



**MINISTÈRE
DES FINANCES**

Newsletter #3 – August 2022 issue

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Key Events

FINANCE MINISTER NICOLAS KAZADI MEETS WITH US UNDER-SECRETARY OF STATE JOSE FERNANDEZ



In the context of the official visit of the US Secretary of State, Anthony Blinken, in DRC, **US Under Secretary of State Jose Fernandez met with Finance Minister Nicolas Kazadi, on August 11th. They discussed DRC's commitment to reforms as well as the progress that the country has made to address corruption, public financing laws, and access to education.**

The goal of the visit was also to **strengthen bilateral economic ties, improve common efforts to combat climate change, and bolster critical mineral supply chains**, which are essential to the technologies driving the world's clean energy transition .

Minister of Plan Christian Mwando Nsiba, Health Minister Jean-Jacques Mbungani, and Finance Vice-Minister O'Neige N'Sele were also present at the meeting. **The cooperation between DRC and the US was discussed. In particular, Under Secretary Jose Fernandez highlighted the efforts made by DRC to improve the business environment in the country.** DRC is expected to be soon eligible to the US financing program Millenium Challenge Corporation (MCC).



The Congolese government has made several advances in different areas"

Jose Fernandez, US Under Secretary of State
for Economic Growth, Energy, and the Environment



The Minister of Finance, Nicolas Kazadi, welcoming the US Under Secretary of State, Jose Fernandez, in Kinshasa on August 10th, 2022.



US Secretary of State, Antony Blinken, had bilateral discussions with President Tshisekedi, and with Prime Minister Sama Lukonde.

RDC HOSTS THE 42ND SADC ORDINARY SUMMIT, GATHERING HEADS OF STATES AND GOVERNMENTS IN KINSHASA



On August 17th and 18th, the 42nd Annual Summit of the Southern African Development Community (SADC), an organization aimed at promoting the economic development of Southern Africa, took place in Kinshasa, as the 2022-2023 rotating presidency will be held by President Felix Tshisekedi.



DRC President Felix Tshisekedi, while speaking at the SADC 42nd ordinary Summit, on August 18th, in Kinshasa



The SADC is comprised of 16 member States, but more than 20 leaders were present at the summit

This year's topic for the summit was **“Promoting industrialization through agro-processing, mineral beneficiation and regional value chain development to achieve inclusive economic growth”**.

In his inaugural speech, **President Félix Tshisekedi committed to working with all member states to build infrastructures for the rapid industrialization of the subregion**. Among the challenges of his Presidency are economic and security issues, including the SADC rapid reaction force currently deployed in Mozambique to fight terrorism, whose mandate has just been extended for three months.

DRC AND ETHIOPIAN AIRLINES MOVE FORWARD TO START AIR CONGO



After the announcement of the **project to launch Air Congo**, made in October 2021 by the Minister of Transport, Cherubin Okende, **an agreement has been reached with Ethiopian airlines on the financial structure of the future Congolese airline company.**



Air Congo will be a joint-venture between DRC State and Ethiopian airline. **With 51% of the share, the State will keep full control on the company.** The agreements include the provision by the Ethiopian company of **at least seven aircrafts to Air Congo.** The operational management of the company will also be assured by experienced senior executives from Ethiopian Airlines.



Air Congo will be based at Kinshasa-N'djili airport, focusing on domestic lines although several international routes will be made available. This new transport offer will add to the existing line of the other national airline, Congo Airways, which faces an exponential demand for air transport in DRC.



All the formalities have been completed. We are only waiting for the green light from the regulator to start flying'

Mesfin Tasew, CEO of Ethiopian Airlines



Kinshasa N'Djili Airport will be Air Congo's hub



Ethiopian Airlines will provide 7 aircrafts to be operated by Air Congo

PRESIDENT FELIX TSHISEKEDI ANNOUNCES A NATIONAL BAROMETER ON THE BUSINESS ENVIRONMENT



On the occasion of the 66th Council of Ministers on Friday August 26th, President **Felix Tshisekedi** announced the establishment of a **National Barometer** of the business environment perception by DRC companies.

The purpose of this tool is to periodically assess the degree of satisfaction of economic agents with reforms and other practices related to the economic environment in DRC.

The barometer will not only strengthen the public-private dialogue, but also provide the government with elements on the perception of economic policy reforms by the companies, in order to better evaluate its action and consequently, to optimize its future policies.

Improving the business climate to enhance competitiveness and investment attractiveness has been a priority for the current presidential mandate. Therefore, a dedicated team, the Business Climate Unit, has been created within the DRC's Presidential administration.

