

# The Democratic Republic of Congo: President Joseph Kabila Focuses on Development and Looks to the Future

BY PAUL TRUSTFULL

President Joseph Kabila of the Democratic Republic of Congo (DRC), one of the largest countries in Africa, may finally have found the recipe for success. The DRC is widely known for both its war-torn history and its abundance of natural resources, estimated to be worth more than \$24 trillion.

**P**resident Kabila has begun the transformation of the DRC—first, by overseeing the end of a brutal war brought on by a Rwanda-backed rebellion that has claimed the lives of thousands; and second, by installing a results-oriented team of government leaders.

While balancing peace and security, his efforts have led to the creation of a leaner bureaucracy that has changed its stance to accommodate foreign investments and move the nation forward through public-private partnerships. These changes are beginning to have a positive impact, from the evolving cityscape that is Kinshasa to the improving lives of the Congolese.

First elected to the presidency in 2006 and once again in 2011, President Kabila recognized the need to make quick reforms to ensure unity among the country's stakeholders, bring peace and security to areas that struggled with foreign disturbances, and establish a favorable environment for foreign investors. President Kabila and his advisors had to essentially rebuild the fabric of the nation and create a framework to facilitate economic growth.

President Kabila unveiled an overarching agenda, entitled *Les Cinq Chantiers de la RDC* (the Five Pillars of Congo), to modernize and rehabilitate the country. Through this plan, the President developed a long-term strategy to improve domestic welfare, supplement the country's trade policy with foreign governments and boost domestic investment. Plan goals include creating an improved nation with better infrastructure, education, electricity, higher employment and housing for all.

With recent government reforms, business opportunities are increasing as a greater number of multinationals see

potential in the DRC. Today, investors can take advantage of the nation's mineral wealth, agricultural opportunities and a growing middle class, in addition to a decrease in bureaucracy and significantly less government regulation.

Among his arsenal of tools, President Kabila has favored the utilization of public-private partnerships to bring about

infrastructure changes and development programs. This type of partnership has proven vital to the country's growth, and evidence of success can be seen throughout the nation, whether in Kinshasa, Katanga or Kivu.

Despite the efforts of President Kabila and his countrymen, numerous positive developments and changes to the nation



U.S. Secretary of State John Kerry holds a bilateral meeting with President Joseph Kabila of the DRC in New York City on September 24, 2013.



Top and bottom: President Kabila, Prime Minister Augustin Matata Ponyo Mapon and government officials in Muanda for the launch of the West Africa Cable System fiber-optic landing station

have been overshadowed by the growth of the M23 movement, a Rwanda-backed rebel force seeking to disrupt the Eastern portions of the DRC. Since 2012, the M23 movement has been wreaking havoc in Kivu and has threatened to destabilize even greater parts of the country.

President Kabila united with his African counterparts and the United Nations in late 2013 to help bring the reign of terror inflicted on his country to an end. Following an offensive by the Congolese military and the U.N. Force Intervention Brigade, the leaders of M23 surrendered in neighboring Uganda.

As security and peace return to the nation, President Kabila and his team can once again seek to move the country forward and help catalyze development.

The DRC is on the cusp of growth: Its economy is at the highest point in its history. Growth rates have been above 8% since the last presidential election and are expected to hit double digits in 2014.

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President Kabila and the DRC have indeed turned the page to a new and much brighter future. With successful implementation of economic and social policies and a plan for peace coordinated with the international community, the nation is ready for a better tomorrow.



# Surging Success:

## Prime Minister Augustin Matata Ponyo Mapon's Strategy for Transforming the DRC

The Democratic Republic of Congo (DRC) possesses a myriad of natural resources estimated at a value of \$24 trillion and a land mass rivaling the size of Western Europe.

**T**he nation also has a history marked by sporadic violence, economic uncertainties and the stigma of Africa's past. That, however, does not describe the DRC that exists today. The nation exhibits strong economic success, political stability and an inviting business climate, and is among the shining stars of the African growth story.

In 2013, the DRC's GDP grew by 8.3%, according to government figures, and growth in 2014 is expected to reach double digits. Prudent monetary policies

have not only encouraged this growth, but have kept inflation at 1%, the lowest rate since the nation achieved independence over half a century ago. Prime Minister Augustin Matata Ponyo Mapon is a seasoned technocrat who has helped turn around the nation and create momentum for an even better future. Under his leadership, the global community has recognized the DRC's excellence in achieving economic goals, enacting social reforms and welfare, and upgrading infrastructure.

