



# MASOLO

Kingdom of the Netherlands

Nr 47 / January 2017

**ECONOMIC NEWSLETTER**

**EMBASSY OF**

**THE KINGDOM OF THE NETHERLANDS**

**IN KINSHASA**



## DRC, a turbulent end of the year!

On 17 November, Samy Badibanga Ntita, was appointed prime minister at the head of the transition government, established by the agreements of 18 October signed by one opposition party. The DRC has faced some grim days afterwards. In the night of 19 December, the last day of president Joseph Kabila's constitutional mandate, while the names of the 67 members of government were being published, the country erupted in several days of violence. During manifestations that demanded Kabila's departure (accompanied by the sound of whistles, vuvuzelas, banging pots), the government responded with violence which resulted in more than forty deaths in the country. In the early hours of the same day, social media (Facebook, WhatsApp, Viber, Skype, Imo etc.) were cut, which were only restored Thursday 28 December in the morning. In order to ease the tensions in the political climate of the country and to avoid that it would sink into a chaos, the CENCO (National Episcopal Conference of Congo) was charged with bringing together members of the majority in power and the opposition – even its most radical branch – for an inclusive dialogue as to sign a new political agreement. It took 3 weeks of tough negotiations to see the different parties finally sign on New Year's Eve. This agreement is more inclusive, limits the powers of the government in place and forbids Kabila to run for a third term, to change the constitution and to hold a referendum. (Source: Various. Photo: BBC)

### From the Netherlands

- PAGE 2**
- The Netherlands third in Oxfam's tax haven league
  - Royal Joh. Enschedé's modified strategy and focus on High Security Printing
  - CASA-II program for Conflict Affected States in Africa
  - TradeMark East Africa's progress and ambitious goals
  - PUM evaluation: 2017-2020 shift of focus and continuous funding

### Headlines from the DRC

- PAGE 3**
- 1,8 billion dollars to finance the electoral process
  - Forbes ranking: George Forrest second wealthiest of French speaking Sub-Saharan Africa
  - Towards the start of liquidation of the BIAC
  - Tenke Fungurume Mining contests the decisions by the Commercial Court of Lubumbashi
  - Implementation rate of the expenditure allocated to 2015 budget estimated at 68,22%
  - Senate approves of adherence to the African Export-Import Bank
  - The FPI announces enforced recoveries from its debtors

### Headlines from Congo-Brazzaville

- PAGE 4**
- Towards the free movement of goods in central Africa
  - CAB activities for 2017
  - Towards a computerized system for lumber trade
  - Congo-Brazzaville prepares to raise 150 billion F CFA on the regional market
  - Congo will produce 300.000 barrels of petroleum per day in 2018

### PAGE 5 Post Scriptum

- 2017 promises to be an ambitious year
- Practical Information & Contact



### The Netherlands third in Oxfam's tax haven league



The Netherlands is ranked third in Oxfam's annual list of the world's top 15 tax avoidance centers, the *Financieel Dagblad* reported. Bermuda and the Cayman Islands topped the list. The high score is mainly due to the large scope of tax avoidance by multinational companies which operate through the Netherlands, Oxfam said.

The publication of the Oxfam report 'Tax Battles, the dangerous global race to the bottom on corporate tax,' comes as a blow to the Dutch government which is seeking to cut tax avoidance and profit-shifting measures, according to the journal. Oxfam said that large flows of money disproportionate to the size of the economy and corporate presence indicated profit-shifting, which is a form of tax avoidance. Moreover, the report stated sweetheart tax deals are available to multinationals settling in the country. However, Oxfam praised the Netherlands for its cooperation with the OECD in making tax avoidance more difficult. (Source: DutchNews.nl. Photo: Trends)

### TradeMark East Africa's progress and ambitious goals



TradeMark East Africa, TMEA, continues to progress well towards its goals in facilitating trade and promoting regional integration in the East African Community. The Netherlands is one of the main contributors. The TMEA Council held its third meeting on 21-22 November. The most important topics on the agenda were: next phase 2017-2023, remuneration, and regional focus.