The abolition of 14 taxes in July 2022, and the rebate of 20 others are among the concrete measures adopted by the Government to improve business conditions in the country.



President Tshisekedi during the Council of Ministers on August 26th, which was held remotely

Next Steps

- An **economic roundtable** will be held in the coming weeks
- The **first edition of the survey** will be conducted before the end of 2022

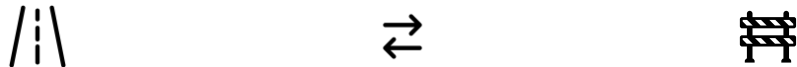
New Projects & Financing

AFDB WILL FINANCE USD 250 MILLION IN THE DRC-ANGOLA CORRIDOR

At the 42nd summit of SADC (Southern African Development Community), the African Development Bank announced USD 250 million of funding for the DRC-Angola road corridor project.

The funds will be used to carry out **phase 1 of the project**, which is about a 186 km section of road linking **Kananga and Mbuji-Mayi**. The feasibility study carried out by the ADB indicates that this road, will interconnect the city of Matadi in the province of Central Kongo to that of Lubumbashi in Haut-Katanga, passing through several southern provinces of DRC.

The completion of this first phase of the corridor will improve the fluidity and safety of the Congolese road network and will improve accessibility to the country's various economic and social centers.



A meeting between Nicolas Kazadi, Minister of Finance, and Bajabulile Tshabalala, First Vice President of the AfDB, held on August 18th, was also the occasion for the partners to discuss other ongoing cooperation projects between DRC and AfDB.



“ We discussed the relations between the AfDB and the DRC. There are many priority projects for which the DRC can count on the AfDB, including those related to energy, education, and regional integration.”

Bajabulile Swazi Tshabalala, First Vice President of the AfDB



Map of the project, as described in the feasibility study report.

“METRO-KIN” PROJECT RECEIVES A USD 20 MILLION INITIAL DISBURSEMENT, TOTAL INVESTMENT IS EXPECTED TO REACH USD 2 BILLION

On the occasion of a press briefing held in Kinshasa on Thursday, August 11th, 2022, the **General Manager of the “Metro-Kin” transport company, Erick Onepunga, said that the project received a disbursement of USD 20 million from DRC’s government.**

These funds clear the way for making the project feasible. They will pay for pre-construction steps, prior to the actual work, which include **clearing the right-of-way, reviewing all the studies that have been done, providing training, and setting up infrastructure.** “Metro-Kin” is a large scale and long-term project: studies are expected to last for 5 years and construction for 30 years.

The first phase of the project will **connect the central station and the international airport of Ndjili**, through 25km of existing tracks. **This new line is expected to benefit 500.000 people a day** and requires USD 250 millions in funding. The 2nd and 3rd phase will restore respectively 75km and 90km of railways throughout the city. The 4th phase will create a new 80km track between Ndjili airport and Maluku.

When completed, **the infrastructure will transport 6 million people per day, providing an efficient and sustainable solution to the road congestion issue in Kinshasa.**



The easy and secure mobility of the people of Kinshasa is one of the major concerns of our megalopolis because of the socio-economic importance of transport”

Erick Onepunga, General Manager of Metro-Kin

Latest Budgetary Developments

THE STATE'S FINANCIAL REVENUES INCREASE BY 64% IN JULY, COMPARED TO JUNE 2022



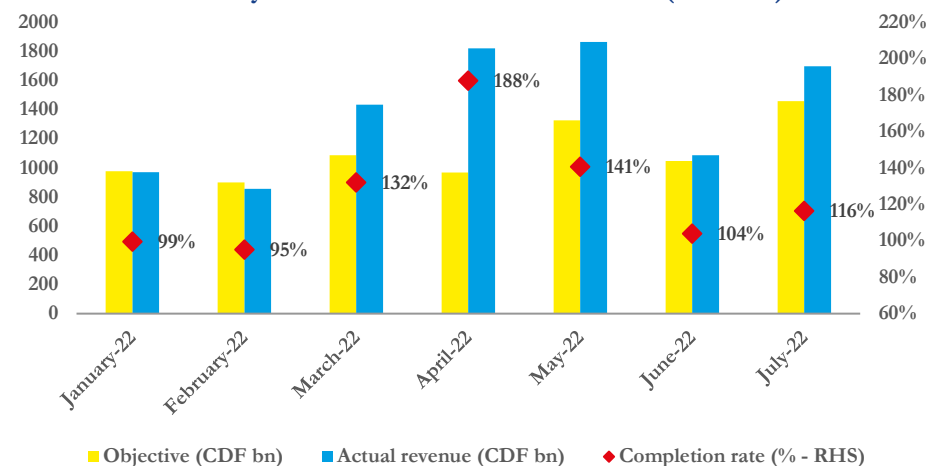
Deputy Minister of Finance, O'Neige N'sele, chaired the revenue mobilization meeting on August 4th, 2021

Deputy Minister of Finance, O'Neige N'sele announced during the monthly revenue mobilization meeting that **the financial authorities have brought in revenues amounting to CDF 1,701.9 billion in July 2022.**




The three revenue-collection departments of the DRC, indicated that **revenues have exceeded the revenues from July 2021 by 72% , and the projections by 17%.** It grows by 64% compared to June 2022.

