

# THE CONTINUING GROWTH OF THE DRC

## A LOOK AT AFRICA'S FUTURE

BY PAUL TRUSTFULL



DRC Minister of Finance Matata Ponyo Mapon with World Bank President Robert B. Zoellick in Washington, D.C.

The Democratic Republic of Congo (DRC) is a vast Central African nation and the second-largest country in Africa. While the DRC seems to inspire the adventurer in every visitor, its true appeal lies in its economy and growth potential. As the fragile global economy continues to face many uncertainties—ranging from the European debt crisis to China’s inflationary path—the DRC offers a new emerging market to international investors.

**T**he DRC’s economic growth—fueled by increased financial stability and an improving business environment—is finally beginning to interest American and European firms that are open to investment opportunities on the African continent.

Today, companies in the DRC are partnering with global giants—among them, Nestlé S.A., Johnson & Johnson

and Philip Morris. Later this year, Kinshasa, the capital and largest city in the DRC, will welcome Hilton as the American firm seeks to expand its brand within the largest African markets. Meanwhile, Luxembourg-based Groupe Rawji and London-based Lonrho are spearheading growth in the DRC’s infrastructure, consumer goods and construction sectors.

### Leadership: The Key to Growth In the DRC

Throughout much of recent history, leaders of African nations have often been painted by the media in a negative light. Reports of violence, corruption and an overall lack of leadership have in turn deterred investment from around the globe. The DRC, however, recently completed a successful cycle

of democratic elections, and its leaders are determined to break the stereotype and usher in a new era.

Bene M’Poko, the Congolese ambassador to South Africa and dean of the DRC’s ambassadorship, offers a rare mix of talent that is beginning to define the leadership of the DRC. With a background in both business and government, M’Poko is set to become one of the most influential men on the continent. M’Poko began his career in New York as an investment banker for the banking giant Citi. His ten-plus years in the world of finance taught him the realities of business, how to find investors, and how to properly help developing countries grow their financial sectors and economies.

Before his appointment as ambassador, M’Poko headed the United Nations Development Program (UNDP) office in South Africa for 15 years. Once a deputy to Ellen Johnson Sirleaf, the current president of Liberia, M’Poko played an integral role in peace processes throughout the African continent. His guidance and leadership in the transitional phase of the DRC’s government following the assassination of Laurent-Désiré Kabila in 2001 helped to end the

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IFC Vice President for Sub-Saharan Africa,  
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civil war and usher in the era of peace that exists today. Even earlier in his diplomatic career, M’Poko became part of Nelson Mandela’s inner circle, an influential group of African leaders united to better the African continent.

Such a distinguished background gives him a unique perspective. According to M’Poko: “The African leader needed today to bring economic growth and encourage investment is a different type of leader. My combination of backgrounds, if you will, allows me to take a different view of the world than, say, a politician or a businessman alone. My background allows me to see and share the potential of our great country through multiple lenses. Understanding the language of business in Africa is my specialty.”

Encouraging foreign involvement in the DRC’s future is vital to M’Poko. He notes that the financial stability of the region—in contrast to the economic turmoil that is plaguing other parts of the world—is attractive to international investors. M’Poko praises Minister of Finance Matata Ponyo Mapon for the improvement in fiscal policy and modernization of tax regimes. He is confident that investors and foreign corporations will soon recognize the DRC’s prospects and contribute to its future growth and development.

### Rawbank: Leading the Development of the DRC’s Banking Sector

Mazhar Rawji is no stranger to leading successful businesses in the Democratic Republic of Congo. Rawji is chairman of the DRC’s leading commercial bank, Rawbank, and his family has been a major player in the country’s growth for over a century.

The foundation for Groupe Rawji—the parent company of Rawbank—was laid in 1908, when Merali Rawji came to Africa and started a small trading company. That company grew dramatically over the years and today is a leader in manufacturing, industrial products, logistics, real estate and consumer goods throughout all of Africa.

