



Kingdom of the Netherlands

MASOLO

Nr 55 / October 2017



ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



Orange Corners: The DRC in the list of Dutch program supporting start-ups

“Orange Corners”, a program financed by the Dutch government, has recently added the DRC to its list of partner countries. For start-ups taking part in this initiative, there are multiple advantages; young entrepreneurs can benefit from support in the form of trainings and they will receive help in the development of their company. Networking activities with partners and other entrepreneurs will be organized, as well as workshops and presentations to potential investors.

Moreover, the entrepreneurs will have access to an array of Orange Corner workspaces. Since its launch nine months ago, Orange Corners has already accompanied 28 start-ups in sub-Saharan Africa. For the Netherlands, Orange Corners is a way to redefine diplomacy in Africa, producing tangible and coherent solutions. In the DRC, this support to start-ups will undoubtedly help develop the country, create jobs and reduce poverty. In the first instance, a more in-depth study will be launched by the Dutch embassy, to gain a holistic understanding of the environment in which start-ups function in the DRC. (Source: Orangetcorners.com)

From the Netherlands

PAGE 2

- Budget for 2018: Dutch government achieves third year of surplus
- FMO and RVO.nl strengthen cooperation
- Launch Responsible Mining Index February 2018
- Rotterdam and Groningen to share new climate agency

DRC Headlines

PAGE 3

- Towards a reform of the fiscal regime in the DRC
- Gécamines carries out audits of its partners through foreign companies
- Makutano 2017 wants to « boost economic patriotism » in the DRC
- Launch of campaign on the law on subcontracting
- NEPAD: the DRC among beneficiaries of the “5% agenda” projects

Congo-Brazzaville & Africa

PAGE 4

- Daunting challenges facing Angola’s new president
- COMESA: Tripartite deal to improve mining prospects
- Congo: landowners will be registered in a common register
- IMF mission in Brazzaville: debt on the menu

PAGE 5

Post Scriptum

- The Netherlands appointed as the Chair of the European Partnership for Responsible Minerals
- Practical information & Contact

Launch Responsible Mining Index February 2018



The Responsible Mining Index (RMI) is an index that encourages more responsible mining by measuring the performance of mining companies on economic development and other criteria. It will make its world premiere in February 2018, at a launch event hosted in Geneva, Switzerland and The Netherlands have jointly acted as donor countries, in cooperation with the Good Energies Foundation. The launch in February will mark the first time an index of its sort is published. It ranks the world's 30 largest mining companies – taking into account their performance on a corporate level, as well as the conditions in the mines themselves.

The index will involve companies with activity in 56 countries, operating over 130 mines. After the launch, the RMI authority will spend time and effort to raise awareness on the index with different parties, but especially those that are either directly affected by the mining companies or those that can exert influence on them. The second global index will appear in 2020, and by that time more will be known about the extent to which companies adhere to the RMI's suggestions. (Source: Ministère néerlandaise des Affaires Étrangères. Photo: Barrick.com)

Rotterdam and Groningen to share new climate agency

The cities of Rotterdam and Groningen will be sharing a new international agency called "The Global Centre of Excellence on Climate Adaptation (GCECA)". This agency will be tasked with sharing expertise on adapting to climate change. The Netherlands has taken the initiative to set up this agency with backing from Japan and the United Nations. Subsequently, the Netherlands has chosen not only the port city of Rotterdam as a location, but also the northern city of Groningen.

There will be approximately several dozen employees that work to create a network of universities, institutes, companies, financial firms and governments to support climate adaptation practices. The agency is taking its dedication to sustainability very seriously; in Rotterdam, it is building a floating, climate-neutral office. As climate change will continue to increase risks such as natural disasters, social and economic disruptions and political tensions, the Global Centre of Excellence on Climate Adaptation will be perfectly suited to address these challenges. (Source: Dutch-news.nl)

Budget for 2018: Dutch government achieves third year of surplus



On September 19th, the Minister of Finance of the Netherlands announced the budget for 2018. During the year, the government will spend €277 billion, while receiving €285 billion. This means there will be a surplus of €7.8 billion, which is in line with the upward trend witnessed since 2015. Between 2008 and 2015, due to the financial crisis, the government ran a deficit every year.

