution of the country's economic resources. This situation highlights the potential importance of increasing investment in long-term development projects to foster economic growth and improve national infrastructure.

Figure 11 » EVOLUTION OF TAX REVENUES (IN MILLIONS OF CDF)



Source : Ministère des Finances, CTR.

A comparison of the May to September 2022 period with the 2023 period shows that tax revenues in the second period were higher than in the first period. Tax revenues in September 2023 were slightly higher than in September 2022, amounting to around CDF 1,480,103 million, compared with CDF 1,477,561 million.

The best revenue mobilisation performance during this period was recorded in May and July 2023, reaching a total of CDF 1,826,353 million and CDF 1,814,808 million respectively. It is essential that the government step up its efforts to collect public revenue in order to meet the needs of the Congolese people.



2.6. Political developments

September 2023 was marked by a number of political developments relating to the electoral process in the DRC, the massacre in Goma (North Kivu province), the last parliamentary session of the 2019-2023 legislature and reactions to the Head of State's speech at the 78th General Assembly of the United Nations.

More explicitly, these facts are as follows:

1. The electoral process in the DRC

The Independent National Electoral Commission (CENI) has called the electorate on Friday 1 September 2023 for the presidential elections scheduled for 20 December 2023. The period for submitting candidatures runs from 9 September to 8 October, marking the final phase of the electoral process after several stages completed by CENI.

The Chairman of CENI, Denis Kadima, was keen to reassure the public that the forthcoming electoral process would be transparent. He responded to concerns about possible bias by stating that any allegations of bias were unfounded. The presidential elections will be held on the same day as the national and provincial legislative elections and the communal elections.

As a result, elections in the Democratic Republic of Congo are heading for the final turn to the ballot box from 1 September 2023. Presidential candidates will submit their files to the Commission électorale nationale indépendante (Ceni) in accordance with the timetable published by the electoral body on 26 November 2022.

The Denis Kadima committee, although it was formed late because of the search for a consensus with the political opposition and part of civil society for the formation of the CENI, is striving to respect the

constitutional date of 20 December for the elections. Several political parties have organised congresses to select their presidential candidates. The Union for Democracy and Social Progress (UDPS) recently chose Félix Tshisekedi to run for a second term. Other parties such as Modeste Bahati's Afdc, Vital Kamerhe's UNC and others have also made the same choice. On the opposition side, the likes of Augustin Matata Ponyo, Franck Diongo, Delly Sessanga, Moise Katumbi, Adolphe Muzito, Bernadette Tokwaulu, Constant Mutamba and others have been mentioned.

In September 2023, Martin Fayulu announced that he would not take part in the elections unless his preconditions were met. The Front Commun pour le Congo also withdrew, citing similar reasons.

However, there are eligibility criteria to be met, including Congolese nationality of origin, age of at least thirty, enjoyment of all civil and political rights, possession of a higher education diploma or at least 5 years' professional experience in the political, administrative or socio-economic field, as well as registration on the electoral roll or identification when submitting a candidacy. Each candidate must also provide a deposit of 160 million Congolese francs and meet all eligibility requirements.

Moise Katumbi's political party "Ensemble pour la République" is calling for greater transparency on the part of the Independent National Electoral Commission (CENI) before committing itself fully to the presidential race. The party's secretary general, Dieudonné Bolengetenge, voiced this concern, stressing the importance of avoiding any electoral fraud likely to provoke tensions.

Martin Fayulu, for his part, made his participation in future elections conditional on the fulfilment of certain requirements, in particular a new audit of the electoral roll by a truly independent body.



The African Commission for the Supervision of Elections (CASE) is asking the political players, including Corneille Nangaa, Joseph Kabila, Raymond Tshibanda, Nehemie Mwilanya, Jean Mbuyu, Martin Fayulu and CENCO, to share their information on the 2018 election results. It suggests that the National Assembly and Senate suspend the current legislature until the disputed election results have been certified.

This situation reopens the debate on the veracity of the 2018 election results and could lead to the annulment of these elections if evidence of fraud is uncovered. CASE urges the Congolese people to prepare for a possible change of regime or the continuation of the current one, depending on future developments.

