



DRC President Kabila addresses the general debate of the 67th session of the U.N. General Assembly.

The Democratic Republic of Congo

Fueling Africa's Rise on the Global Stage

BY PAUL TRUSTFULL

Throughout the world, corporate decision makers and investors are beginning to take a closer look at the rise of Africa and its impact on the global economy. The continent's recent economic growth, improved stability and social changes are unprecedented. The conversation about Africa is shifting, and the focus of that conversation is opportunity.

Among the countries benefiting from Africa's rise is the Democratic Republic of Congo (DRC). Once constrained by civil strife, the nation is making significant strides toward its goal of becoming one of Africa's regional superpowers. Under the leadership of President Joseph Kabila and Prime Minister Matata Ponyo Mapon, the nation is moving toward a bright future. In the process, it is creating a model for other developing nations to follow.

The leaders of the DRC are actively engaged in Africa's transformation, seeking to change the investment climate, encourage innovative thinking and accelerate social reforms.

Aligning Long-Term Goals With Fiscal Best Practices

With a land mass nearly 1.2 times that of Mexico, the DRC has long been known for its mineral wealth. It is abundant in copper, diamonds and coltan, a vital component for consumer electronic

devices. The mining sector continues to be a main driver of the nation's economy. Yet what will create sustained opportunities going forward are moves to expand the country's infrastructure, social welfare and economy.

A consultation team from the International Monetary Fund (IMF) reported in February that the DRC's short-term economic outlook "continues to be promising, with low inflation and economic growth projected at 8.7% for 2014, driven by



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

continued buoyant mining sector activity.” The DRC has continued to maintain macroeconomic stability, thanks to “the steadfast pursuit of a tight fiscal policy stance,” the IMF’s mission leader Norbert Toe stated in the group’s preliminary report.

Following discussions with Prime Minister Ponyo, other ministers, government officials and private sector representatives, Toe summed up the work that lies ahead: “The mission and the government agreed that the main challenges going forward are to sustain macroeconomic stability and endeavor to improve the living conditions of the vast majority of the DRC population,” he stated.

Reforms Signal Economic Opportunity

Prime Minister Ponyo, the former Minister of Finance of the DRC, is a man on a mission. Energized by the support of the nation, he is leading the difficult yet achievable effort to create economic opportunities for the DRC and its citizens.

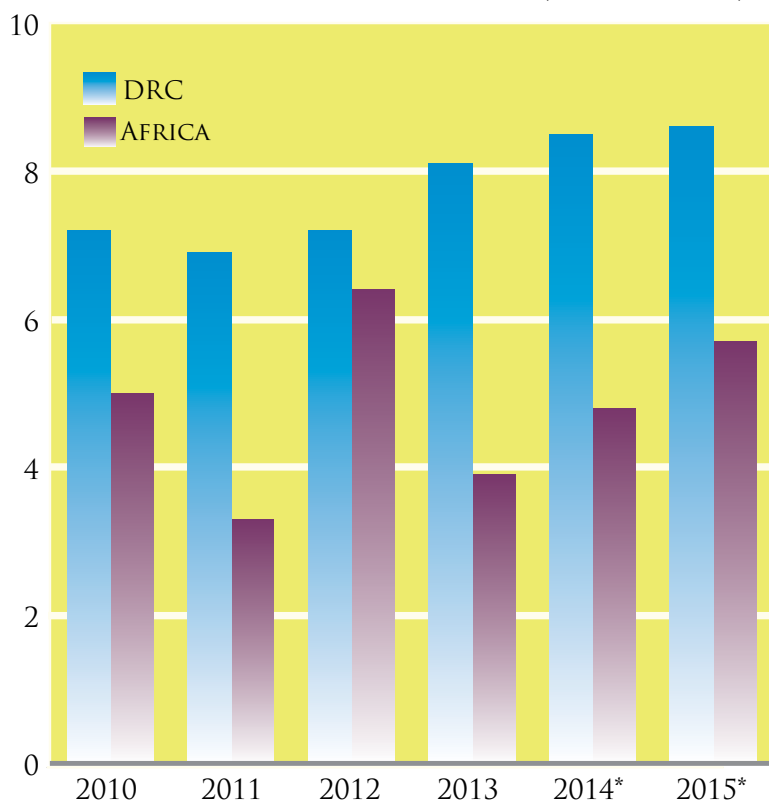
His efforts have already achieved a surprising measure of success. The economic position of the DRC is at the best point in its history. In 2013, the DRC’s GDP grew by 8.3%, according to government reports and the IMF, and 2014 GDP growth is expected to reach double digits. Monetary policies encouraged by Prime Minister Ponyo have not only encouraged this growth, but have kept inflation at 1%, the lowest inflation rate exhibited since the nation gained independence over half a century ago.