Representatives from the International Monetary Fund and the World Bank have praised Prime Minister Ponyo for his Herculean efforts to turn around the country and achieve notable progress.

According to World Bank Country Director Eustache Ouayoro, "The DRC has shown great resilience after decades of instability by posting high economic growth rates in the last three years, and the end of the war has created new opportunities for the country to make good use of its vast mineral and water resources."

Prime Minister Ponyo at a new road construction site in Kinshasa





The Inga 2 dam

### **Dominant Economic Performance Among Africa's Best**

The current economic mix of the DRC is heavily skewed toward the country's natural resources. The DRC's mineral wealth includes oil, copper, diamonds and coltan—the dull, black mineral used in virtually every electronic device. Its coltan resources make the DRC vital to technology all over the world, as well as to the growth of the consumer electronics market.

Working closely with members of the international community, Prime Minister Ponyo and President Kabila have used evidence-based analysis to enact legislation to improve the country's business climate. These changes range from creating transparent processes to minimizing bureaucracy when starting businesses and creating anti-corruption programs.

These changes, among many others that are still in progress, have been instrumental in fostering an investor-friendly environment and opening up numerous

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sectors throughout the country to private investors.

According to Prime Minister Ponyo, "Our economic performance is the strongest since the 1960s. We have an inflation rate from January to the present of just 0.3%. We registered over 8% real GDP growth in 2013. That makes us number five on the continent in GDP growth. This country is on the move." In addition to the impressive

growth figures, other macroeconomic indicators show encouraging signs of progress. The nation's currency, the Congolese franc, has remained stable, national wealth has doubled due to more-efficient tax collection, and, perhaps most important, public and private investment has increased significantly.

"Building a strategic vision for long-term development requires sound political leadership, tireless reform efforts aimed at reinforcing the quality of the administration and vital institutions, and adhering to the rules and practices of good governance regarding our natural resources," asserts Prime Minister Ponyo.

Diversifying the economy and developing human capital have been a hallmark of Prime Minister Ponyo's campaigns. "While the country is very wealthy in natural endowments regarding mineral resources, it is imperative to diversify beyond this wealth alone to propel the DRC to a state that can compete economically on a global scale," he explains.

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Agriculture is a vital industry that Prime Minister Ponyo seeks to boost throughout the vast DRC. His aim is to provide the Congolese ample opportunity to create an agricultural sector unrivaled in Africa.

By using its water, land and energy resources, the DRC can develop an industry of commercial farms offering fishing, livestock and vegetable production, connected to a coherent network of production and food distribution.

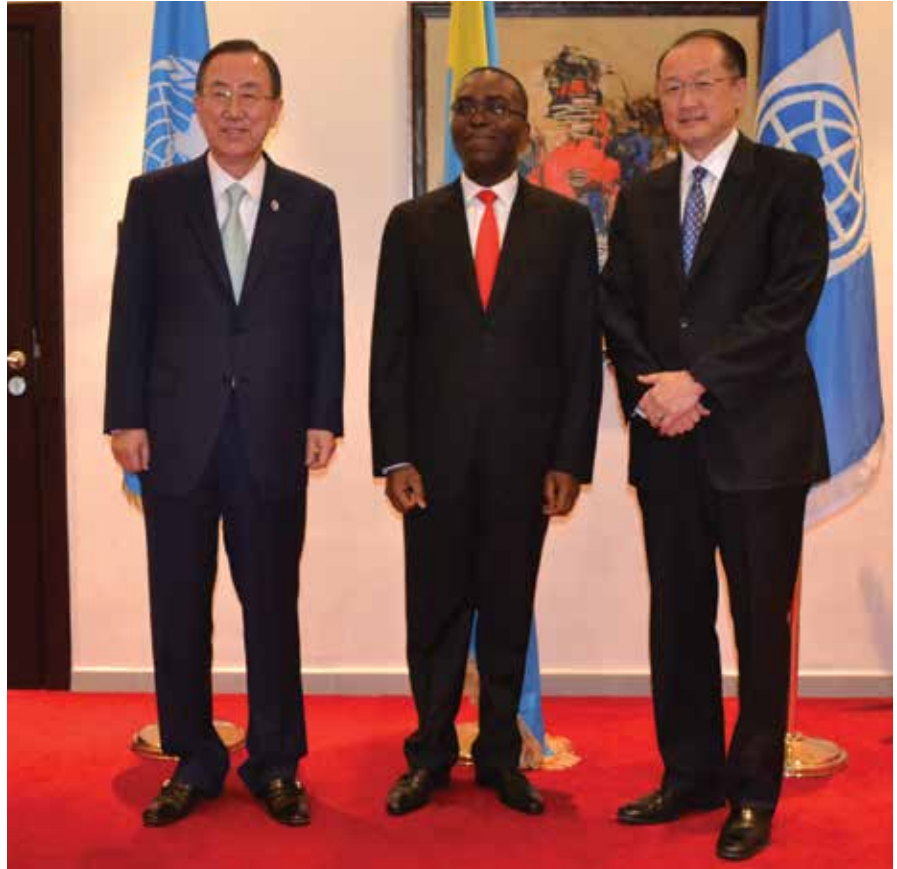
According to Prime Minister Ponyo, “Agriculture must be one of the main sectors of focus used to spearhead the Congolese economy to unprecedented levels.”