2. Massacre in Goma, North Kivu province

On 30 August, elite troops committed a massacre in Goma, killing more than 50 civilians who were preparing to demonstrate against MONUSCO, which they perceived as foreign interference in the east of the Democratic Republic of Congo. A week after this tragedy, two commanders of the Republican Guard's special unit are currently on trial, giving rise to a politically sensitive case, since this army corps is in principle under the authority of the President of the Republic. But what exactly is its mission? Why was it present in Goma? How does it operate? These are the questions raised by Jean-Claude Katende, lawyer and human rights defender.

Delly Sesanga, a political opponent and declared candidate in next December's presidential election, also expressed his concern about the "bloody" repression of the demonstrations that took place on 30 August 2023 in Goma, in the province of North Kivu, against the United Nations Organisation Mission in the Democratic Republic of Congo (MONUSCO). In his statement of 1 September 2023, he called for

the repression of demonstrations, regardless of the seriousness of the acts complained of, to be legitimate and proportionate. He stressed that Goma must not be a lawless zone where force is used unchecked to shoot civilians with impunity. He also recalled that the state of siege in no way justified the army attacking the very citizens it was supposed to protect.

The "Sacred Union of the Nation" political platform in North Kivu issued a statement on 1 September 2023 calling on the courts to investigate the military governor of North Kivu following the murder of 43 people during a demonstration against the UN in Goma, the province's capital. The platform, which supports the President of the State, believes that the military governor, Lieutenant-General Constant Ndimba Kongba, is the main suspect in the tragedy, which occurred during a demonstration in Goma. It has also called for an end to the state of siege, arguing that the military under siege have acquired a taste for power and are prepared to do anything to keep it, citing this incident as a possible consequence of the end of the state of siege.

National MP Jean-Baptiste Muhindo Kasekwa submitted a written question to Prime Minister Sama Lukonde on 4 September 2023 concerning the massacre that took place on 30 August in Goma, in the province of North Kivu. He took this step so that the head of the Congolese government could provide clarification on this tragedy that has plunged the region into mourning.

The death toll from the massacre in Goma on 30 August was revised upwards by the Deputy Prime Minister and Minister of the Interior, Peter Kazadi, from 43 to 51. At a briefing in Kinshasa on 6 September, Communications Minister Patrick Muyaya denied any responsibility for an alleged order to open fire on the population. He stressed that the trial was ongoing

and that the conclusions should not be pre-empted. As for the resignation of the Minister of the Interior, Peter Kazadi, he stated that he would only resign if he felt responsible for an act that he should have avoided but did not.

Finally, Gracien Iracan initiated a motion of no confidence in Prime Minister Jean-Michel Sama Lukonde on 7 September 2023 because of the massacre of civilians in Goma. He called on MPs of integrity to sign this motion of no confidence and gave the Prime Minister an ultimatum to resign voluntarily by 15 September, failing which the motion would be initiated. On 15 September 2023, Prime Minister Sama Lukonde rejected Iracan's ultimatum and declared that he was not responsible for the Goma massacre. He also declared that he was ready to face the motion of censure, if tabled.

On 22 September 2023, the motion of censure was tabled in the National Assembly by 35 MPs, including Gracien Iracan. The motion was examined by the National Assembly's Law Commission, which issued its report on 28 September 2023, recommending that the motion be rejected on the grounds that the Prime Minister was not responsible for the Goma massacre and that there were no valid grounds for overthrowing him. On 30 September 2023, the motion of censure was debated in the National Assembly and rejected by 323 votes to 32.

3. Last parliamentary session of the 2019-2023 legislature

The two houses of parliament opened the last session of this legislature on Friday 15 September 2023, with the main focus on the budget for the 2024 financial year, valued at 16.6 billion US dollars. The National Assembly paid tribute to Chérubin Okende, one of its members who died more than two months ago in unexplained circumstances. A photo of Chérubin Okende and a bouquet of flowers were placed in his usual seat in the hemicycle of the Palais du peuple

in the Democratic Republic of Congo. Each MP paid tribute by bowing in front of his photo, acknowledging his role in several parliamentary initiatives.

