



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



### The 3rd Mining Conference in Kolwezi, Lualaba Province

The Conference, opened September 12th, by President Kabila, focused on “The role and responsibilities of the State, the mining industry, civil society and the wider population in transparent synergies” and “How to ensure that CSR (Corporate Social Responsibility) is in synergy with the national and local development plan and contributes to socio-economic growth”. After 3 days of discussions between all stakeholders, eight recommendations were formulated. The most important are: the creation of a special economic area benefitting end-users of Congolese natural resources, the creation of stock exchange, more end products to be made in DRC and a better CSR implementation.

The actual increase of revenues in 2018 so far is not linked to the new code. That will only have effect starting 2019. The prime minister of DRC will sign a decree in the coming days to designate cobalt and other minerals as “strategic” said the Minister of Mine. The decree will help the government to build up important resources but the measure will increase cost and other taxes for miners (the mining royalties go from 2% of turnover to 3.5% for precious metals and for “strategic mineral” up to 10%). (Photo: Mediacongo)

#### From the Netherlands

##### PAGE 2

- Budget memorandum and state budget
- Facebook more popular as job site than LinkedIn
- Expats angry about tax increase and contest regulation
- More solar power in the Netherlands but networks may be unable to cope

#### DRC Headlines

##### PAGE 3

- Almost 40 million USD to finance young entrepreneur projects in agriculture
- Towards electricity production from methane gas of Lake Kivu
- Port and railway to connected Kinshasa to the Maluku free zone
- Virunga Park: more than 4 million USD lost in four months after suspension of tourism
- Kinshasa-Brazzaville bridge project is coming up again

#### Congo-Brazzaville & Africa

##### PAGE 4

- Jean-Claude Juncker promises the creation of 10 million jobs
- 2018 ranking of African countries by the human development index (UNDP)
- CAR and Congo reinforce their transport cooperation
- In one quarter, the Treasury achieves a fundraising record

##### PAGE 5

#### Post Scriptum

- Is DR Congo's ecosystem favorable for an Orange Corners program?
- Practical information & Contact



### Expats angry about tax increase and contest regulation



Expats residing in the Netherlands are furious about the proposed measure of the cabinet to take away a big part of their tax benefit. This concerns the 30 percent rule, which stipulates that expats, employees from abroad who live and work in the Netherlands, do not have to pay taxes over the first 30 percent of their salary.

Today, expats can use this rule for eight years. The cabinet wants to reduce this to five years, without a transition period for existing cases. United Expats of the Netherlands (UENL), a club of foreign employees in the Netherlands, started a collection action to hire an expensive lawyer.

The reduction of the 30% rule to maximum five years would save the state on average about 350 million per year in 2019 and 2020. (Source: RTLZ. Photo: DutchReview)

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### More solar power in the Netherlands but networks may be unable to cope

The Dutch electricity network is unable to cope with the growing amount of solar power in the country. The government has pledged subsidies for some 5,000 megawatts of production capacity in the coming years which would double the number of solar panels.

Network operators Liander and Enexis have already had to limit, or stop, the amount of energy they are processing, a measure that affects some twenty solar farms. The problem lies with 15 substations which have reached maximum capacity. Increasing that will take two to five years.

In less densely populated areas, such as the northern provinces, the network cables are 'thinnest' and particularly vulnerable, the operators say. They also have the lowest land prices and space to build solar power farms, which are proliferating there. (Source: Dutchnews.nl)

### Budget memorandum and state budget



The Minister of Finance offered the state budget to the House of Representatives every year on Prinsjesdag (the third Tuesday in September), together with the budget memorandum and the tax plan. The 2019 budget memorandum, states that the cabinet will invest more in education, defense, infrastructure and security this year.

The cabinet wishes to make the profession of teacher more attractive, to construct more roads and rails, to train 1100 new police officers and to modernize defense. The VAT for essential goods raises from 6 to 9 percent. The construction sector will be busy, because until 2025, every year 75,000 new houses will have to be provided.