Strategy 2 2017-2023, sets ambitious targets: 2 million jobs, 5 million people out of poverty. Gender will be integrated in the program and TMEA will develop a fragile states approach for Burundi, the DRC and South Sudan. A majority of donors shared the Netherlands' concern about the risks presented by the high remuneration levels at TMEA. The Council provided clear guidance to the Board of Directors and Management to reduce staff remuneration. (Photo: Newtimes.co.rw)

### Royal Joh. Enschedé's modified strategy and focus on High Security



From next year onwards, Royal Joh. Enschedé will as a high security printer be focusing on the international market for stamps, visas and tax labels, together with interesting growth markets such as 'brand protection' and 'anti-counterfeit'. This new focus means that the company will cease the production of banknotes in the near future and the banknotes division will be closed, which unfortunately will lead to a considerable loss of jobs.

The board and shareholders have decided this modification of strategy as a result of market developments and the company's position in the various markets. With a modified, smaller organization and the new market focus, the board and shareholders of Royal Joh. Enschedé believe that the company's future survival can be secured and a basis for healthy growth can be established as a leading high security printer. (Source: Royal Joh. Enschedé. Photo: Nu.nl)

### CASA-II program for Conflict Affected States in Africa

From 9-10 November, the biannual International Finance Corporation (IFC) CASA-II donor committee meeting (IFC, Ireland, the Netherlands and Norway) took place in Oslo. Donors expressed concerns about CASA-II being too thinly spread: in many CASA countries, only a few projects are being operationalized up until now. They also called for a more regional approach.

The Netherlands is still not in agreement with the way IFC reports on CASA-II, both financially and regarding the results achieved. The 2016 disbursement has therefore been put on hold. The Netherlands contributes USD 20 million to the CASA-II trust fund (2014-2018). CASA-II is active in 13 countries: Burundi, CAR, Côte d'Ivoire, DRC, Guinea, Liberia, Madagascar, Malawi, Mali, Sierra Leone, Somalia, South Sudan and Zimbabwe. IFC's CEO (Philippe Le Houverou) has committed to doubling IFC's portfolio on investments to 8% in 2020. The donors expressed the importance of a regional approach and wish to discuss opportunities more strategically at next donor committee meetings.

### PUM evaluation: 2017-2020 shift of focus and continuous funding



Recently, PUM 2012-15 has been evaluated. PUM is a development cooperation instrument which works with volunteering Dutch Senior Experts in all kinds of fields. The report concluded that missions to low income countries imply more risks, but do also contribute significantly to increase in knowledge and improvement of business performance.

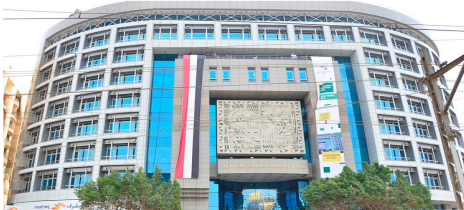
Following the evaluation, PUM has decided to go for a stronger focus on the least developed countries and poorest regions in low to middle income countries. The poverty impact is highest in those countries. PUM intervention will in the future more often happen through strategic, programmatic collaboration with other organizations. That means there will be less disjointed missions. The awarded funding for 2017-2020 amounts to 40 million EUR. (Photo: PUM.nl)

## Implementation rate of the expenditure allocated to 2015 budget estimated at 68,22%

The expenses allocated to the budget of the financial year 2015 have been executed at the rate of 5.796.221.494.097 CDF or 68,22%, against 74% in 2014. This was indicated by the report relating to the analysis of the draft legislation supporting accountability of the central power for the financial year 2015. The implementation rate for investment expenditure – 40,02% – was lower than that of the current expenditure – 89,73%.

The investment expenditure has been sacrificed for the benefit of current expenditure, which has been considered constraining by the government. The Court of Auditors has noted that concerning the current expenditure, the use of credits overrunning the budgetary estimates, is in violation of the provisions of the finance law. The expenditure against appropriations cannot be incurred nor authorized beyond the budget allocations. The Commission of Economy and Finance has disclosed that the Ministry of Budget has justified these inconsistencies by erroneous accounting allocations. (Source: ACP)

## Senate approves of adherence to the African Export-Import Bank



The Senate has authorized the adherence of the DRC to the agreement establishing the African Export-Import Bank, Afreximbank. The country had signed the instrument of accession to the Afreximbank agreement in April 2014 and was waiting for this authorization to become an actual member of the bank.

