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US dollar made compulsory currency in mining and hydrocarbon sectors

The Central Bank of Congo (BCC) announced that all companies operating in the Congolese mining and hydrocarbons sectors will from now on issue the payment of taxes and custom tariffs in US dollars rather than in Congolese francs. This measure follows as the Congolese authorities are trying to curb the decline of foreign exchange reserves, resulting from the plunge in prices of mining commodities and oil on the international market. According to the American agency Standard & Poor's, foreign exchange reserves of the country had "reached a low of \$1.2 billion in December 31, 2015, which corresponds to approximately one month of current payments." The BCC-announcement goes against the regulatory changes it had introduced in May 2014, when it was announced the Congolese franc was to be the main currency for all foreign exchange transactions when the country embarked on a process of de-dollarization.

(Source: Jeune Afrique & Reuters. Photo: www.oeildafrique.com)

From the Netherlands

PAGE 2

- Dutch development bank FMO co-finances a power plant on Lake Kivu
- Developments in Dutch commodity exports
- The Netherlands leader in patent applications
- The recycling of beverage cartons: a novelty
- Funding for sustainable energy project increased through crowdfunding

Headlines from the DRC

PAGE 3

- DRC and Tanzania: KenolKobil slams the door
- ENRC to cut over 2 000 mining jobs in Congo
- World Bank approves additional funding for road development in the DRC
- Civil society fears abandonment of the mining code reform
- Government and business agree on economic stabilization measures
- Depreciation of the Congolese franc, Central Bank takes action
- DRC forests: France promises compensation for the moratorium

Headlines from Congo-Brazzaville

PAGE 4

- 1.200 billion FCFA in credits granted by banks in Congo in 2015
- Towards self-sufficiency in domestic cement needs
- Fitch and Moody's lowers Congo-Brazzaville's currency rating
- Congolese have voted amidst a telephone and internet cut
- Congolese advertising firm Sapro takes over SA giant

PAGE 5

Post Scriptum

- Dutch Risk Reduction Team: Reducing the risk of water related disasters
- Practical Information & Contact

2 From the Netherlands

Dutch development bank FMO co-finances a power plant on Lake Kivu



Situated between Rwanda and the Democratic Republic of Congo, Lake Kivu is one of the only lakes in the world holding methane gas. This is due to the fact that the lake is situated in a volcanically active area. The methane reserve is estimated at 60 km³, which is enough to generate approximately 500 megawatts of electricity for fifty years. The US company Contour Global, co-financed by FMO, started the construction of a methane gas plant a few years ago, pumping 30.000 m³ of gas per hour at a depth of 350 meters, whereby some 400 litres of methane gas is recovered.

One of the power plants has been producing electricity since last year. Another US company has recently signed an agreement for the construction of a second 50MW plant in the Lake Kivu area. There is also an interest in recovering methane gas from the lake on the DRC side. Hence, as a part of the Lake Kivu Monitoring Programme, DRC and Rwanda are working together on the technical level. (Photo: www.rwandaenergy.com)

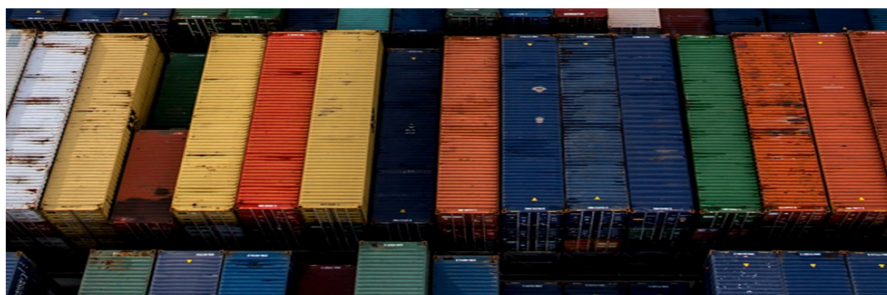
The recycling of beverage cartons: a novelty



Since January, the van Houtum family business has been processing beverage cartons in an environmentally friendly way: a first in the Netherlands. The recycling project has been established through the WBSO scheme for Research & Development. Rabobank also funded the new production through the Green Funds Scheme, whereby tax-efficient investments can be made thanks to a green bench for sustainable and innovative projects. Van Houtum expects that it will recycle approximately 12.000 cartons in 2016.

The beverage cartons not only provide paper fibre, but also aluminium and plastic. The company washes the cartons without chemical processes. The cleaned aluminium and plastic is then passed on to another partner, like Suez, for further processing. Van Houtum continually looks for environmentally sustainable solutions and are currently experimenting with elephants-grass, a crop that absorbs CO₂ and does not require fertilizer. (Photo: www.packonline.nl)

Developments in Dutch commodity exports



Measured in volume, 4% more goods were exported in 2015 compared to 2014. Yet, measured in value, a decline of € 1.85 to € 425.9 billion is to be noted. This decrease is mainly due to the plunge in oil prices: sales in Africa fell by 0.7%.

