# REGIME CASH MACHINE

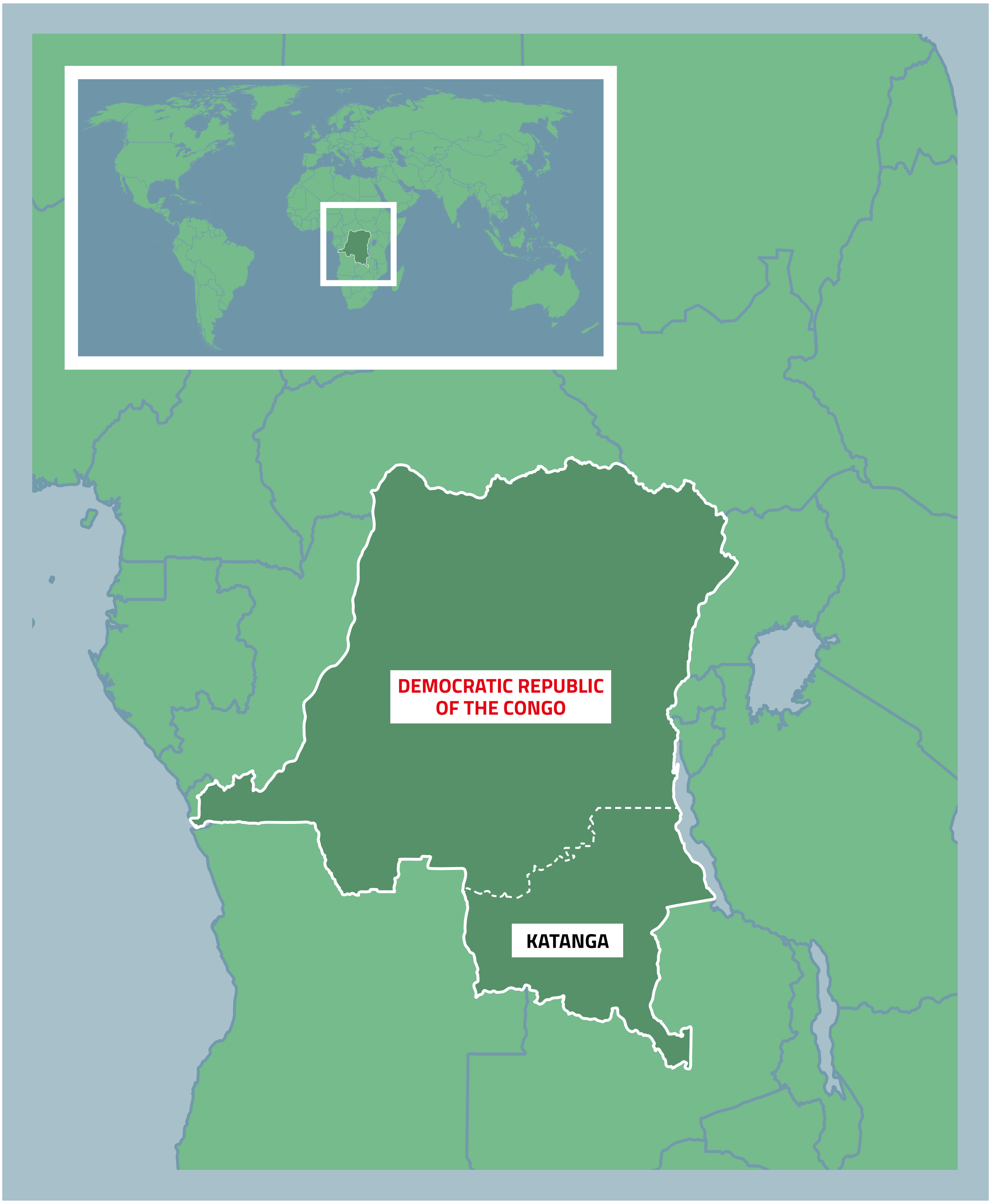
global witness


How the Democratic Republic of Congo's booming mining exports are failing to benefit its people

**JULY 2017**

# COPPERBELT MAP

Congo's main copper-producing region is known as Katanga, in the south of the country. In 2015 the province of Katanga was subdivided into four new provinces. The Katanga region is home to the majority of the most important industrial mining operations in Congo.