Reforms in the DRC have translated to better living conditions for its inhabitants. Substantial investments in health care and education are showing some positive results. The results of these changes are measurable and evident in the changing cityscape of Kinshasa and in the improved lives of the Congolese.

“While the headlines across the world focus on developed markets, developing markets such as ours 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 of Finance Patrice Kitebi noted.

Though implementing strategies and executing policy has not always been simple, Kitebi, with the support of international development partners and the IMF and World Bank, has made progress toward

GDP PERCENTAGE GROWTH (2010 - 2015)



The African Economic Outlook (AEO) presents the current state of economic and social development in Africa and projects the outlook for the coming two years (*2014 and 2015 are projections). The AEO is a product of collaborative work by three international partners: the African Development Bank, the OECD Development Centre and the United Nations Development Programme.

SOURCE: African Economic Outlook

Continued on page 4

President Kabila: Committed to Progress



President Kabila and Prime Minister Ponyo at the July 15 inauguration of the DRC's first agricultural business park, Bukanga Lonzo, which will be managed by South African consortium Africom

President Joseph Kabila's long-term development plan for the DRC is aimed at improving domestic welfare, expanding international trade and encouraging domestic investments. Since his reelection in 2011, President Kabila has been committed to accelerating the nation's progress. His goal: to create a model of success for the African continent.

A Strong Framework for Future Growth

The president's development framework, *Les Cinq Piliers de la RDC* (the Five Pillars of the DRC), is guiding reforms and advances at an unprecedented pace. Kabila's vision is to create a nation with advanced infrastructure, education, electricity, higher employment and housing for all. He has charged his leadership team with developing solutions and producing results aimed at reforms in all of these areas. The Kabila administration welcomes partnerships with private industry, global financial institutions, international investors and nonprofit organizations to accomplish results that will move the nation forward.

World Bank Funding Focuses on Transparency, Public Confidence

In January 2014, the World Bank's Board of Executive Directors approved an initial US\$5 million grant to help the DRC government strengthen the credibility, transparency and accountability of its management of public finances. The full project allocation of US\$22.1 million includes US\$17.1 million from the U.K.'s Department for International Development. The project aims to improve transparency and effectiveness in the use of public

resources that will help reconstruct the country's social links. The World Bank funding is intended to have a positive social impact in the DRC. The end result is expected to improve budget oversight, strengthen public confidence in the DRC's financial management and increase public access to key fiscal information.

"The Democratic Republic of Congo has shown great resilience to 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," said Eustache Ouayoro, World Bank Country Director for the DRC. The project will help the nation address public financial management challenges, improve the livelihoods of its 71 million residents and bring it closer to achieving its economic potential.

Reforms Heighten Investor Interest

The World Bank assistance is just one example of the Kabila administration's strategic use of international support to create a more favorable business environment within the nation. As reforms continue, business opportunities are expanding for multinational companies seeking to establish a presence in the DRC.

The improving business environment, marked by a decrease in bureaucracy and significantly less government regulation, further reassures investors seeking to tap the nation's mineral wealth, agricultural opportunities and growing middle class.



President Kabila attends the inauguration of Bukanga Lonzo Agro Park, one in a series of agro parks planned to develop the country's extensive agricultural potential.