Export to the biggest export market in Africa for Dutch commodities, Nigeria, increased by 9.3% in value. The export value to the second biggest market on the African continent, South Africa, grew by a staggering 19.5%. Furthermore, a growth in export was measured to Algeria (+12.4%), Morocco (+7.7%) and Tunisia (+ 2.2%). In Egypt (-2.6%) and Libya (-20.9%) a decrease was measured.

Predictions show a mixed picture for the economic development in the near future; apart from disappointing gas exports, macro-export forecasts are positive. Several countries will experience an economic slowdown, while other countries will benefit from strong economic growth. (Photo: www.nieuwsbladtransport.nl)

The Netherlands leader in patent applications

The Netherlands takes the seventh place when it comes to European patent applications. Per capita, the Netherlands comes in second. The number of Dutch patent applications rose 3,5% compared to 2014. The increase in patent applications is good news, as it indicates innovation and eventually increased productivity and prosperity.

Philips tops the list of companies applying for patents, staying ahead of Samsung. DSM also ranks high in the top of applicants (place 22). In the biotechnology sector, DSM ranks first. Medical technology shows a sharp increase, and remains the sector with the most patents requests.

Applications from the United States fell by 7%, but the country continues to top the overall list, with a total of 65.754 applications. Germany is the highest ranked European country on the list and steadily holds place 3, with 31.670 applications.

Funding for sustainable energy projects increased through crowdfunding



The renewable energy sector raised more than € 11 million through crowdfunding – which, according to a report by the Dutch Enterprise Agency (RVO), makes up almost 10% of the crowdfunding market in the Netherlands.

Of the €11.5 million, € 2.8 million was designated for sustainable energy innovations mainly in the solar, biomass and constructed environment. The remaining € 8.7 million was spent on renewable energy technologies that have already proven to their worth, and are mainly solar projects. Funding is collected by a diverse group of parties, from energy cooperatives to businesses and social institutions. Energy projects raised an average of € 142.000.

Crowdfunding is the fastest growing sector of finance and investment in the Netherlands. After America and Great Britain, the Netherlands is the largest crowdfunding market. The tangibility and risk-return ratio are important criteria for investors. Tax incentives and so-called combined-funding could possibly further stimulate crowdfunding for (sustainable) innovations. (Photo: divvygreen.com)

DRC and Tanzania: KenolKobil slams the door

KenolKobil, the third largest oil distributor in Kenya, left the Congolese and Tanzanian markets, accusing the governments of these countries of tax practices that make it unable to compete on the market. "In all countries where we operate, we respect the rules. But when people do not pay taxes, you cannot compete with them," David Ohana, CEO of KenolKobil told the press. "There is a lot of tax evasion in these two countries, and we do not want to compromise ourselves," he added.

The fact that this situation has been ongoing for several years is reason enough for him to exit these markets. In the DRC, the company has a dry storage facility of 4.000 cubic meters in Lubumbashi. For their part, the DR Congo's authorities have not yet reacted with regard to this subject. (Source: Agence Ecofin)

World Bank approves additional funding for road development



The World Bank Board of Executive Directors approved an International Development Association (IDA) additional credit of \$125 million for the High-Priority Roads Reopening and Maintenance Project: Pro-Routes. The activities proposed under the new funds would increase the number of km of roads improved and re-opened under the original project to a total of about 3.344 km, which is about 30% of the 9.000 km of the high-priority earth roads network.

This measure re-establishes durable road access between provincial capitals, districts and territories in the Orientale (Tshopo, Bas-Uele and Ituri), North and South-Kivu, Katanga (Tanganyika and Haut-Katanga), and Equateur (Sud-Ubangi) provinces, and opens up road links to Uganda and the Central African Republic. The development of the transport sector in the DRC is a critical element of the government's policy to stimulate economic growth, contribute to poverty reduction, and provide basic connectivity to the remote parts of the country. (Source: World Bank. Photo: www.portail242.info)

Depreciation of the Congolese franc, Central Bank takes action

The Congolese franc, has depreciated. It is now trading at 955.0 CDF for one US dollar. To cope with this shock and stabilize the macroeconomic framework, the Central Bank of Congo is selling \$ 50 million, to puncture the excess liquidity of the local currency (CDF) on an exchange market where the currency is scarce.