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# CAST OF CHARACTERS

## 1. STATE ORGANISATIONS

### GÉCAMINES

*(pronounced 'jek-a-mean')* Congo's biggest state-owned mining company and a closed book in terms of revenue management. The company has shares in over 20 mining projects but is haemorrhaging money.

### CONGO'S NATIONAL TREASURY

Where payments to the state (taxes and other fees) should end up before being allocated to the state budget. Paying taxes or fines to the treasury is equivalent to paying them to the state.

### CONGO'S CENTRAL BANK (BANQUE CENTRALE DU CONGO)

Regulates Congo's banking sector. Albert Yuma, the well-connected Chairman of Gécamines, is head of the Central Bank's audit committee.

### CONGOLESE TAX AGENCIES

Three main national tax agencies called DGI, DGDA and DGRAD, as well as the (now defunct) provincial agency for Katanga called DRKAT. They collect taxes on industrial mining for the state.


A rusted Gécamines sign hangs in Congo's southern Katanga region.
© Kenny Katombe/Global Witness 2017.

# 2. PEOPLE


© UN Photo/Cia Pak

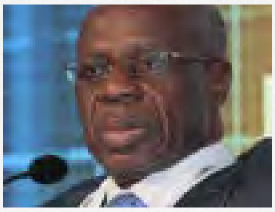
## JOSEPH KABILA

Congo's President since he succeeded his assassinated father in 2001. He has won two disputed elections in 2006 and 2011 and was supposed to step down in 2016 but has held onto power as elections have been delayed.


© Reuters
Francois aLenoir

## AUGUSTIN MATATA PONYO

Congo's technocratic and reformist Prime Minister from 2012 to late 2016. Ponyo resigned in November amid the crisis around delayed elections.


© Jacques Demarthon
Afp/Getty Images

## ALBERT YUMA

The Chairman of Congo's state-owned mining company, Gécamines. He is a wealthy businessman and holds many public roles, including the Presidency of the Congolese Business Federation, the FEC, and head of the Central Bank's audit committee.


© Simon Dawson
Bloomberg/Getty Images

## DAN GERTLER

A billionaire mining magnate and close friend of Congo's President Kabila. Gertler and his network of offshore companies were at the heart of a series of controversial mining deals. Evidence from US authorities linked Gertler to millions in bribes paid to Congo officials.


© Hulton-Deutsch
Collection/Corbis
via Getty Image

## MOBUTU SESE SEKO

Congo's dictator from 1965 to 1997, supported by the West. He looted the country until he was overthrown by rebels led by Laurent Desire Kabila, the now-dead father of Congo's current President Kabila.

# 3. BUSINESSES AND NON-STATE ORGANISATIONS

## EITI
A global multi-stakeholder initiative that promotes transparency in oil, gas and mining sectors. It publishes country-specific reports including data on payments by mining companies to the state.

## BGFI
A private bank whose Kinshasa branch is headed by a childhood friend of President Kabila. A BGFI employee blew the whistle on embezzlement and corruption being routed through the bank.

## THE FEC
The Congolese Business Federation. The FEC represents the interests of private investors in Congo. It is presided over by Gécamines' Chairman Albert Yuma.

## SCORPION MINERALS PROCESSING
A little known South African company that was given an important two-year contract by Gécamines to boost its mining production.

## GLOSSARY OF TYPES OF PAYMENT

**In Congo, mining companies contribute to state funds via four main types of payment.**

**TAXES - compulsory payments to the Congolese state, levied on industrial mining companies as a percentage of corporate profits, or calculated on the basis of certain goods, services and transactions.**

**ROYALTIES - a payment made by mining companies often calculated on the volume of minerals extracted. In Congo, these are paid to Gécamines and/or the state.**

**SIGNATURE BONUS – a payment from a mining company to the state and/or Gécamines, agreed upon the signing of a contract.**

**DIVIDENDS – a share of profits paid by a company to its shareholders, which for mining companies in Congo often include Gécamines.**

# OVERVIEW

More than $750 million of mining revenues paid by companies to state bodies in the Democratic Republic of Congo was lost to the treasury between 2013 and 2015. Instead, the money disappeared into a dysfunctional state-owned mining company and opaque national tax agencies. There is no clarity on what this money was spent on or where it ended up, but testimony and documentation gathered by Global Witness indicates that at least some of the funds were distributed among corrupt networks linked to President Joseph Kabila's regime.