Mazhar Rawji represents the fourth generation of ownership and has taken the company to new heights through the success of Rawbank. Offering retail banking and commercial banking services to the DRC’s burgeoning consumer class, Rawbank is emerging as a leader in Internet banking, prepaid banking and



Rawbank CEO Thierry Taeymans with his staff in Kinshasa, DRC.



DRC Minister of Finance Matata Ponyo Mapon visits Katanga mines.

numerous other financial products. As a direct competitor to American and European banks in providing services to the African consumer, Rawbank has taken the lead in terms of market share, assets and net profit. Despite the unfavorable international economic climate, Rawbank has seen a 43% growth in deposits between 2010 and 2011. *The Banker* awarded it the esteemed Bank of the Year Award for three consecutive years, from 2009 to 2011, and Rawbank is expecting a 20% increase in profit in 2012. Of the \$11 billion in total deposits made within the DRC as of 2011, Rawbank controls a 21.5% share of the market.

Rawbank's unwavering goal of becoming the key financial operator in the DRC has led it to great success. CEO Thierry Taeymans has been vital to the company's growth. In 2001, Mazhar Rawji appointed Taeymans, then a banker in Brussels, to help establish the bank and

become its chief executive. As a leader in the Congolese Banking Association, Taeymans' understanding of the African banking sector has proven critical.

"Before embarking on a journey to create a business in the Democratic Republic of Congo, it is of the utmost importance to understand the business culture, the vast size of the country and other intricacies that are vital to success," Taeymans states.

Rawbank also plays a key role in bringing financing to a new range of customers in the DRC. Partnering with the International Finance Corporation (IFC), Rawbank is leading the continent in supporting international trade financing and banking services to small and medium-sized enterprises. Rawbank also is at the forefront of what is seen as the first step toward giving access to credit to a widely underserved market of female entrepreneurs.

According to Thierry Tanoh, IFC Vice President for Sub-Saharan Africa, Latin America and the Caribbean, "Increasing access to finance for smaller businesses and women entrepreneurs, who are a very important segment of this market, is a critical move in the fight against poverty."

As Rawbank continues to lead the country in financial services and facilitate economic development, its expansion throughout the country—including five new offices in 2012—exemplifies the enormous business potential of the DRC.

### Congo's Potential as an Energy Giant

Energy, the often-discussed issue of the 21st century, is vital to future growth. In the DRC, the Inga Dams, a series of hydroelectric dams, hold the potential to not only provide electricity to

## Leading the Way to a New Africa: A Discussion With Finance Minister Matata Ponyo Mapon January–August 2010

In a speech last year to the World Bank Group and the International Monetary Fund in Washington, D.C., Finance Minister Matata Ponyo Mapon outlined Africa's growth prospects for the short and long terms to a powerful group of ministers and central bank governors.

The future of the DRC cannot look brighter, he exclaimed as he went over the figures for growth in the upcoming years. Projecting more than 7% of real growth in 2012, the DRC will be among the small African contingent leading the global economic recovery into the future. Strong global demand for natural resources and commodities continues to fuel the DRC's economy. These investments in the country are allowing other revenue sources to develop.

Improved coordination of monetary and budgetary policies is largely to thank for the nation's positive outlook. The ministry's policies and initiatives helped cut inflation to around 10% in 2011, from 23.2% in 2010, and 46.2% in 2009. Continued decentralization and privatization are contributing to an improved business climate and potential for higher returns.

As the business climate continues to attract foreign capital and enterprise, international companies already in the country are showing signs of success. Freeport-McMoRan, the world's lowest-cost copper producer, is the operator and majority owner of the Tenke Fungurume Mine, one of the world's largest known copper and cobalt mines. As Freeport thrives in the mining sector, PricewaterhouseCoopers (PwC), one of the Big Four accounting firms, thrives in the financial services and accounting sectors. Providing services to the largest companies in the DRC, PwC maintains an important presence and is key to the success of the nation's growing economy.

the DRC and all of Africa, but to also export energy to Western Europe. With the potential of generating 38,000 MW of energy at a cost of \$80 billion, the immediate effects of the dam would help power South Africa, Botswana, Angola and Namibia in the short term. The capacity of the power production would tower over the current record holders, the Three Gorges Dam in China and the Itaipu Dam in Brazil.