For the president of the Commission of Foreign Affairs of the Senate, Jean-Claude Mokeni, the ratification of this agreement by the DRC will help the country to access bank loans to accelerate its development. "[Afreximbank] is a Pan-African investment bank, essentially oriented towards the promotion of Inter-African trade. The advantage for the DRC is that she will be able to benefit from concessional loans, in different fields of activity which are resumed by our government in the framework of 28 measures. It is never too late to do things right", explained the senator. (Source: Radio Okapi. Photo: afreximbank.com)

## The FPI announces enforced recoveries from its debtors

The new committee of the Industry Promotion Fund (FPI) announces enforced recoveries of its receivables, estimated at 26 million US dollars. It trusted this task to a collective of lawyers charged with recovering this money held by debtors, amongst which politicians. The money held by the debtors of the FPI consists, according to these lawyers, of 58% of the loans portfolio of the company. That jeopardizes the proper functioning of the company, which suffers difficulties to fulfill its tasks adequately, they confirm.

One of the lawyers of FPI, Me Mukalay, has stated: "We call on our partners which have signed contractual terms in due form with the FPI, acting in good faith, to come pay. If not, we have received the mandate in name and on behalf of the FPI to collect it by force." (Source: Mediacongo)

## 1,8 billion dollars to finance the electoral process



The Commission charged with organizing elections in the Democratic Republic of Congo has announced it has calculated a budget of 1,8 billion US dollars to finance the ballots provided in the Constitution. The presidential election date, on the other hand, is still not known. The president of the Independent National Electoral Commission (Ceni), Corneille Nangaa, has just presented the budget to the government, as was required by the agreement signed on 18 November within the political dialogue held by the power in place with a Congolese opposition party.

The amount is important, in view of the state's budgetary plan for the year 2017, which is estimated at 4,5 billion dollars. This is two times less than the previous year. The Ceni and the government currently are working together to assess the possibilities to decrease the amount, in view of the economic difficulties that the country is facing. (Source: Jeune Afrique. Photo: un.org)

## Forbes ranking: George Forrest second wealthiest of French speaking Sub-Saharan Africa

Among the thirty most wealthy people and families of this region of Africa, are George Forrest and the Rawji family. George Forrest, boss of the Forrest group which operates, in the DRC, in the cement, mining, banking, agri-food and renewable energy industries, holds the second place on the stage. The wealth of the entrepreneur of Belgian origin, is estimated at 800 million US dollars.

The Rawji, a family of Indian origin which arrived in the DRC about a century ago, occupies the 4th place in this ranking. The wealth of this family, essentially active in the banking sector, distribution of consumer goods, car distribution and logistics, is estimated at 630 US dollars. The Cameroonian Baba Danpullo, whose wealth is estimated at 940 US dollars, is the wealthiest of French speaking Sub-Saharan Africa. (Source: Radio Okapi)

## Towards the start of liquidation of the BIAC

The shareholders of the International Bank for Africa in Congo (BIAC) have at the end of a general assembly (4 November 2016) decided to dissolve the bank, in order to reimburse their clients. This decision has come as the putting under guardianship of the Central Bank of Congo (BCC) for a period of 180 days, has not lead to any recovery such as the director of the BCC, Deogratias Mutombo, had promised.

The director of the BCC had promised a continual recovery of the bank by Chinese operators. Against all expectations, Deogratias Mutombo, has opposed this dis-solvment, suing the BIAC to obtain its repeal. Anxious to guarantee the reimbursement of more than 400.000 clients, the shareholders would have obtained the unblocking, moving towards the appointment of a liquidator that will guarantee the transparency of this procedure. (Source: politico.cd)

## Tenke Fungurume Mining contests the decisions by the Commercial Court of Lubumbashi



Tenke Fungurume Mining (TFM) considers that the procedure has been tainted by irregularities and has referred the case to the General Inspector of Judicial and Prison Services, who has suspended the implementation of the ordinance by the Commercial Court of Lubumbashi. No Provisional Administrator has thus been able to regularly take up his tasks. Hence, the person that presents himself as the Provisional Administrator, has no competence to represent TFM. TFM intends to use all actions and legal remedies to ensure its rights, in the interest of its shareholders, or any other stakeholders.