The middle level rent should also be boosted, because there is a big lack of rental houses with a rental price between 700 and 1,000 euros per month. The mortgage interest deduction will continue to decrease next year. (Source: Rijksoverheid.nl. Photo: AOOb)

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### Facebook more popular as job site than LinkedIn



Facebook is a more popular platform to spread vacancies than LinkedIn, among Dutch employers, it appears from a research of about 6,700 Dutch companies. Of the questioned employers, 82 percent says to use Facebook to spread vacant positions. LinkedIn is second with 60 percent, followed by Twitter (19 percent) and Instagram (10 percent).

Which platform is used, depends on the type of vacancy. On Facebook, one finds more vacancies for a position on primary or secondary education level, with LinkedIn for vacancies with a higher education level.

Almost half of the companies uses specialized job sites to spread their vacancies. Three fourth of the employers expects to use social media in the future to fill up their vacancies. (Source: Nu.nl. Photo: The Red Ink)

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## Virunga Park: more than 4 million USD lost in four months after suspension of tourism

The Virunga National Park registered a loss estimated at 4 million 400 thousand USD in four months' time, since touristic activities were suspended last May following insecurity. According to park representatives, the numbers represent 80% of the regular annual profit generated by touristic activities in the Virunga Park, which is 5 million 500 USD.

"We foresaw a sales revenue of 5,500,000 USD. Our loss is 80% of the sales revenue. The loss of conservators, hotel keepers, guides and all persons which intervene in the sector and who only have tourism as source of income, should be added," Joël Wengamulayi, communications officer of the parc, stated.

"We are working with our partners to reinforce the security in the area in order to be able to reopen touristic activities," he added. (Source: Deskeco.com)

## Kinshasa-Brazzaville bridge project is coming up again

As in "Concrete Expo" Forum in Kinshasa, on the planning of the "West Corridor" of Africa, it was stated that "studies are being finished. We are at the phase of implementing financing to pass on to the work phase."

"We will have this financed through the cooperation with China", the spokesperson of the government of Kinshasa, Lambert Mende Omalanga, specified on their end. "We are waiting for their funding as part of the 60 billion dollars which China has made available for Africa, as President Xi Jinping recently announced."

The project is a "rail route" bridge between Brazzaville and Kinshasa, with the extension of the railroad until Ilebo (in central DRC). The idea of a Brazzaville-Kinshasa bridge fits in the larger "West Corridor" project of roads and ports for multiple countries (DRC, Congo-Brazzaville, Angola, Gabon, CAR...). (Source: La Libre Afrique)

## Almost 40 million USD to finance young entrepreneur projects in agriculture



The Minister of Agriculture, Georges Kazadi Kabongo, announced at the International Agricultural Fair of Kinshasa (FAIKIN) that the government of the DRC unblocked almost 40 million USD to finance projects of young entrepreneurs in the agricultural and agro-business sector.

This project fits in the framework of the diversification of the state's resources. Its objective is to allow young agricultural entrepreneurs to have access to credits in order to reduce food insecurity and to improve the valorization of local products. The 40 million US dollars will be used for the training of young people interested in agriculture. (Source: ACP. Photo: Zoom Eco)

## Towards electricity production from methane gas of Lake Kivu

The Congolese government is moving forward the project to produce electricity from methane gas of Lake Kivu. In the near future, a contract will be signed between the Ministry of Hydrocarbons and the company that won the tender.

"We are in discussion with our colleague from Hydrocarbons. I think that in this stage, nothing will intervene before the contract between the government and the company EPPM can be signed in Goma", the Minister of Hydraulic Resources, Jean-Marie Ingele Ifoto, stated.

DRC had some delay in the process of exploitation of methane gas as compared to its neighbors. Rwanda is already producing electricity through methane gas transformation, pumped from a platform installed at Lake Kivu in 2016, 13 km from the river banks. This project is also financed by Dutch Government through the Great Lakes program. (Source : ZoomEco)



## Port and railway to connect Kinshasa to the Maluku free zone

At the end of the river exploration mission by Japanese investors mid-September, the executive management of the Commercial Transport and Port Company (SCTP), announced the construction of a new port in Kinshasa, in the commune Maluku.

This port will be connected to the capital through a railway. Discussions on the financial package for the execution of these two projects are already very advanced with the Japanese International Cooperation Agency (JICA).