As the DRC continues to develop its natural resources, whether in the

mining sector or in alternative energy through the Inga Dams, Minister Mapon is confident in the nation's future as a leader in Africa. The Congo River, a celebrated natural resource, can unlock the future for generations of Africans and help power and feed the continent.

### Congo's Rise as an African Superpower

The Democratic Republic of Congo is enjoying a meteoric rise in global

attention, thanks to its resources and potential for providing the key components for growth. As its capital inflow increases and businesses continue a trajectory to success, its democratically elected leaders continue to show resilience. The DRC actively shows the world that democracy, capitalism and a thirst for change can bring change to even the poorest places in the world. The DRC has unlimited potential, and it is determined to lead the African continent to a brighter future. ■

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Congolese Ambassador to South Africa and  
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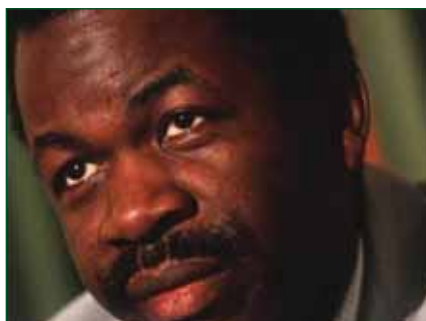


Emerging Markets Editor Paul Trustfull with Ambassador Bene M'Poko

# AUGUSTIN KATUMBA MWANKE

## DRC'S FALLEN HERO

BY PAUL TRUSTFULL



Augustin Katumba Mwanke

**A**ugustin Katumba Mwanke, top advisor to President Joseph Kabila and former Governor of the Katanga Province, died in a plane crash in Eastern Congo in early February. Among his countless achievements, Mr. Katumba was the architect of President Kabila's "Les Cinq Chantiers de la RDC" (the Five Pillars of Congo) long-term plan and the DRC's trade policy with foreign governments. He longed to create a better Congo with improved infrastructure, education and electricity, higher employment, and housing for all. His hometown of Pweto, once a war-ravaged region, now thrives with activity, as he helped introduce the infrastructure that has allowed it to prosper.

Entering politics after a successful career as a banker at HSBC in South Africa, Katumba rose quickly through the ranks. As a native Katangan and with worldly know-how acquired through his work abroad, he was elected to govern Katanga Province, the DRC's copper-rich state. By bringing in international mining firms, Katumba was able to

transform the region from poverty to a powerhouse. Brokering deals with the Forrest Group and Freeport-McMoRan, he welcomed international business to the region and single-handedly changed the welfare of the populace.

He helped broker a multibillion-dollar deal with the Chinese government—a deal that brought infrastructure and basic amenities to millions throughout the poverty-stricken regions of the Congo. His work also included significant advancements in the Inga Dams, a series of projects aiming to bring light and food to not only every Congolese, but to every African.

Augustin Katumba was a visionary.

Many see the world through rose-tinted glasses. Katumba, far from a cynic, was not one of them. He was a realist who understood the complicated environment in the DRC and took actionable steps to make each day better for his children and for those of his country.

The leaders he served—beginning with then-President Laurent-Desiré Kabila,

and continuing to the current leader, Joseph Kabila—cherished his loyalty. As an aide and advisor, Katumba headed the Alliance for the Presidential Majority (AMP) and helped guide Joseph Kabila through important decisions with global implications. Katumba's efficiency was similarly praised in both political and business circles. Often the lead in government decisions regarding mining contracts and other domestic projects, Katumba garnered a reputation for unmatched competence. His insight for politics was remarkable—discovering Matata Ponyo Mapon, the current Minister of Finance, and other ambassadors at early stages in their careers. His help led to the formation of one of the most stable governments on the continent.

Augustin Katumba's life may have come to a tragic end, but his legacy will continue to shape the Democratic Republic of Congo for years to come. His leadership, loyalty and camaraderie will allow the nation to thrive on its resources and become a dominant power in Africa. ■