According to Albert Tcheta Bampa, researcher at the Sorbonne Centre for Economics, this decision will lead to two negative consequences for macroeconomic stabilization linked to the commodities boom: "Maintaining a high degree of dollarization will significantly complicate the conduct of monetary policy and exchange rates; and the loss of seigniorage income needed to compensate for low revenues in the oil and copper sectors." (Source: Zoom Eco)

ENRC to cut over 2.000 mining jobs in Congo



The company, owned by Eurasian Resources Group, plans to shed 996 jobs at its Boss Mining unit and 1.300 at Congo Cobalt Corporation (CCC) stated Dieudonne Shimbi, the provincial coordinator for TUMEC, one of the unions negotiating on behalf of the workers. CCC is wholly-owned by ENRC, which has a 70% stake in Boss Mining. State-owned mining company Gecamines holds the remaining 30%. ENRC did not respond to requests for comment. "Based on where the price of copper is today, the employer justified that it was practically operating at a loss," Shimbi said.

The benchmark copper price fell 25% last year on declining demand from top industrial metals consumer China. Congo saw output dip modestly in 2015, according to the country's chamber of mines, due to slumping prices and the 18-month suspension of production at Glencore's Katanga Unit. (Source: Reuters. Photo: www.blog.kpmgafrica.com)

Civil society fears abandonment of the mining code reform

Civil society is concerned the mining code reform, which would bring back more revenue into the treasury and increase transparency, is being neglected. Several civil society organisations sent a memorandum to the Prime Minister. There is one thing the government and civil society seem to agree upon: the many disadvantages of the current mining code.

Adopted in 2002, it allowed the creation of mining titles and the attractions of investors. However, the text remains too favourable towards mining companies, at the expense of the Congolese state and even the population. For civil society, the excuse of falling prices does not hold. Civil society is concerned that this decision is based on pressure from mining companies and interest groups. (Source: RFI)

Government and business agree on economic stabilization measures

The DRC government and the Federation of Congolese Enterprises (FEC) agreed during a meeting to the implementation of 28 measures to stabilize the country's economy, shaken by falling commodity prices in the international market. Among the agreements there is the unification and restructuring of the financial authorities and the strengthening and enforcement of regulations.

Companies were encouraged to comply with laws and regulations. Other measures included the introduction of more rigor in the granting of exemptions and reduced export taxes on certain products. The FEC, the Small and Medium Enterprise Confederation of Congo (COPEMECO) and the National Federation of Small Business of Congo (FENAPEC) were pleased to have been associated with this meeting. (Source: Xinhua)

DRC forests: France promises compensation for moratorium



The French Minister for Environment, Ségolène Royal, announced to be "working" towards "results" to compensate countries that are protecting their forests, such as the Democratic Republic of Congo, which has upheld a moratorium since 2002. Ms Royal, expressed her concerns in Kinshasa as part of an African tour in her role as President of the climate summit in Paris (COP21). Robert Bopolo, the Congolese Minister of Environment, confirmed the DRC intends to lift the moratorium as it is "in the [financial] interest of the Republic", arguing the country misses important revenues due to the measure.

Congolese forests account for 145 million hectares, of which 60 million are exploitable, according to the Ministry of Environment. For Ms Royal, the effectiveness of the battle against climate change depends on "the rules of justice" imposed on those who pollute the most, in favour of those who agree to "more protection efforts." (Source: AFP. Photo: wrm.org.uy)

1.200 billion FCFA in credits granted by banks in Congo in 2015

REPUBLIC OF THE CONGO
CREDIT CARD



Congolese banks granted a total of nearly 1.200 billion FCFA worth of loans in 2015, said the Congolese Minister of Finance and Public Portfolio, Gilbert Ondongo. Despite these advances, he lamented the low level of use of banking facilities, which is 13%. He said the loans distributed in the economy are not long-term loans, and are therefore not likely to support durable and long-term investment.

The Congo now has 11 banks and one mutual savings facility (MUCODEC), with total assets worth 2.269 trillion Ondonogo, said Gilbert. "Today Congo has risen to second place in number of banks operating in the Central African sub-region," said Mr. Ondongo. The number of bank accounts increased from 45.000 in 2005 to over 384.000 in December 2014. (Source: Xinhua. Photo: www.colourbox.com)

Congolese have voted amidst a telephone and internet cut



On March 20th, the Congolese voted for a presidential election between eight opposing candidates and the current head of state Denis Sassou Nguesso, who has held power for over 32 years. The authorities decided to cut all telecommunications (telephone, internet, SMS) in the country for 48 hours "for national security and safety reasons", and to prevent the opposition to publish "illegal results".