### **The Center of African Energy**

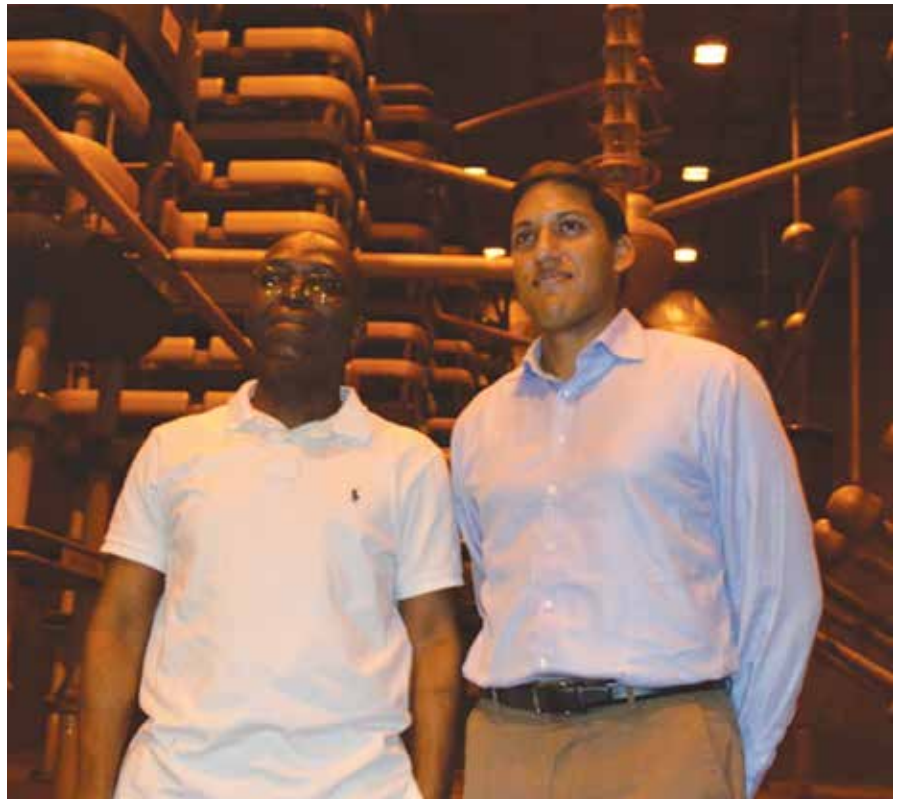
Like agriculture, the energy sector is considered vital to economic growth within the DRC, especially as its large-scale mining and industrial sectors continue to see significant growth.

Paramount to the energy future of the DRC and the African continent is the Inga Dam project, which is one of the largest infrastructure projects ever undertaken. The centerpiece of the Inga Dams, the Grand Inga Dam, will be the world’s largest hydropower project and is an instrumental part of Africa’s future energy strategy.

The dam has the potential to generate 38,000 MW of energy at a cost of \$80 billion. It will help power South Africa, Botswana and Angola, and will ultimately be able to export power to Europe. The first part of the project, Inga 3, will top off at a nameplate capacity of 4,800 MW.