The President of the National Assembly, Christophe Mboso N'kodia Pwanga, welcomed the introduction of free maternity care in 50 referral hospitals in Kinshasa by the Head of State, Félix Tshisekedi, as part of universal health coverage. He called on the government to extend this programme to all the provinces of the Democratic Republic of Congo, starting with 300 health centres and 50 referral hospitals in Kinshasa.

President Tshisekedi justified the choice of Kinshasa because of the high rate of maternal and infant mortality. According to the United Nations Population Fund (UNFPA), maternal mortality stands at 670 deaths per 100,000 live births in the DRC, with around 19,000 maternal-related deaths each year.

In the Senate, the President of this chamber observed a minute's silence in memory of Chérubin Okende and other deceased senators, notably Valentin Sessanga and Albert Nzuvu. He encouraged the senators to carry out their duties with dedication after three months of parliamentary recess, and called on the government to present the 2024 budget in time for a thorough examination, while taking account of the economic situation.

The government has tabled a draft budget for the 2024 financial year of 16.6 billion US dollars, marking an increase of 24.7% compared to 2023. Prime Minister Sama Lukonde highlighted the government's priorities, which include defence, free education and maternity, and a focus on the needs of the population.

National MP Steve Mbikayi, a member of the Union Sacrée de la Nation, was highly critical of the government's management of the country, highlighting the economic and social challenges facing the DRC. He called for the government to resign, sparking debate within the political family.



The September 2023 parliamentary session will focus on resolving security challenges, organising transparent elections and tackling urgent social problems. The Congolese people, disappointed by the current legislature, expect concrete action from their representatives before the general elections.

The draft law on Congolese citizenship, aimed at reserving the presidency of the Republic for Congolese born of Congolese parents, is attracting significant support, particularly from the Union for Democracy and Social Progress (UDPS). This proposal aims to guarantee national sovereignty and is generating debate within the Congolese political class.

4. Reactions to the speech by the Head of State at the 78th General Assembly of the United Nations

In his speech from the rostrum of the United Nations in New York on 20 September 2023, the President of the Democratic Republic of Congo, Félix Antoine Tshisekedi, once again called for sanctions against those responsible for the aggression to which the DRC has fallen victim at the hands of Rwanda and its M23 allies. He said: "The DRC reiterates its request for sanctions against those responsible for this aggression. It is unacceptable that the individuals mentioned in the UN experts' report should go unpunished." The President also expressed his gratitude to the US government for imposing sanctions against Rwanda and the M23, while stressing that dialogue with the latter would never be an option.

The Head of State accused his Rwandan counterpart, Paul Kagame, of being behind the insecurity in the Great Lakes region. He criticised Rwanda's policy of using genocide as a pretext for dominating the Great Lakes region and exploiting the resources of the DRC. Félix Tshisekedi affirmed that the DRC was ready to face any threat from its neighbour, stressing that the defence of the country was the priority and that all scenarios were envisaged to guarantee peace.

President Tshisekedi also raised the issue of the accelerated withdrawal of the UN Stabilisation Mission in Congo (Monusco) during his speech to the UN General Assembly. He expressed his disappointment with Monusco and stressed the urgent need for its withdrawal to ease tensions with the Congolese people, who have been demanding its departure for some time. The President recalled the demonstrations in Goma in August, during which more than fifty people lost their lives calling for the departure of Monusco.

Félix Tshisekedi criticised the attitude of the UN, in particular its Security Council, towards crises in Africa. He deplored the use of double standards in resolving crises, giving more importance to Western crises than to those in Africa. The President spoke of the political and security crises underway in Africa, in particular the crisis in Sudan, and denounced the indifference of the international community.