The largest sources of income in billion euros are indirect (87.2) and direct (83.1) taxes, while the largest sources of expenditure are healthcare (80.4), social security and the labor market (79) and education, culture and science (35.4). Another interesting point to note is that the government receives €2 billion from the extraction of gas. Even without these gas revenues, the balance would remain positive. Moreover, it is expected that the average employee will notice a 0.7% increase in purchasing power in 2018.

Although the government has achieved surpluses in the past three years, the national debt remains much higher than pre-recession figures at €416 billion. Every year, the government spends €6.0 billion in interest over this debt – more than the police force's entire budget (€5.6 billion). (Source: rijksoverheid.nl. Photo: Het Financieel Dagblad)

FMO and RVO.nl strengthen cooperation



The FMO (Dutch Development Bank) and the RVO (Netherlands Enterprise Agency) have agreed to cooperate more closely in order to expand the financing of infrastructure and investments by Dutch entrepreneurs in developing and emerging countries. As global markets are becoming more intertwined, the classical division between subsidies and investments is starting to erode. Moreover, Dutch companies have been experiencing an increasing difficulty applying for funds through commercial banks.

By joining the forces of the Dutch Development Bank with the Netherlands Enterprise Agency, it will be easier to meet the needs of entrepreneurs looking to invest in developing and emerging economies. Following the example of multiple other EU countries, The Netherlands will open an investment authority, called Invest-NL, starting in 2018. This will be another step closer to helping entrepreneurs secure sufficient funding for their ventures. (Source: RVO.nl. Photo: AccountantWeek)

Launch of campaign on the law on subcontracting

The Minister of Small and Medium Sized Enterprises, Bienvenu Liyota Ndjoli, launched a media campaign on the law on subcontracting in the private sector in Kinshasa. He explained that subcontracting is by law reserved to only companies with Congolese capital, pursued by Congolese persons, irrespective of their legal form, and of which the head office is situated in the country.

As a reminder, since February 8th 2017, the Democratic Republic of Congo introduced a law regulating the subcontracting sector. This law was motivated by the influx of foreign subcontractors “who leave no space for Congolese companies with Congolese capital, which are mostly small and medium sized enterprises.” (Source: ACP & Economico.cd)

NEPAD: the DRC among beneficiaries of the “5% agenda” projects



The DRC is among the benefiting countries from the fund made available by the New Partnership for Development of Africa (NEPAD). Two big projects in the transport sector and in the energy sector will be carried out.

In the transport sector, the project consists of building a Kinshasa-Brazzaville railway bridge, a Kinshasa – Ilebo railroad connection, as well as the construction of a highway, a combined railroad bridge and a one-stop post of which the rail line will be connected from Lubumbashi to Ilebo.

On 18 September, NEPAD launched the “5% Agenda” in New York, USA. The “5% Agenda” aims to persuade national institutional investors and sovereign funds to triple their participation in these infrastructural funds, so that the current rate of 1.5% of assets under management will be raised to a more significant 5%. (Source: Mediacongo.net. Photo: Nepad.org)

Makutano 2017 wants to « boost economic patriotism » in the DRC



For the third consecutive year, Congolese and foreign entrepreneurs of the “Makutano network” have gathered in Kinshasa to discuss industrialization in the DRC at a 3-day event from September 14th to September 16th. Where the two first editions put into place a network of Congolese entrepreneurs – already consisting of about 400 local members or members from the diaspora – with the goal of identifying everyone’s competences, this year the challenge was to proceed to the next stage: the specifics.

“It deals with assessing in which way we can now work together to recapture our national economy,” Nicole Sulu commented, entrepreneur and initiator of the event. In this context, 20 investors from the Makutano network formed G20 Ltd. a few months ago; “a Congolese trust unit”. (Source and Photo: Jeune Afrique)

Towards a reform of the fiscal regime in the DRC



Reforming the current fiscal system of the DRC is absolutely necessary, according to the Minister of Finance, Henri Yav Mulang. “The system is criticized today by those subjected to it and taxpayers, who find it heavy and complex, as well as by the state itself, which complains about its inefficiency to allow for a bigger mobilization of its internal resources.”