Continued from page 2

improving the basic necessities in the DRC: infrastructure, food security and private services.

Working closely with members of the international community, Prime Minister Ponyo and President Joseph Kabila have used evidence-based analysis to enact legislation to improve the country's business climate.

These changes include creating transparent processes, minimizing bureaucracy for business start-ups and creating anti-corruption programs. These changes, among many others that are still in progress, have been instrumental in creating an investor-friendly environment and opening up numerous sectors throughout the country to private investors.

A Country on the Move

According to Prime Minister Ponyo, "Our economic performance is the strongest it has been since the 1960s. We have an inflation rate from January to the present of just 0.3%. That makes us number five on the continent in GDP growth. This country

By modernizing and rehabilitating the DRC, Kabila hopes to create a nation with substantial and lasting improvements in health care, education, employment, electricity, housing and infrastructure.

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; the 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," says 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.

A Long-Term Action Plan for Rebuilding

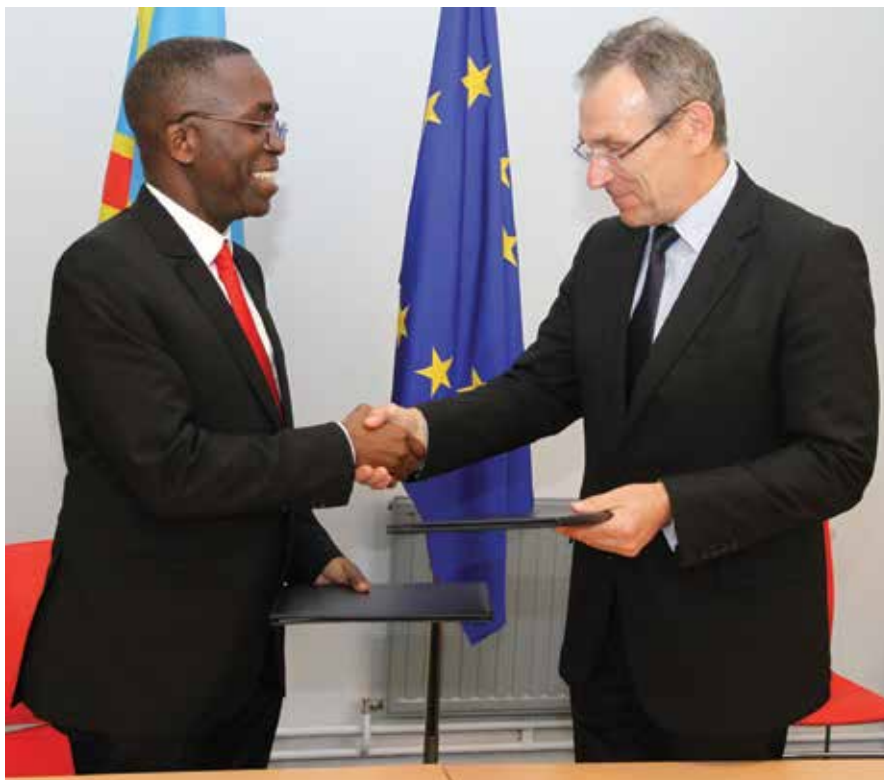
DRC President Joseph Kabila was first elected to the nation's presidency in 2006 and was re-elected in 2011. He began leading the country shortly after the assassination of his father, Laurent Désiré-Kabila, in 2001, in an attempt to bring stability to a nation that had only known strife in the past decade. Kabila saw the need to make quick reforms to once again unite the country after a national tragedy and civil strife, and with his team of advisors, began to mend the fabric of the nation and create a framework to help facilitate economic growth.

Under this framework, *Les Cinq Chantiers de la RDC* (the Five Pillars of the DRC), Kabila developed a long-term plan to expand international trade and boost domestic investments. By modernizing and rehabilitating the DRC, Kabila hopes to create a nation with substantial and lasting improvements in health care, education, employment, electricity, housing and infrastructure. While these are ambitious goals for a country just emerging from a long period of serious conflict, the plan already appears to be getting results.

