



Kingdom of the Netherlands

# MASOLO

\* Masolo (word in Lingala) means "short news"

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## ECONOMIC NEWSLETTER EMBASSY OF THE KINGDOM OF THE NETHERLANDS IN KINSHASA



### DRC: will 2018 be a tumultuous year?

On the eve before a mass mobilization that took place on December 31st, 2017, the Congolese government asked telecommunication operators to interrupt internet and SMS services in the country until further notice, for state security reasons. The political uncertainty remains particularly detrimental to the country's economy. After reaching only 2,8% growth in 2017, growth is not expected to pass 3% in 2018, with inflation of over 40%.

In a nutshell, the Congolese population, which grows by 3% per year, will become even more impoverished this year. This is all the more problematic, as new opportunities are presenting themselves for the country, with enormous potential. Particularly copper carries a lot of potential, a traditional resource for the Congolese economy of which the price has jumped up by 23% between June 2016 and July 2017. This potential also applies to cobalt, an essential component of electric batteries, for which the demand, driven by the automobile industry, is booming.

The price of this raw material has more than doubled in one year's time. The country holds more than half of the production and global reserves of this material. According to BMI Research, a subsidiary of the Fitch group, specialized in analysis of emerging markets, the mining sector in the DRC will realize its highest growth in the coming five years. (Source: Jeune Afrique)

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### The importance of export and investments for the Netherlands



The CBS (Netherlands Bureau for Statistics) has published its internationalization monitor for the 4th quarter of 2017. The report was made in cooperation with the Ministry of Foreign Affairs. The monitor, which is published every quarter of a year, highlights the importance of trade and investments for the Dutch economy.

The latest report has a specific focus on value chains. According to the CBS, multinationals account for 1.4 million fulltime jobs in the Netherlands. In the export sector, 70% of the companies are foreign. This underlines the importance of attracting foreign companies. Moreover, 31.5% of Dutch GDP is earned within the export industry.

Understandably, the report looks at the effects of Brexit on the Dutch economy too. The United Kingdom is the second most important trading partner after Germany and over 200.000 full-time jobs are supported by Dutch-UK trade. It remains to be seen how these will be affected after the UK's exit. (Source: CBS. Photo: Treasury.nl)

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### Feasibility studies and demonstration projects in DRC to qualify for subsidy

Starting February 1st 2018, new applications can be submitted by Dutch small and medium enterprises (SMEs) for subsidies of demonstration projects, feasibility studies or investment preparation studies. The DRC is in the list of countries for which Dutch SMEs can request a subsidy.

The Ministry of Foreign Affairs hopes that, by helping Dutch companies to operate in developing countries, it will contribute to a more sustainable development. The Netherlands Enterprise Agency (RVO) will organize an information session on Tuesday January 23rd in The Hague. At the event, there will be a general presentation on the program and a company will be present to talk about its experiences.

In order for SMEs to qualify, there are certain criteria which the companies need to fulfill, such as an "mkb-toets" (a check to see whether a company qualifies as an SME). For the other criteria, please read the Post Scriptum section of this Masolo edition. (Source: rvo.nl)

### Economic projections for 2018: Economic expansion continues



Every year, the CPB (Centraal Planbureau – Netherlands Bureau for Economic Policy) releases its projections for the next year. In 2018, the Dutch economy is expected to realize a GDP increase of slightly more than 3%. Two consecutive years of +3% growth means we can speak of an economic boom.

More positive news: unemployment will decrease from 4.9% in 2017 to 3.9% in 2018. Lower unemployment will lead to an increase in wages, which will lead to an increase in purchasing power, estimated at +0.6% in 2018. Lower unemployment also means the government will spend less money on unemployment benefits, and coupled with a strong, expanding economy, we will see the government debt decrease from 57% in 2017 to 53% in 2018.

Lastly, we will see a slight uptick in inflation, from 1.3% in 2017 to 1.5%. This can mostly be attributed to the increase of the lower VAT from 6% to 9%, which was announced in the new coalition agreement. (Source: cpb.nl. Photo: Nu.nl)

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### Amsterdam named best tech city to work in in Europe



According to a study into Europe's tech scene by Hubspot, Amsterdam was voted the number one tech city in Europe to work in. The other leading startup cities were Berlin, Dublin and London. Compared to these three cities, Amsterdam boasted the highest average net salary for entrepreneurs, the fastest internet speeds and the highest standard of living. Regarding cost of living, Amsterdam was placed in the middle. It is cheaper than London, similar to Dublin but more expensive than Berlin.

Although Amsterdam has much going for it, its image as a startup hub is not up to par yet. A mere 28% of respondents to a survey about Amsterdam as a startup capital considered the city to be Europe's current startup hub. Most people gave that title to Berlin and London.