The poor tax revenues are explained by the fact that only very few Congolese are subjected to taxes, Roger Kola Gonze, economics professor, explained. “We are today a country of around 70 to 80 million inhabitants, but we have a fiscal repertoire that does not surmount 200,000 taxpayers; natural or legal persons.”

Today’s taxes in Kinshasa represent 12 to 13% of its GDP, instead of the possible 20 to 21%. To increase its internal resources, Congo-Kinshasa would not only have to competitively adjust the tax rates for companies at the regional level, but also enlarge the tax base. (Source : RFI. Photo : Mediacongo.net)

Gécamines carries out audits of its partners through foreign companies

The first conclusions of an audit carried out by a world-wide reputed cabinet, reveal management problems and undervalued revenues. The announced objectives and forecasts in the framework of the strategy initiated by the Congolese government in the beginning of 2000 have not been achieved. By entering into joint ventures with foreign companies, the goal of the DRC and Gécamines was precisely to “generate revenues necessary for the construction of a big national production apparatus in Katanga.”

The registered results are contrary to the forecasts of the feasibility studies, which were presented by their partners in connection to demands for mining leases for the launch of the projects. The DRC produces about 1 million tons of copper annually (of which it is the biggest producer in Africa) and 60,000 tons of cobalt (of which it is the biggest producer in the world). (Source: Agence Ecofin)

Congo: landowners will be registered in a common register

Congolese landowners have one month to register themselves in a public register, failure to do so will result in penalty. This was announced at the association of landowners of Congo by Pierre Mabiala, the Minister of Property Affairs and the Public Domain, charged with parliamentary relations.

"The first measure we take is to ask you to provide us with a complete file of all Congolese landowners. I give you one month's time starting from today. If this is not done, we will proceed with heavy sanctions. In this file, each landowner will have to mention, besides their last and first name, the place where their lands are situated, as well as the total surface they cover," the Minister stated.

He explained the setting up of this unique register "falls within the framework of measures to bring order to this strategic sector." (Source: Agence Ecofin)

IMF mission in Brazzaville: debt on the menu



In Congo-Brazzaville, the IMF intends to "finalize the evaluation of the country's debt and to update the macroeconomic forecasts." In clear language, it's about knowing to whom and under which conditions Congo has borrowed and what the current indebtedness will imply for future austerity measures. It is now time for realism.

After having tried to hide the scale of the damage – a debt equivalent to 120% of GDP, against the officially announced 77% –, Brazzaville now has to open its account books. The IMF has demanded a list of documents from the government, including the names of creditors and the exact allocation of the amounts loaned from the latter. China was on top of the list of creditors.

An evaluation is necessary to find out how to rebalance the accounts, as the country has found itself unable to pay back several creditors. The audit will also serve to establish a financial recovery program. The IMF will demand structural reforms in exchange for its financial aid. (Source and Photo: RFI)

Daunting challenges facing Angola's new president



Angola's new president Joao Lourenco faces a slew of challenges that include dwindling oil prices, rampant poverty, soaring unemployment and the long shadow cast by his predecessor and his family. After several years of booming growth, Angola's growth rate cooled in 2016 and will not surpass 1.3 percent this year, according to the International Monetary Fund. Excessive public borrowing, a currency in free-fall, an alarming lack of liquidity, soaring inflation and mass unemployment are among the reasons that at least two million Angolans live on less than \$2 a day.