Top: U.N. Secretary-General Ban Ki-moon, Prime Minister Ponyo and World Bank President Jim Yong Kim; bottom: Prime Minister Ponyo and Administrator of USAID Rajiv Shah at Inga Dam project site





Prime Minister Ponyo and Managing Director of the IMF Christine Lagarde

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Earlier in 2013, impressed with the potential and progress of the project, the U.S. formally expressed interest in supporting it. Rajiv Shah, the head of the U.S. Agency for International Development (USAID), recently visited the site of the future dam with Prime Minister Ponyo.

After visiting the Inga site, Shah encouraged the nation’s leadership to stay on the path of reform and substantial innovation to attract more external partners for large-scale projects.

“The reforms we want are those that provide confidence to private investors to be part of the financing package for the Inga 3 program,” Shah said.

Jin-Yong Cai, the CEO of the International Finance Corporation, the World Bank’s private investment arm, noted that the nation should continue carrying out changes to improve its business climate. “What we have seen is renewed focus and commitment from the government in recent years in terms of the business environment,” he said.

While the amount of money to be earmarked from the U.S. to support the Inga Dam project is still being negotiated, officials note that the task will have support from both the public and private sectors.

The tenders for the Inga 3 project will be granted to a consortium of bidders,

which have been narrowed down to the China Three Gorges Corporation and Sinohydro (Chinese consortium); Posco, SNC-Lavalin and Daewoo E&C (South Korean and Canadian consortium); and Actividades de Construcción y Servicios and Grupo Eurofinsa (Spanish consortium).

According to Eric Mbala, the head of the Congolese National Electric Company (SNEL), the development work for the Inga 3 project will begin in October 2015.

### **The DRC of the Future**

Through improvement of the business climate and development of the nation’s social sectors, Prime Minister Ponyo has proven his uncanny ability to accomplish the goals necessary to bring progress.

The nation once known as Zaire is changing for the better, and the world community is beginning to take notice. As the country’s economy continues to thrive and political stability endures, the DRC will become a prime destination for foreign investment.

By creating opportunities for the Congolese people and developing an environment to help businesses thrive, Prime Minister Ponyo is fulfilling his pledge to bring a new level of prosperity to the DRC. From changes such as decreasing the size of government and bureaucracy to the implementation of long-term energy plans, Prime Minister Ponyo is leading the charge to show Africa and the world the true potential of the DRC.



Emerging Markets editor Paul Trustfull and Prime Minister Ponyo

# Discussing the DRC's Economic Boom With Minister of Finance Patrice Kitebi



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— MINISTER OF FINANCE PATRICE KITEBI

**A**s the talk of slowing economic growth rings through boardrooms and financial institutions throughout the world, Patrice Kitebi, Minister of Finance of the Democratic Republic of Congo (DRC), seems unfazed.

Richly endowed with approximately \$24 trillion in natural resources and possessing immense human capital, the DRC holds a considerable value proposition for investors who are looking to get into the resource extraction industry.

The DRC achieved 8.3% growth in 2013 and held inflation down near 1%, the lowest rate in the nation's history. The country's leaders have executed policies designed to increase foreign investment by decreasing government bureaucracy and stabilizing the nation's finances—an approach that is beginning to achieve success.

Many of these reforms are focused on creating transparency and have worked directly to alter the judicial system to put law and order above everything else. By creating a system promoting just governance and a predictable due process for infractions, the DRC is continuing to improve its image and business environment, not only for new investors, but also for long-established companies.

“While the headlines across the world focus on developed markets, developing markets such as ourselves face the brutal reality of decreased capital, both public

and private, that is needed to develop our nation and build the infrastructure we need to succeed,” Minister Kitebi notes.

Implementing strategies and executing policy has not always been simple. However, Minister Kitebi, with the support of international development partners and the IMF and World Bank, has made great strides toward improving the basic necessities in the DRC: infrastructure, food security and private services.

As the DRC continues to create a wealth of opportunity for both international investors and its citizens, a business-friendly

environment is key to helping the country become the continent's future superpower. Fostering partnerships, another key aspect of the country's growth, will be at the top of Minister Kitebi's list as he works with international partners and development organizations to bring prosperity to the nation.

Under the auspices of leaders such as Minister Kitebi and his team, the DRC's future is brightening. The country's impressive growth figures show that its economy is beginning to gain traction and has the potential to thrive in the decades ahead. ■



DRC, World Bank and IMF officials at the annual meeting of the World Bank Group and the IMF in Washington, D.C., in October 2013