Partnerships for Improved Infrastructure

Public-private partnerships are vital to the success of these programs and the growth of the country. President Kabila has sought to use these types of partnerships to build infrastructure and businesses, efficiently deploy capital and create demonstrable changes for the Congolese people.

Under *Les Cinq Chantiers* framework, President Kabila also vowed to improve the infrastructure of the nation. In perhaps one of the most prolific changes to turn around the failing commercial aviation industry, he encouraged the creation of new airlines to



Prime Minister Ponyo and European Commissioner for Development Andris Piebalgs sign an agreement mobilizing funds to aid health, environment, agriculture, governance and infrastructure programs in the DRC.



Prime Minister Ponyo and Belgian Foreign Affairs Minister Didier Reynders in Brussels for the Global Partnership for Education meeting in June

fill a growing demand for cost-effective and safe aviation options. Kabila's passion, paired with the vision of businessman George Forrest, gave rise to Korongo Airlines. Created through a partnership with Brussels Airlines and its parent company, Lufthansa AG, this airline will help fill a gap in the central African aviation industry.

President Kabila's work to overhaul the nation's aviation infrastructure and the creation of Korongo Airlines have resulted in discussions with Air France to partner with local airlines to create a pan-African network based in the DRC. Acknowledging the nation's commitment to aviation, Ethiopian Airlines, the second-largest air carrier in Africa, opened a hub in the DRC's main airport, N'Djili Airport.

According to Ethiopian Airline CEO Tewolde Gebremariam, "The Congo is a large country and a large market, and while peace has been a problem, there seems to be a better situation developing. We think it's going

to attract a lot of foreign direct investment, and it's right in the middle of central Africa."

Education: A Key Building Block

The nation's efforts to build education infrastructure have been enhanced through a support package from the Global Partnership for Education (GPE). One visible sign of this funding in action is a new school under construction in Gemena, located in the DRC's north-western province of Equateur. The support package—part of a US\$100 million grant implemented through the World Bank—is aimed at reaching underserved primary-school-age children. The funding will be used to build or rehabilitate a total of 153 schools in the provinces of Equateur and Kasai West, allowing 75,000 children per year to go to school. It will also provide better learning materials and enhanced teacher training.

"Countries cannot emerge from poverty without strong advances in education. It is a critical element of national and regional economic growth," said Alice Albright, Global Partnership for Education's Chief Executive Officer.

During her visit to launch construction of the Gemena school in February, Albright met with Prime Minister Ponyo, Education Minister Mwangu Famba, and Finance Minister Kitebi Kibol Mvul in Kinshasa to discuss education challenges and funding needs.

"Quality education is not only a right for all children because their future depends on it, but also a duty for our leaders that will guarantee that our country can prosper," said Famba. "The funding from the Global Partnership for Education is instrumental in reforming our country's education system and getting more disadvantaged children in school. The partnership has helped us bring the most relevant partners around the table to develop a solid education sector plan,

Today's DRC is one of Africa's largest democracies, poised to transform into a regional powerhouse.

which we are now implementing. We see this as a transformative moment not only for DRC's education sector, but also for our overall social and economic development."

In July, Dr. Jill Biden, wife of U.S. Vice President Joe Biden, visited the DRC as part of a three-country visit to Africa. Dr. Biden used the visit as an opportunity to highlight the importance of girls' education. The visit was also aimed at promoting women's participation in government, the economy and civil society to accelerate economic development; improving health and educational outcomes; strengthening democratic governance; and fostering peace and security.

Leading Africa's Push for Energy Prosperity

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.

The Inga Dam Project is paramount to the energy future of both the nation and Africa. It 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 US\$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 Grand Inga project, Inga 3, will top off at a nameplate capacity of 4,800 MW. (Inga 1 and Inga 2 dams developed in the 1970s and 1980s operate at only half-capacity and are not serving the region's needs.)