Many believe efforts to revive the economy are futile and doomed to fail because of rampant corruption. "We have potential but we also need good governance," the head of monthly economics newspaper titled *Expansão*, Carlos Rosado de Carvalho, said. Few analysts believe the new president will be able to tackle the pervasive corruption that touches every aspect of life, especially where vested interests are tied to the Dos Santos family. (Source: News24.com. Photo: IGIHE.com)

COMESA: Tripartite deal to improve mining prospects



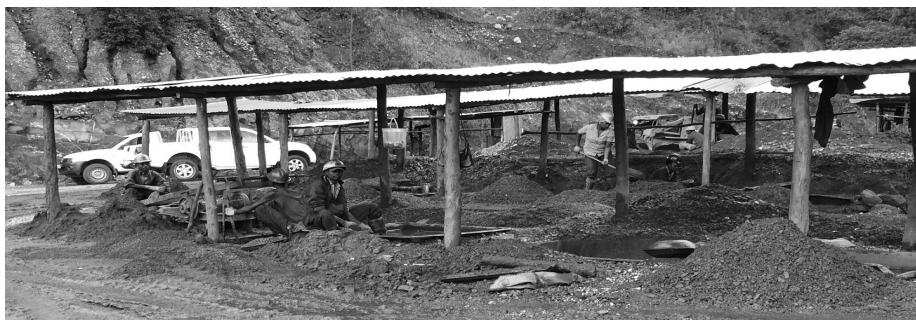
The Common Market for Eastern and Southern Africa (COMESA) region holds the highest potential for mineral development in the continent. The secretary general of COMESA, Sindiso Ngwenya, says this potential can be sustainably harnessed through the establishment of governance structures and by leveraging existing multinational trade agreements.

Speaking at the Africa Down Under (ADU) conference on mining that recently took place in Perth, Australia, Ngwenya said sound institutional frameworks will enable COMESA's governments to have a say in decisions regarding the use of resources located in their territories. The ADU event is an annual event aimed at raising awareness of Australia's interests in African mining and energy.

It is attended by governments, investors, mining service industry, suppliers and mining consultants. COMESA's mining industry is dominated by Zambia, the DR Congo and Zimbabwe. Ngwenya said the current surge in exploration and mining in the region indicates that COMESA countries have tremendous potential for extracting mineral deposits. (Source: New Vision. Photo: Twitter)

POST SCRIPTUM

The Netherlands appointed as the Chair of the European Partnership for Responsible Minerals



(Photo: <http://europeanpartnership-responsibleminerals.eu>)

The EPRM (European Partnership for Responsible Minerals) has been up and running since November 2016. The EPRM is a multi-stakeholder partnership that is tasked with creating better socio-economic conditions for mine workers and communities. It urges mines to adopt responsible mining practices, especially in conflict and high-risk areas.

Three pillars

The partnership is organized around three pillars:

- Government agencies and institutions ;
- Supply chain actors ;
- Civil society organizations.

Governments

The program is run jointly by the Dutch Ministry of Foreign Affairs and the U.K. Foreign & Commonwealth Office. The executive arm of the Board is the Secretariat which has been commissioned to the Netherlands Enterprise Agency (RVO.nl), they are in charge of the day-to-day activities.

Getting involved

Potential members can request an application form online, given that they are not on any EU or UN sanctions lists and adhere to certain criteria, such as showing that they are non-profit organizations. The membership period runs from January to December and new members are granted three months of free membership.

More useful information

EPRM website: <https://europeanpartnership-responsibleminerals.eu/>

Useful links

The law on subcontracting in the DRC (in French)

http://www.journalofficiel.cd/jordc/adm/uploads_jo/8b4f4ff9a93beda2325daa2fb7238983.pdf

Responsible Mining Index

<https://responsibleminingindex.org/>

Global Centre of Excellence on Climate Adaptation

<http://delta-alliance.org/GCECA>

NEPAD

<http://www.nepad.org/>

PRACTICAL INFORMATION

Embassy in Kinshasa

Contact

11, avenue Nzongotola
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

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

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

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 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

Credit picture from internet.

Join our network at www.linkedin.com



Mr Robert Schuddeboom (Ambassador)

Mrs Corina van der Laan (Deputy head of mission)

Ms Hilly-Anne Fumey (Honorary consul)

Mr Francis Wilanga (Sr Economic policy officer)

Ms Sandy Makola (Economic policy officer)

Ms Charlotte Blondin (Development officer)

Mr Jordi Calje (Intern)