Hubspot recommends that Amsterdam works on building a better reputation as a startup hub. According to the study, Berlin is the fastest-growing tech hub and London the most innovative. (Source: nltimes.nl. Photo: HUG Amsterdam Blog)

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### U.S. sanctions Israeli Billionaire Gertler over Congo Deals

The U.S. sanctioned Israeli billionaire Dan Gertler, one of the biggest individual mining investors in the Democratic Republic of Congo, in what it calls a clampdown on human-rights abusers and corrupt actors. Between 2010 and 2012 alone, Congo reportedly lost over \$1.36 billion in revenues from the underpricing of mining assets that were sold to offshore companies linked to Gertler.

Under the sanctions, any assets held by Gertler within U.S. jurisdictions will be blocked and U.S. individuals are prohibited from engaging in transactions with them. The U.S. "is taking a strong stand against human rights abuse and corruption globally by shutting these bad actors out of the U.S. financial system," Treasury Secretary Steven Mnuchin said in the statement. "Treasury is freezing their assets and publicly denouncing the egregious acts they've committed, sending a message that there is a steep price to pay for their misdeeds." (Source: Bloomberg)

### How to increase self-sufficiency in poultry meat and egg production in Kinshasa area



A study is being conducted by Mr. Ndambi, a researcher from Wageningen University, with funding from the Ministry of Foreign Affairs, through the agency RVO.nl. A workshop was organized last month to gather people from different sectors of the economy, to learn more about how everyone could play their role. The final paper will be published in the first quarter of 2018, but we already have some highlights to report. Several recommendations are made.

First, the local production of feed ingredients is feasible due to the availability of arable land and a suitable climate, and such production should be encouraged. Second, in order to reduce the cost of locally produced chicken, vet products etc. should be produced in the DRC, as importing those costs a lot of money. New policies are needed to favor this. Third, awareness needs to be raised among the population about the benefits of local products in order to increase demand. We will keep you informed about the final version of the study in due time. (Source and Photo: Embassy of the Netherlands)

### Global Compact reinforces its CSR network in the DRC



Global Compact, the network of Congolese companies committed to developing corporate social responsibility (CSR) strategies, recently welcomed new members. Bralima, Rawbank and DHL joined the dozen founding companies of this network, which are Airtel, Bolloré, Comexas Afrique, Congo Call Center, Dijimba, Equity/ProCredit, Finca, JNC Consulting, Kings Foods, M3J International, Talimavie and Vlisco.

The CSR agenda continues to grow in scale on private sector level, since another few dozen companies expressed their wish to join Global Compact. That is why the network made strategic partners, like with the collaboration platform Sustainable Investment in Katanga (IDAK), a public interest grouping bringing together the private sector, the public sector and civil society, to accompany mining companies in their operational practices.

As such, Global Compact wishes to extend its implementation to help the Congolese private sector play a key role in the country's development. (Source and Photo : Embassy of the Netherlands)

### Female entrepreneurs create the Influential Women Fund

In September 2016, the Embassy of the Netherlands, in collaboration with the Dutch agency RVO.nl, organized a networking visit and training in the Netherlands for a group of ten female entrepreneurs from the DRC. One year after this visit, these entrepreneurs, active in different sectors (services, banking, processing, technology and communication), created the non-profit "Influential Women Fund" (IWF).

This young organization has as mission to support women and young women who are generally out of the action range of big banking structures and sustainable development aid. The IWF has as objective to, with time, transform into a bank by women for women. The organization will intervene mainly in the sectors of agriculture, tech and services and has already identified 3 projects which it aims to implement in the course of the new year.

The first project will be providing evaluation and a framework on women in agriculture (in N'sele); the second, called "woman in the driver's seat", aims to encourage women to learn tech professions. Finally, the last project aims to help women in the district of Malweka (in Kinshasa) to become empowered and to help them create their own jobs. (Source: Embassy of the Netherlands)

### Nestlé announces closure of its factory in the DRC



The Swiss food giant has announced the closure of its factory in Kinshasa in the DRC, an addressable market of approximately 80 million inhabitants but weakened by poverty and political instability. Present in the DRC since 2009, Nestlé had opened a production factory of Maggi products (producing chicken stock cubes etc.) in an investment of an estimated 15 million Swiss Francs.

Nestlé continued to book losses ever since. This investment was however welcome for the DRC, which, like several countries in Central Africa, wants to reinforce its industrial base to stop being only an exporter of minerals, which are the country's main source of wealth. In October, the Congolese branch of the Dutch beer giant Heineken, Bralima, announced a restructuring plan. (Source : AFP)



## Strong progress of electronic payments in the CEMAC area

Digital finance is in full progress in the area of the Central African Economic and Monetary Community (CEMAC). In its report, the Central Bank of Central African States (BEAC) stated that electronic payments achieved more than 203.2 million operations over the first nine months of 2017, which is an increase of 208% as compared to the total of the year 2016, where they amounted to around 97.8 million transactions.

The volume of the transactions of the first nine months of the past year, represents a global amount of 3,160 billion CFA Francs, against 1,631 billion CFA Francs throughout the whole of 2016. The BEAC specified that 97% of this amount came from mobile money, which means transactions made through smartphones. The issuing institution highlighted that this is the preferred way to conduct money transfers through electronic payments, "as 99% of these payments are carried out by this service".