In March, the World Bank Group's board of executive directors approved a US\$73.1 million grant to the DRC for the Inga 3 Basse Chute (BC) and Mid-Size Hydropower Development Technical Assistance Project. The funding, along with US\$33.4 million approved by the African Development Bank in 2013, will provide for expertise that advances the country's effort to develop its

large hydropower potential, estimated to be the third largest in the world after China and Russia.

The project will strengthen the DRC's institutional capability by establishing an autonomous and transparent Inga Development Authority, the World Bank reports. The authority will be charged with following best international practices in selecting a private concessionaire and negotiating power purchase agreements. The project will also finance technical, environmental and social studies to sustainably develop the Inga 3 BC and select midsize hydropower projects.

Building a More Favorable Business Climate

Another hallmark of President Kabila's tenure has been the creation of a more favorable business environment. With recent government reforms, business opportunities are growing as more multinational firms are seeing greater potential in the DRC. With an improved business environment, less bureaucracy and significantly fewer government regulations, investors in the DRC can take advantage of the nation's mineral wealth, agricultural opportunities and a growing middle class.

Reaching Transparency Goals

In July 2014, the DRC was granted full membership status in the Extractive Industries Transparency Initiative (EITI). The country is now designated as "EITI Compliant," meaning it now meets the requirements of the global EITI transparency standard. It also provides citizens of the DRC access to extensive information about how their natural resources are governed.

"I congratulate the DRC for becoming a full member of the EITI family," said Clare Short, Chair of the EITI Board. "Despite all the challenges facing the country, the Congolese people have been working together to bring transparency and accountability to the management of their natural resources."

Flotation cells at the Kamoto Concentrator, Katanga Mining Corporation



According to the IMF, in recognition of the need for better governance, many resource-rich countries in sub-Saharan Africa such as the DRC have recognized the need for better governance and made a great deal of progress in the quality of their institutions over the past few years.

In fact, over half of the natural resource providers have improved their World Bank Worldwide Governance Indicator ratings on the rule of law and corruption, and about 40% of these countries have improved their ratings on government effectiveness.

President Kabila's latest example of creating a more favorable business climate can be seen in his efforts to tighten controls on granting mining licenses to prevent abuse and fight corruption.

One result is the recent approval of the DRC's full membership in the Extractive Industries Transparency Initiative (EITI), signaling that the nation now meets that body's global transparency standard.

Since winning the reelection of 2011, President Kabila has vowed to continue his path toward creating an exemplary developing nation in Africa by enforcing good governance and seeking to create a better environment for the Congolese people as well as foreign investors. The efforts to provide quality health care, education, electricity and infrastructure to meet the everyday needs of the people serve as the greatest task for President Kabila and his team of leaders.

The Future of the DRC

President Kabila and Prime Minister Ponyo are fulfilling their pledge to bring a new level of prosperity to the DRC by creating opportunities for the Congolese. From subtle changes—such as decreasing the size of government and bureaucracy—to the implementation of long-term energy frameworks, Kabila and Ponyo are leading the charge to show Africa and the world the true potential of their country.

As the DRC continues to create a wealth of opportunity for both its citizens and international investors, the development of business-friendly environments will be key to shaping the country into the continent's future superpower.

Fostering partnerships, another key aspect of the country's growth, will be at the top of President Kabila's list as he continues to work with international partners and development organizations to bring prosperity to the nation. ■



Prime Minister Ponyo and Belgian Prime Minister Elio Di Rupo at the Global Partnership in Education meeting in Brussels

Art in the Garden



Kinshasa's "Art in the Garden" featured works of 63 local visual artists, painters and sculptors displayed in the gardens adjoining the Prime Minister's office. The exhibit's theme was inspired by the DRC national motto, "Justice, Peace, Work for an Emerging Congo." The June event was the third annual exhibit. This year it was arranged under the patronage of Prime Minister Ponyo and the sponsorship of Professor Alfred Liyolo. Here the artist Eddy Mbikulu Mabenza, a native of Kinshasa who trained at the Académie des Beaux Arts in Kinshasa, explains his work to Prime Minister Ponyo (far right).