Gécamines, the state-owned company, is the main culprit in the diversion of Congo's mining revenues from the budget. Its chairman, Albert Yuma, was appointed by Kabila in 2010 and is an ally of the president. He is described as a "financier" to the regime. He is on the audit committee of Congo's Central Bank and is the head of Congo's Business Federation.

Our investigation shows how Gécamines is haemorrhaging money in suspect transactions – sometimes involving millions of dollars in cash – while simultaneously failing to make any substantial contribution to the national treasury or invest in its own mining operations. The company is saddled with well over a billion dollars of debt and it carries out almost no mining of its own, despite having once mined up to 500,000 tonnes of minerals in a year.

Gécamines has apparently prioritised paying off debts to a friend of the president over paying its staff, who have at times gone months without their salaries, and has handed out a crucial contract in opaque circumstances to a little-known sub-contractor. Meanwhile, it fails to pay dividends to the government, its sole shareholder, and barely pays more than $20 million in tax per year, according to an industry transparency body – much lower than the contributions of several private mining companies in Congo.

Furthermore, each year Congo's national tax agencies keep back a portion of mining revenues for their "own funds", rather than transfer it to the treasury. What happens to this money is unclear. The agencies are secretive and often headed by powerful individuals with close professional or personal ties to the Prime Minister's office or to the Presidency. The opacity around the withheld funds makes this system highly susceptible to corruption.

The tax agencies are permitted by law to issue penalties to companies for violations of tax codes and to keep a proportion of the fines. These fines can sometimes be enormous, running to hundreds of millions of dollars. Global Witness has found that this system has encouraged predatory behaviour by agencies, which

Raw copper ore © Chris Crowley/iStock

have been incentivised to impose penalties on spurious grounds and keep huge sums for themselves. So, while the tax agencies' retention of part of the penalties is legal, it too can encourage and facilitate corruption.

The amount of mining money that failed to reach the national treasury from 2013 to 2015 rises to $1.3 billion when company payments to other government bodies and a provincial tax agency that has since been dissolved are included. It is unclear what this money is ultimately spent on.

This analysis has been made possible in part by the steps towards transparency in some parts of Congo's mining sector in recent years, notably the information published by the Extractive Industries Transparency Initiative (EITI). In order to close down the diversion of state funds public and private bodies involved in Congo's mining system need to commit to greater transparency.

Congo possesses a geological endowment the envy of countries worldwide. It should be extraordinarily wealthy, but the average Congolese person is among the poorest on the planet.

Congo's economy is driven by its mining sector, and primarily by two metals: copper and cobalt. Copper is used for building and electrical equipment across the planet, and cobalt – a by-product of copper mining – is in the midst of a price boom due to soaring demand for the lithium-ion batteries used in electric cars. Together, the two metals make up 80 per cent of the country's total export earnings. Congo became Africa's biggest copper producer in 2013, and is the world's leading source of cobalt. Each year, up to $10 billion worth of copper and cobalt is dug up from Congo's soil and sold abroad. However, our analysis shows that as little as six per cent of annual mining export reach the country's budget.

Congo's mining revenues have been the focus of Global Witness investigations in the past. Since 2010, Global Witness has reported on suspect mining deals involving a network of offshore shell companies linked to Dan Gertler, a friend of Congo's President Joseph Kabila. Global Witness has questioned these deals, showing how Gertler obtained licences at knockdown prices before selling assets on to major mining and commodities companies at or near full price. The settlement of a US investigation into the Och-Ziff hedge fund in 2016 strongly suggested that Gertler and his associates were paying huge bribes – up to a total of $34 million – to Kabila and his right-hand man for access to mines. A spokesman for Gertler disputed all accusations of wrongdoing in any dealings in Congo including those with Och-Ziff.

Demonstrators gather in front of a burning car during an opposition rally in Kinshasa in September 2016.


Just five such deals saw Congo lose out on $1.4 billion in potential revenues. Having shown how these deals have resulted in Congo's mining revenues flowing offshore, with this report we aim to tell the other half of the story: what happens to mining money that stays onshore, inside Congo.

Congo is in the midst of a political crisis. President Kabila was obliged by the constitution to step down at the end of 2016. However, he has remained in power despite the protestations of political opponents and mass demonstrations that have faced deadly suppression from Kabila's forces. A fragile political truce fell apart in April when Kabila unilaterally appointed a Prime Minister, and there is little sign that elections will be organised soon. The diversion of much-needed public funds into parallel networks close to the regime serves only to entrench the deadly divisions in Congolese politics today. It also heightens the risk of Congo backsliding towards the disastrous civil wars from which it has not yet fully recovered.