The meeting was an opportunity to work on **strategies for the coming months and the evaluation of performance contracts**, as convened with the Minister of Finance, Nicolas Kazadi, during the previous meeting.

Monthly revenue of financial authorities (CDF bn)



Source : Minister of Finance

	Category of revenue	Department	Monthly Actual CDF bn	Monthly Objective CDF bn	Completion Rate	vs. July 2021
	Customs and Excises	DGDA ¹	1025	778.2	132%	Total +72%
	Taxes	DGI ²	329	403.6	82%	
	Royalties	DGRAD ³	347.8	277	126%	



Representatives of all administrations collecting revenues gathered at the Ministry of Finance

Note 1: General Directorate of Customs and Excise

Note 2: General Directorate of Taxes

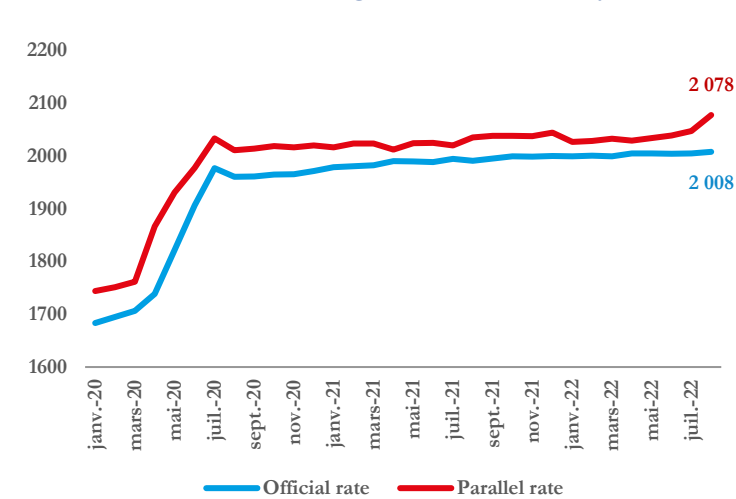
Note 3: General Directorate of Administrative, Judicial, Domanial and Participation Revenues

Monetary developments

THE MONETARY SITUATION RESISTS DESPITE STRENGTHENING PRESSURE ON INFLATION AND THE EXCHANGE RATE

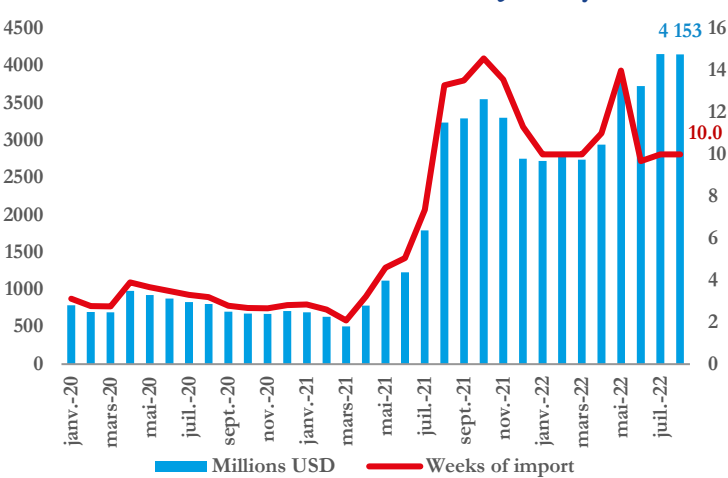


CDF/USD exchange rate since January 2022



Source : BCC

DRC International reserves since January 2020



Source : BCC

Interest rates & inflation	
BCC interest rate	7.5%
Inflation (annualized)	9.9%
Inflation (YoY)	7.9%