The Board of Directors and the TFM Direction thus continue to take full responsibility in the interest of their different stakeholders and to exercise their responsibilities for the conduct of all mining activities. TFM believes that the complaints of Gécamines are unfounded and that there is no legal framework for a Provisional Administrator to be appointed at TFM. (Source: Tenke Fungurume Mining. Photo: miningreview.com)



## Congo-Brazzaville prepares to raise 150 billion F CFA on the regional market



It is the first incursion of Brazzaville in the bonds market in the Central African Economic and Monetary Community (Cemac). According to certain sources, the foreseen capital raising is 150 billion F CFA (229 million EUR). The government of the Republic of Congo launches its first bond loan on the financial market of the Cemac area.

With a nominal value of 10 000 F CFA, these obligations carry a coupon of 6,5% per year (net of tax for the residents of the Cemac area). Their maturity is 5 years, with a grace period of one year. The subscription period has run from 12 until 22 December 2016. The resources mobilized will serve to the "financing of development projects entered in the 2016 budget of the state and in the partial settlement of the domestic debt". (Source: Jeune Afrique. Photo: adiac-congo.com)

## Congo will produce 300.000 barrels of petroleum per day in 2018



The Congolese minister in charge of the petroleum sector, Jean-Marc Thystere-Tchicaya, has announced, following a conference in Libreville, that Congo will reach a daily crude production corresponding to 300.000 barrels with the production launch of the Moho Nord project, based on the Moho Bilondo license. "Starting from mid-2017, we can already count on a progressive increase of the production, which will achieve a cap of 300.000 barrels per day", declared the Congolese minister.

The number would have to permit Congo-Brazzaville to overturn the hierarchy in the ranking of the most important producers of the continent. It would allow it to place itself before Equatorial Guinea, which struggles to improve its performance. The current production of Congo is 250.000 barrels per day. (Source: Les Echos du Congo-Brazzaville. Photo: busiweek.com)

## Towards the free movement of goods in central Africa



Today, one only certificate of CEEAC/CEMAC origin will allow goods to circulate freely in the whole territory of central Africa. Experts of the pilot committee for the rationalization of regional economic communities in central Africa (COPIL/CER-AC) have met in Yaoundé, for a regional workshop on the harmonization of instruments of free trade areas of the CEEAC and the CEMAC.

According to Patrice Libong Badian, coordinator of the technical secretariat, here from follows that "henceforth, we will have one only certificate of CEEAC/CEMAC origin, which will permit goods to circulate in the whole central African territory. However, pending the adoption of this unique document, the experts have suggested that to flow in the central African area, the industrial products will need to have an accreditation and a certificate of origin". The other major innovation is the adoption of the principle of the establishment of an information system on the central African markets, to transmit information to the economic operators. (Source: Financial Afrik. Photo: l'Observateur-rdc.com)

## CAB activities for 2017

Following the meeting of the steering committee of the Central Africa Backbone (CAB) project, featuring Congo, the coordinator of the project, Yvon Didier Miehakanda, has presented the principal activities which will mark the year 2017. The first activity will deal with the enablement of a fiber optic network (almost 520 km), spread from Pointe-Noire to Binda (border with Gabon). The other activities will deal with the construction of a TIC incubator to frame and spark innovative ideas, in reference with digitalization and the set-up of a TIC investment fund, to financially accompany the Tech project leaders and digital entrepreneurs.

In 2019, the expansion of optic fiber towards the borders of other neighboring countries, such as the Democratic Republic of Congo, Central African Republic and Cameroon, is foreseen. The estimated cost of these projects is 66,54 million euros, for 80% co-financed by the African Development Bank and for 20% by the Congolese government. (Source: Agence Ecofin)

## Towards a computerized system for lumber trade



Together with its partners of the European Union, Congo has announced the launch of a computerized system for lumber trade towards Europe, as of the year 2018. This new software would have to allow to insert all actual data on exploitation in all the country's sites, where some 32 licensees produce. Congo has exported 937.732,40 m<sup>3</sup> of wood in 2015. Congolese wood is mainly exported to European and Asian countries.