Article 58 of the Congolese constitution says that every Congolese has the right to enjoy the benefits of the country's national wealth, and that the state has a duty to redistribute that wealth equitably and to guarantee the right to development. To the vast majority of Congolese today, those are empty words. The hollowing out of Gécamines and the fragmented tax system mean that the agencies that are supposed to be gathering up mining revenues for the benefit of all, are in fact open to abuse by political elites seeking to extract cash from the mining sector: they are a regime cash machine.

Now is the time for the gaps in the revenue-collection system to be closed and for more mining money to reach the treasury. After a two year slump, copper prices are set to rebound strongly while cobalt is booming. Copper and cobalt price rises, coupled with the recent production boom, could reinvigorate Congo's economy.

The country and its people can scarcely afford to miss out.

# BOOMING MINES, BUT TOUGH TIMES

***"Here, either the state doesn't exist anymore, or it preys on us," says Claude, a traditional leader from Lubumbashi in Congo.[1]***

At 83, he has lived long enough to see his country change name five times. Born under Belgian colonial rule, he lives in Congo's Katanga copperbelt in the south of the sprawling central African country. For him, Gécamines, the Congolese state-owned mining company, used to symbolise opportunity in Katanga. Today, however, the company is a shadow of its former self.

In the last 15 years private international mining firms have moved in to operate alongside a remodelled Gécamines. Claude says; "despite the large presence of mining companies, our suffering increases daily."[2]

Those born in Congo have some of the worst life chances anywhere: ten children out of 100 die before they reach the age of five. Over 40 per cent have stunted growth due to malnutrition.[3]

Raymond, a Gécamines worker since the 1980s, goes further, describing how Gécamines used to "spoil" its workers. "It was the vache laitiere [cash cow] of the whole country," he says. But when Gécamines virtually stopped production in the 1990s life became unbearable. "The company is now an emaciated cow, with no more milk to feed its children."

It need not be this way for Congo's people.

On paper Congo's mines have been booming; in 2014 Congo produced over a million tonnes of copper for the first time having in 2013 overtaken its southern neighbour Zambia to become Africa's number one producer.[4] It is even more dominant in the more lucrative cobalt trade, producing 60 per cent of the world's cobalt.[5] The mineral is essential for lithium-ion batteries found in mobile phones, laptops and electric cars. What Congo digs out of the ground helps fuel the Chinese and Californian economies. The demand for Congo's cobalt is only like to increase: cobalt is essential for the battery technology needed for the shift to renewable energy.

But Beijing's skyscrapers and the San Francisco Bay are a long way, literally and figuratively, from Katanga's rolling savannah.


**Gécamines "was the cash cow of the whole country. [But] the company is now an emaciated cow, with no more milk to feed its children." – Raymond, a Gécamines worker. © Damien Glez**

An aerial view of copper and cobalt tailings in Lubumbashi, the main city in Congo's copperbelt region. © Reuters/David Lewis 2015

## MONEY DRAINS OFFSHORE AND DISAPPEARS ONSHORE

Global Witness and other researchers have shown in detail how Congo lost out on at least $1.36 billion in five mining deals struck between 2010 and 2012. This is double the country's annual health and education spending. These secretive deals were struck with offshore companies which managed to get hold of mining licences at knockdown prices. Later, it was revealed that these companies belonged, or were linked, to Dan Gertler; a billionaire Israeli businessman who is a friend of Congo's President Joseph Kabila.[6]

Despite this offshore haemorrhaging of wealth, some mining money does remain onshore in Congo. The companies in the five offshore deals paid state bodies $275.5 million for control of the mining assets (although they were worth at least $1.63 billion).[7] In addition, private international mining companies in Congo, together, pay over a billion dollars a year in taxes, royalties and other charges to tax agencies and the scandal-hit state mining company, Gécamines. Yet our analysis – based on the most comprehensive data available – shows that, year after year, Congo is losing out on a fortune. Between 30 and 40 per cent of the payments fail to reach the national treasury.