Source : BCC

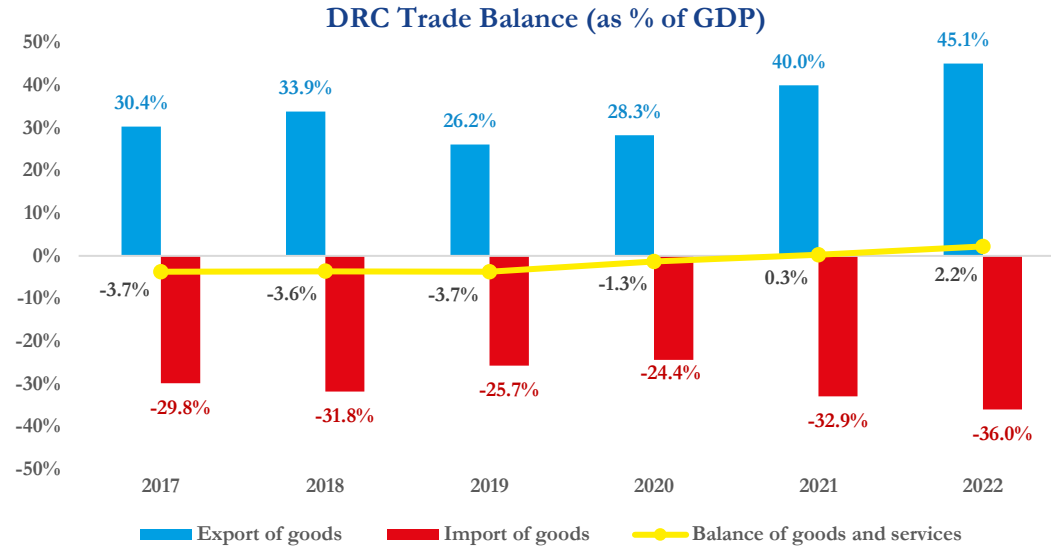
- The CDF/USD official exchange rate achieved stability in July, whereas the parallel rate slightly depreciated by 1.5%, as most currencies in the world are under downward pressure due to the monetary tightening of the United-States FED¹. By the end of July, the official exchange rate was CDF 2008/USD, and the parallel rate was CDF 2078/USD.



- Inflation reached 7.9% YoY in August up from 7.1% in July.
- The Central Bank of Congo (BCC) interest rate have remained unchanged at 7.5% since January 2022.
- DRC international reserves stayed constant at USD 4,153 million, representing 10 months of exports.

External Sector

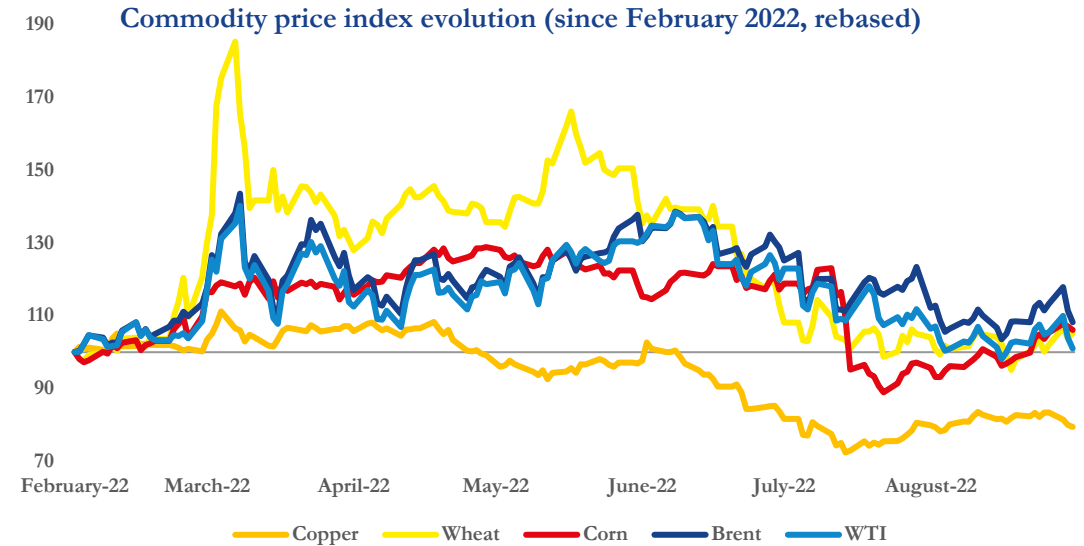
HIGH PRICES OF EXPORT COMMODITIES BRING POSITIVE EFFECTS FOR RDC



Source : BCC



According to a report by Afreximbank, a pan-African development bank, **DRC's trade with the rest of Africa grew by 40% in 2021, making the country the 2nd largest intra-African trade hub, with South Africa as its main partner**



Source : Bloomberg



According to the DRC's Ministry of Foreign Trade, **an increase in price of export mining products was observed at the end of August, notably copper, cobalt and tin.**

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