The Japanese cooperation would also be interested in the modernization of the maritime port of Matadi, as well as in the railroad Matadi-Kinshasa. (Source: MCP. Photo: Adagio)



## CAR and Congo reinforce their transport cooperation

About forty transport experts from the Central African Republic (CAR) and from Congo-Brazzaville have come together in Bangui to update and monetize the movement of goods and persons between these two states. The Minister of Transport of the CAR, Théodore Jousso, and of Congo, Fidèle Atimo, called the experts together to find strategies to facilitate fluid movement between the two countries.

The participants of this meeting – economic operators, transporters and representatives of the ministry of transport of the countries – aimed to update the cooperation agreements between the countries. Congo wants the CAR to benefit from the transit of goods through the autonomous ports of Pointe Noire and Brazzaville.

The railroad Congo-Océan will thus have to become the new principal avenue to improve access of the CAR, as was the case years ago. (Source: Journal du Cameroun)

## In one quarter, the Treasury achieves a fundraising record



The Congolese public Treasury raised not less than 21 billion CFA francs during the third quarter of this year, the director of the Congolese Minister of Finance, Henri Loudou, stated.

This is almost the same amount as during the whole year of 2017, during which the treasury mobilized 22 billion FCFA. Intervening in the framework of a dialogue between the executives of the Treasury, primary dealers and experts of the Bank of Central African States (BEAC), the cabinet director referred to the on-going negotiations with the International Monetary Fund.

These are, according to him, the perfect illustration of an approach aiming to improve both transparency and discipline in the management of the public funds of the country. (Source: La Tribune Afrique. Photo: Ministère des Finances et du Budget)

## Jean-Claude Juncker promises the creation of 10 million jobs



In his speech on the state of the European Union before the Parliament Strasbourg, Jean-Claude Juncker brought up an ambitious “new partnership with Africa”. A “cousin continent,” the president of the Brussels Commission said, a continent “which does not need charity.”

He stressed that this “new alliance” would concern sustainable investments and lead to the creation of 10 million jobs, and a particular effort in the area of trainings and education. Ambitious commercial agreements would also have to be concluded, “from continent to continent” and “from equal to equal”.

The improvement of the business climate and a concern for environmental questions are other pillars of the project. About 30 million more Africans would obtain access to electricity, thanks to sustainable energy projects. Support of road networks would benefit 24 million persons, Brussels experts promised. (Source: Le Monde Afrique. Photo: Bloomberg)

## 2018 ranking of African countries by the human development index (UNDP)



The United Nations Development Program (UNDP) has published a new edition of its global ranking of countries according to the human development index (HDI). No big changes can be observed for African countries, but the document does reveal that big differences remain in the African landscape in terms of human development.

According to the new update of the ranking, the Seychelles (62nd place globally) remain at the head of the African states, having the best HDI, whereas Niger occupies the last place in the ranking, as well on a continental level as on the global level.

The Democratic Republic of Congo holds the 176th place on the global level. Botswana (101st place globally and 5th African) is ranked between the countries which climbed the most since the beginning of the decennium. No African country has until today succeeded to reach the category of countries with a “very high” human development level. (Source: Agence Ecofin. Photo: HDR.UNDP.org)

# POST SCRIPTUM

## Is DR Congo's ecosystem favorable for an Orange Corners program?

Orange Corners, an initiative of the Kingdom of the Netherlands, is an incubator program for starting young entrepreneurs. It seeks to stimulate their creativity, grow their business and expand their professional network. An Orange Corners' delegation visited Kinshasa from 17 – 25 September 2018.

The goal of the visit was to assess the feasibility and utility of setting up an Orange Corner in the DRC. The delegation consulted different small and big players that together make up the start-up ecosystem in DRC to gain an in-depth picture of the startup ecosystem in the country. In order to generate attention around entrepreneurship, a panel discussion called #StartDRCup was organized and the Minister of SME and the DG of Anapi have spoken as panelists.

The theme of the discussion was the role the government can play in enabling an entrepreneurial ecosystem. The challenges faced by young entrepreneurs in the DRC are multifold: lack of quality education; bureaucratic hurdles; lack of finance and corruption. However, the country offers significant opportunities as well.



## PRACTICAL INFORMATION

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