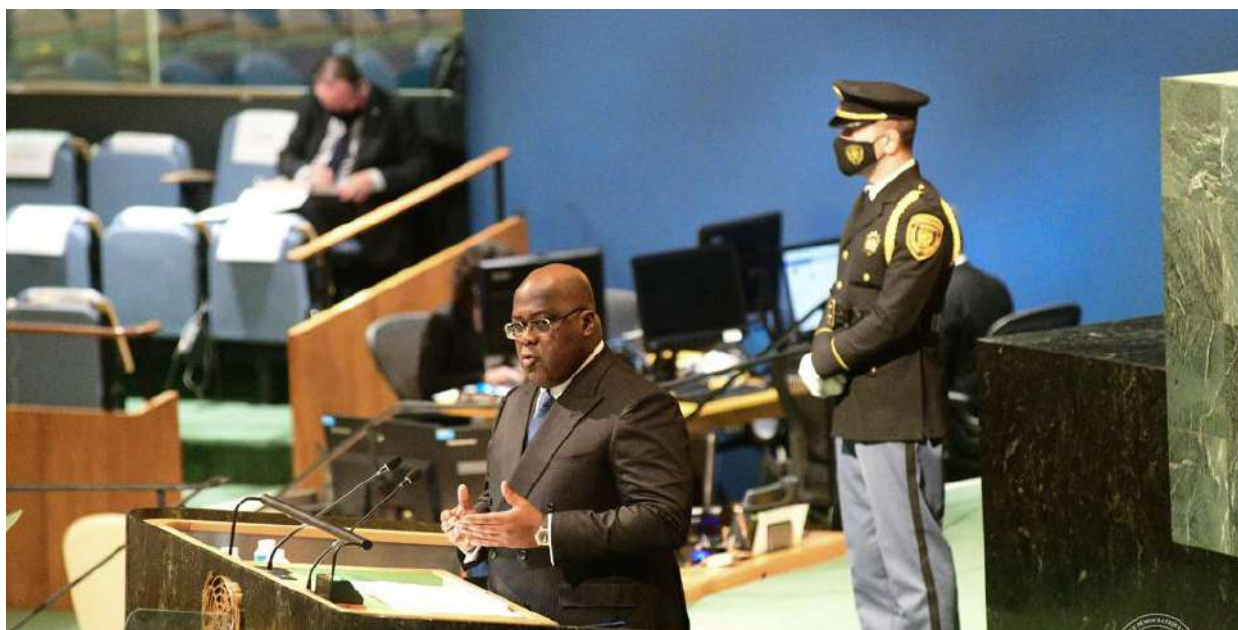
In a seven-page indictment addressed to the members of the United Nations Security Council, Corneille Nangaa, former head of the electoral process in the DRC and president of "Action pour la dignité du Congo et de son peuple" (ADCP), asked for their support in reforming the security and electoral system in the DRC. He expressed his fear of the disappearance of his country, the extermination of his people and the conflagration of the Great Lakes region if the UN does not intervene quickly. He denounced the growing insecurity in several regions of the DRC.

CASE (Coalition pour l'Action, le Salut, et l'Émancipation du Congo) called on President Tshisekedi to reveal the truth about the shortcomings of the electoral process in the DRC to his UN counterparts. It considers that the DRC cannot continue to deny electoral problems while other democracies are making progress in managing their elections.



For Guy Mafuta Kabongo, President of the Alliance des Congolais Bâtisseurs (ACB), Félix Tshisekedi's speech to the UN reflects a Head of State who cares about his

country and African unity. It underlines the President's diplomatic role in promoting the interests of the DRC.



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3. Political and economic outlook

On the political front

In this electoral period in the Democratic Republic of Congo (DRC), a number of political perspectives are emerging, reflecting the complexity and issues surrounding the electoral process. Here is an overview of the main trends:

Contestation and doubts about the integrity of the electoral process: Some informed observers believe that the electoral process in the DRC is open to contestation, not least because of concerns about its integrity. Doubts persist as to the fairness of the ballot, given the perceived biased actions of the incumbent government.

Fragmented opposition: The political opposition in the DRC appears divided over its participation in the presidential election. Some have already announced their intention to boycott the elections, demanding in particular a revision of the electoral roll. Others have chosen to stand as candidates so as not to leave the field open to the incumbent president, Félix Tshisekedi.

Félix Tshisekedi's candidacy: The current President, Félix Tshisekedi, has expressed his desire to stand for re-election, in accordance with the constitution, which allows him to stand for a second term. His entourage is confident of his chances of victory, although his record has been criticised, particularly as regards growing insecurity and community tensions.