In a country marked by an unemployment rate of around 40% (60% among young people), social and economic issues were at the centre of the election campaign. Denis Sassou Nguesso was re-elected in the first round with 60.39% of the votes, according to official results. The nomination of Mr. Sassou Nguesso, born in 1943, was made possible after a recent change in the constitution qualified as a "constitutional coup d'état", by critics of the Head of State. (Source: Radio Okapi. Photo: www.ibtimes.com)

Towards self-sufficiency in domestic cement needs



Cimaf Congo, the fruit of cooperation between Congo and Morocco, will reach a production capacity of 500.000 tons to 1.000.000 tons per year. With the inauguration of this plant, the Congo is gradually approaching the domestic demand for cement, which is estimated at 2.000.000 tonnes per year, explained Isidore Mvoubu, Minister of State & Minister of Industrial Development and Private Sector Development: "The production capacity of Cimaf is estimated at 500.000 tons, which are to be added to the 400.000 tons produced by Forspak, 300.000 tons from Sonoc and 100.000 tons by Unibeco.

Dangote will be able to produce 1.5 million tons per year, Diamond Cement Mindouli 600.000 tons and at a later stage an additional 1.200.000 tons. All these products widely satisfy the domestic consumption needs and generate a surplus for export." 95% of jobs created by the plant will be reserved for nationals. (Source: Agency of Central Africa information. Photo: www.primature.cd)

Fitch and Moody's devalue Congo-Brazzaville's currency

Moody's lowered the long-term rating of the country "B +" to "B", while Fitch has reduced the rating from "Ba3" to "B1". If in both cases the decline is only a notch, the decision of Fitch tipped the country into the category known as "highly speculative."

Both agencies have placed the country's currency under careful watch. In their report, Fitch and Moody's justified their decision by the deterioration of the country's macroeconomic indicators in the wake of the fall of the oil price, which makes up for 69% of revenue and 80% of exports. Moody's values a barrel at \$ 33 in 2016 and \$38 in 2017, while Fitch predicts \$ 35 and \$ 45 respectively. (Source: Jeune Afrique)

Congolese advertising firm Sapro takes over SA giant



The Congolese group Sapro has positioned itself to become a continental player in advertisement after acquiring South Africa's billboard advertising giant, Global Outdoor Systems (GOS). The buyout, brokered by RMB Corvest, was completed in December last year and was expected to be kept under wraps until after Paul Obambi, CEO and founder of Sapro, had ended his tour of GOS's facilities around the continent. An estimated \$ 50 million surprise buyout for GOS, which operates in 16 African countries and manages about 6.000 billboards, made sure Sapro outdid its contenders.

Sapro is considered among the country's largest private companies, outside Republic of Congo's oil sector. Before expanding to South Africa, the company, which also owns the billboard and printing group Media International, was already present in six countries. Competing bidders for the billboard and advertising group included international giants like Lamar Advertising, Clear Channel and JCDecaux, which succeeded in its 2015 buyout bid for Continental Outdoor, one of GOS's serious competitors. (Source: The Africa Report. Photo: mukoni.wordpress.com)

POST SCRIPTUM

Dutch Risk Reduction Team: Reducing the risk of water related disasters

Many countries around the world face severe water threats. These countries are often in urgent need of expert advice on how to prevent a disaster or how to recover from a calamity. For instance, when a country has been struck by severe flooding and the first emergency relief workers have gone, the need for advice on how to build a sustainable and safer water future arises. To meet these needs with a swift response, the Dutch government has initiated the Dutch Risk Reduction Team (DRR-Team). This team of experts advises governments on how to resolve urgent water issues related to flood risks, water pollution and water supply, to prevent disasters or to rebuild after water related disasters.



Advice concerning all issues related to water

The Netherlands has brought its best water experts together in the Dutch Risk Reduction Team. It consists of high level advisors supported by a broad base of technical experts who can provide top quality and tailor made expertise to governments that are confronted with severe and urgent water challenges. The Dutch are experts in adapting to water in a changing world; from delta management to water technology, from urban planning to governance, public private partnerships and financial engineering.

How does the DRR team work?

Governments that face pressing water issues are strongly recommended to contact the Dutch Embassy in their country. The Embassy will then liaise with the Dutch government. Deployments of the DRR Team can only take place after invitation by the central government of the host state. Moreover, the DRR Team only addresses most pressing water issues such as recent water related calamities, or impending water related disasters. The DRR team does not focus on emergency relief but rather on sustainable solutions. Once the go-ahead is given for deployment, the DRR team will be sent into the field. After arrival, the DRR Team will discuss and assess the situation in cooperation with local government officials and experts. The Team will then issue recommendations in order to solve the problem.

Solving water issues together

The Netherlands wants to share its water expertise in order to solve global water problems. An increasing number of countries will be confronted with water issues in the coming decades. In the (near) future a large proportion of the world's population will be living in low-lying coastal areas, particularly in megacities, which are vulnerable to flooding, water pollution and water shortages. The Netherlands has centuries of experience when it comes to water management: in the Netherlands - which is for a large part below sea level - but also around the world.

For more information regarding the Dutch Risk Reduction Team, please contact the Dutch Embassy in Kinshasa.

For more information on the Dutch Water Sector:

<http://www.dutchwatersector.com/>

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