(Source : LaTribune)

## Study on 'the missing middle' in the francophone West Africa region



This study, commissioned on behalf of the Dutch Good Growth Fund, focused on Benin, Guinea, Ivory Coast, Mali, Senegal and Togo. In these countries, it looked at the missing middle; entrepreneurs that have outgrown microfinancing but do not yet have access to conventional financial services.

As such, the report has aimed to give insights and analysis of the gaps in each country's entrepreneurial ecosystem in relation to SME growth and access to finance. The main sources of financing remain micro-finance and family/friends. Besides financing, some of the other challenges are the underrepresentation of women and a male-dominated business culture, limited local demand due to low purchasing power, high tax rates and corruption and, lastly, the lack of guarantors.

Fortunately, there are success factors as well, such as the emergence of a positive entrepreneurial culture, an increase in repatriates from the diaspora who bring knowledge and money and the emergence of risk-sharing mechanisms. (Source: dgdf.nl. Photo: Lightcyber.nl)

## Republic of Congo: Negotiations for an IMF deal will continue in 2018



The International Monetary Fund (IMF) has said it is encouraged by Congo's draft 2018 budget and there has been marked progress in formulating medium-term macroeconomic and structural policies. However, more work needs to be done if the Republic of Congo hopes to receive a bailout package from the Fund.

Since 2015, with the slump in commodity prices, the oil-producing nation has seen its revenues dwindle. For 2018, an economic contraction of 9.2 per cent is expected. The entire amount of the country's public debt totaled \$9.14 billion, which is equal to 110 per cent of GDP. The IMF has said the government needs to do more to restore its debt in a sustainable manner, for example by hiring expert legal and financial advisors.

The finance ministry of the Republic of Congo has acknowledged the IMF's concerns and stated it will enter into negotiations with its creditors to restructure its debt sustainably. This month, negotiations regarding the terms of a possible IMF assistance package will continue. (Source: Reuters. Photo: Afrik.com)

## Congo-Brazzaville lifts import ban on eggs from Dutch origin



A circular note signed by Alphonse Claude N'Silou, Minister of Trade and Supply of the Republic of Congo, reached us while we were finalizing this edition of Masolo. The Republic of Congo lifts the measure that they introduced on August 16th, 2017, which forbade not only the Netherlands, but also France, Belgium and Italy to export chicken eggs to Congo.

The risk management measures taken upstream by the Commission and the member states of the European Union to ensure a higher level of consumers' health protection and the rigor that came with this as far as the certification of products destined for export was concerned, led to the introduction of this import ban by Congo.

Importers and several administrative services from Congo which are involved in cross-border trade, are thus requested to conform to these new measures. (Source: Embassy of the Netherlands. Photo: Poultrynews.co.uk)

# POST SCRIPTUM

## Meet the Dutch ambassador to Kinshasa at the annual "Bedrijvendag" in Rotterdam

Each year, the Ministry of Foreign Affairs organizes an ambassadors' conference in The Hague, gathering all ambassadors and consuls from the different diplomatic missions to discuss the course of Dutch and international politics and more. As part of this conference, one afternoon is dedicated to the business world, the so-called "Bedrijvendag". Our ambassador, H.E. Robert Schuddeboom will be present as well to discuss the business climate of the DRC and the Republic of Congo.

### "Bedrijvendag"

Over 145 Dutch ambassadors and consuls will be present to discuss your international ventures and trade opportunities. They represent Dutch interests globally, have large international and diplomatic networks and know the local market and economy. During "Bedrijvendag", participants can request a maximum of 4 one-on-one speed dates.

Moreover, advisors from the Ministry of Foreign Affairs, the Netherlands Enterprise Agency (RVO) and other organizations will be present to provide you with information. At the end of the program, there will be a networking cocktail where participants can meet other entrepreneurs, ambassadors and organizations in a less formal setting.

### When and where?

The Bedrijvendag will take place on January 31st, 2018 in Rotterdam. It will start at 15.15 and attending will be free of charge.

### Signing up

Signing up can be done before January 18th on the following web page: <https://www.rvo.nl/actueel/evenementen/bedrijvendag-ambassadeursconferentie-2018>.

### Useful links

- Centraal Planbureau (CPB) – Netherlands Bureau for Economic Policy  
<https://www.cpb.nl/en/pressrelease/december-projections-2017-economic-boom-and-expansive-budget>
- Centraal Bureau van de Statistiek (CBS) – Netherlands Bureau for Statistics  
<https://www.cbs.nl/en-gb/publication/2017/50/internationalisation-monitor-2017-fourth-quarter>
- Feasibility studies (DHI)  
<https://english.rvo.nl/subsidies-programmes/dhi>
- Dutch Good Growth Fund : Missing Middle Study  
<http://www.dggf.nl/file/download/52626872>



(Source: Kinshasa Automobile)

## PRACTICAL INFORMATION

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#### 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

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

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