Impact of vote fragmentation: The DRC's single-round electoral system means that the leading candidate, regardless of his or her percentage of the vote, wins the presidential election. The scattering of votes among opposition candidates could potentially favour the incumbent president, by consolidating his already well-established electoral base.

International challenges: The DRC could also face international challenges and concerns about the credibility of the electoral process. Foreign partners and international organisations could express concerns about the fairness of the ballot.

Overall, the electoral period in the DRC is marked by uncertainties and tensions, with major issues relating to the credibility and transparency of the electoral process. The choices and actions of local and international political players will have a significant impact on the outcome of the elections and on the country's political stability.

On the economic front

The Democratic Republic of Congo (DRC) faces a number of challenges that could have a negative impact on its economic outlook.

Political tensions are one of the main challenges facing the DRC. The approach of elections scheduled for December 2023 is a source of tension between the ruling majority and the opposition. These tensions could lead to political instability and economic disruption.

Rising prices and currency depreciation are also factors that could weigh on economic growth. Rising prices for foodstuffs and everyday consumer goods could reduce the purchasing power of households and businesses. The depreciation of the Congolese franc could also make imports more expensive, which could have a negative impact on the competitiveness of Congolese businesses.

The impoverishment of the population is another major challenge. Poverty is still widespread in the DRC, and rising prices could make the situation even worse. The decline in household purchasing power could lead



to a reduction in domestic demand, which could have a negative impact on economic growth.

Insecurity in several parts of the country, and more specifically in the east of the country, is also a factor that could weigh on economic growth. Insecurity could disrupt economic activities and deter investment.

The suspension of operations by Congo Airways, the main national airline, is another factor that could have a negative impact on the DRC's economic outlook. The suspension of Congo Airways' operations has exacerbated the country's isolation, which could make it more difficult for people to travel and have a negative impact on economic activity.

As a result, the DRC's economic outlook is uncertain. The challenges facing the country could have a negative impact on economic growth.

There are, however, some positive prospects for the DRC's economy. The country has significant economic potential, particularly in terms of natural resources, agriculture and tourism. If the government succeeds in resolving the political and security problems, it will be able to implement economic reforms that will stimulate economic growth.

These reforms include :

- Diversifying the economy to reduce dependence on natural resources;
- Improving the business climate to attract investment;
- Fighting corruption;
- Improving education and health to enhance human capital.

If the government succeeds in implementing these reforms, the DRC could enjoy sustained economic growth in the long term.

Depending on how the above factors evolve, two scenarios can be envisaged for the DRC's economy between now and the end of 2023:

- **Negative scenario** : In this scenario, political and security tensions worsen, leading to political instability and lower economic growth. Rising prices and currency depreciation continue to weigh on the purchasing power of households and businesses. The impoverishment of the population is worsening, leading to a decline in domestic demand. The suspension of Congo Airways operations continues to exacerbate the country's isolation.
- **Positive scenario** : In this scenario, political and security tensions ease, restoring political stability and stimulating economic growth. Rising prices and currency depreciation are brought under control, preserving the purchasing power of households and businesses. The impoverishment of the population has slowed, helping to maintain domestic demand. The suspension of Congo Airways' activities has been lifted, reducing the country's isolation.

Achieving the positive scenario will depend on the government's ability to resolve the challenges facing the country.

DIFFERENT CONGO CHALLENGE PUBLICATIONS

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The Semestriel (Revue Congo Challenge) is a completely disinterested scientific periodical, published every six months, with the principal aim of promoting scientific studies designed to contribute to the advancement of knowledge in economic sciences and to offer economic operators and political decision-makers a set of recipes likely to enlighten their decision-making or to justify their decisions on a proven scientific basis.



2. QUADRIMESTIAL BULLETIN

This publication appears every four months and offers a general and precise overview of economic and political developments at national, regional and global level. It enables readers to adjust their forecasts in line with observed developments or to make anticipations taking into account the information package available.



3. THE MONTHLY

Published monthly, this publication provides a factual overview of economic indicators and highlights of the country's monthly political situation.



4. ANNUAL REPORTS



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Dixit Machiavel

ECONOMIC AND POLITICAL DEVELOPMENTS
IN THE DEMOCRATIC REPUBLIC
OF CONGO

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