Wood was the primary resource to be harvested in the country, before it got supplanted by petroleum in 1973. The forest sector is the second employment provider in Congo, after civil service. The forest contributes only up to 5 to 6 % to the gross domestic product (GDP), despite its enormous potential of goods and services. The Congolese forest covers a surface of 22 million hectares, representing almost 70% of the national territory. (Source: Les Echos du Congo-Brazzaville. Photo: journaldebrazza.com)

## 2017 promises to be an ambitious year

The economic department of the Embassy will have a full agenda for the year 2017. It will, amongst others, continue to encourage and support corporate social responsibility developments in the DRC, encourage and assist female entrepreneurship and examine opportunities for development in the poultry sector. Water transport and agriculture will remain priority sectors of our Embassy. Possibilities to strengthen the Congolese coffee sector will be explored.

As always, Dutch economic development instruments will be promoted, to stimulate sustainable entrepreneurship and the private sector. Aside of that, the Embassy will continue to get involved in the private sector in general and build bridges between the Dutch and the Congolese private sector. (Photo: itah.tk)

## Useful links

- Oxfam report "Tax Battles... on corporate tax" :  
[https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/bp-race-to-bottom-corporate-tax-121216-en.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-race-to-bottom-corporate-tax-121216-en.pdf)
- Conflict Affected States in Africa – CASA program in DRC :  
[http://www.ifc.org/wps/wcm/connect/REGION\\_EXT\\_Content/Regions/Sub-Saharan+Africa/Advisory+Services/StrategicInitiatives/DRC/](http://www.ifc.org/wps/wcm/connect/REGION_EXT_Content/Regions/Sub-Saharan+Africa/Advisory+Services/StrategicInitiatives/DRC/)
- PUM Strategic plan 2017 - 2020 :  
[https://www.pum.nl/sites/default/files/files/blocks/final\\_strategic\\_plan\\_2017\\_2020.pdf](https://www.pum.nl/sites/default/files/files/blocks/final_strategic_plan_2017_2020.pdf)
- TradeMarkt East Africa :  
<https://www.trademarka.com/who-we-are/our-organisation/>



Masolo's editorial team passes you its best wishes for 2017!

## PRACTICAL INFORMATION

### Embassy in Kinshasa

#### Contact

11, avenue Nzongotolo  
Immeuble Residence 55, Kin-Gombe

Phone: +243 99 6050 600  
Emergencies: +243 99 818 62 24  
Fax: +243 99 6050 629  
E-mail: [kss@minbuza.nl](mailto:kss@minbuza.nl)

#### Postal address

Lokatie 309 / ZMA Kinshasa  
Postbus 12200 - 2500 DD Den Haag

#### Opening hours

Monday - Thursday 08:00 – 16:30  
Friday 08:00 – 13:30

#### Opening hours consular department

Monday & Wednesday 09:00 - 12:00  
Otherwise by appointment only

### Consulate in Brazzaville

#### Address

30, Blvd Denis Sassou N'Guessou  
B.P. 277 M'Pila - Brazzaville

#### Opening hours

Monday - Friday 09:00-16:00 (Consulate)  
Tuesday & Thursday 09:00-12:00 (Consular affairs)

#### Honorary Consul

Ms. Hilly-Anne Fumey  
Phone: +242 06 924 14 07  
E-mail: [hamvanbaggum@yahoo.fr](mailto:hamvanbaggum@yahoo.fr)

For comments, suggestions and remarks on this Newsletter, or any others business, please contact the Embassy's economic policy officer:

Phone: +243 99 060 50 627  
E-mail: [kss-hb@minbuza.nl](mailto:kss-hb@minbuza.nl)

#### Disclaimer

You have received this Newsletter because you have had previous contact with the Embassy of the Kingdom of the Netherlands in Kinshasa, DRC. Please send an email to [kss-hb@minbuza.nl](mailto:kss-hb@minbuza.nl) with "remove from mail list" in the subject line if you no longer wish to receive this newsletter.

The content of this newsletter does not reflect the views of the Embassy of the Netherlands in Kinshasa. It is merely a resume of news articles, from both national and international newspapers and news agencies.  
Credit photos: internet

Join our network at [www.linkedin.com](http://www.linkedin.com)

Mr Gerard Michels (Ambassador)

Mrs Corina van der Laan (Deputy Head of mission)

Mr Francis Wilanga (Sr Economic policy officer)

Ms Sandy Makola (Economic policy officer)