Front page of the UK's Financial Times from May 2013. The main story relates to Congo mining deals involving offshore companies linked to Dan Gertler. © Financial Times

FINANCIAL TIMES

Northern lights

Annan report blasts ENRC for costing Congo $725m

Where is this money ultimately going? Why isn't more being used to relieve the Congolese people's immense suffering? Together with Congolese researchers, this is what Global Witness set out to investigate.

What we found helps to explain the paradox of poverty and plenty seen in Congo; of families a short drive from the centre of the bustling capital Kinshasa who rarely eat more than one meal a day. Of communities living in desperate need – without access to basic education and healthcare for their children – next to immense industrial mines in Katanga owned and operated by some of the richest companies on the planet.

## METHODOLOGY

Global Witness engages with companies, governments and other partners around the world to tackle the issue of natural resource-driven corruption, armed conflict and environmental destruction. We have reported on how corruption and fraud in Congo's industrial mining sector has undermined the country's development. We have worked with Congolese and international civil society, policy-makers and business leaders to develop practical solutions.

In 2015 and 2016 Global Witness undertook four research trips in Congo, visiting the capital Kinshasa as well as Lubumbashi and Kolwezi in the heart of Congo's copperbelt. In total we interviewed over 85 people involved in Congo's industrial mining sector in Congo, South Africa and Europe. Interviewees included mining executives, Gécamines officials, civil servants, mining trade unionists, civil society leaders, politicians, provincial officials, tax agents and members of local communities. Prior to publication we wrote to the main organisations, companies and individuals named in the report to ask for their comment.

We gathered and analysed documents in the course of our research including mining data from the Division des Mines in the former Katanga province,[8] Central Bank and Ministry of Finance statistics, Mines Ministry reports, Gécamines accounts, leaked contracts and tax documentation. Much of this data on the mining sector was incomplete or inconsistent. The collation of mining sector payment data in the reports of the EITI has proved to be the most valuable resource.[9]

## A FORTUNE EVADES CONGO'S TREASURY

Each year as much as $10 billion worth of copper and cobalt is dug up from Congo's soil and sold abroad. These two minerals make up 80 per cent of the country's total export earnings.[10] Global Witness analysis of data from the Extractive Industries Transparency Initiative (EITI) shows that over $750 million of mining sector revenues that flowed into the national tax agencies and state mining companies between 2013 and 2015 did not reach the national treasury.

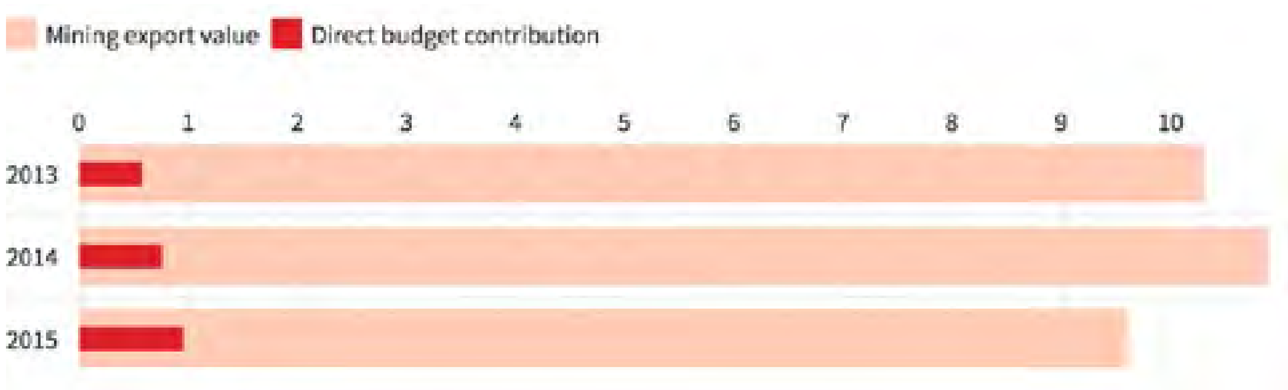
Let's start with how in theory the state, and Congo's population, should benefit.

Congo's tax agencies collect taxes, royalties (regular payments based on the volume of minerals extracted) and other payments from mining companies on behalf of the state. These revenues should be passed on to the Congolese treasury so that they can be allocated in the budget for spending on public priorities such as schools, hospitals and the courts. The state-owned mining companies – the most important of which is Gécamines – should use their licences, assets and participation in joint-ventures to try to make as much money as possible for their shareholder: the Congolese state.

What we found is that this system is broken.

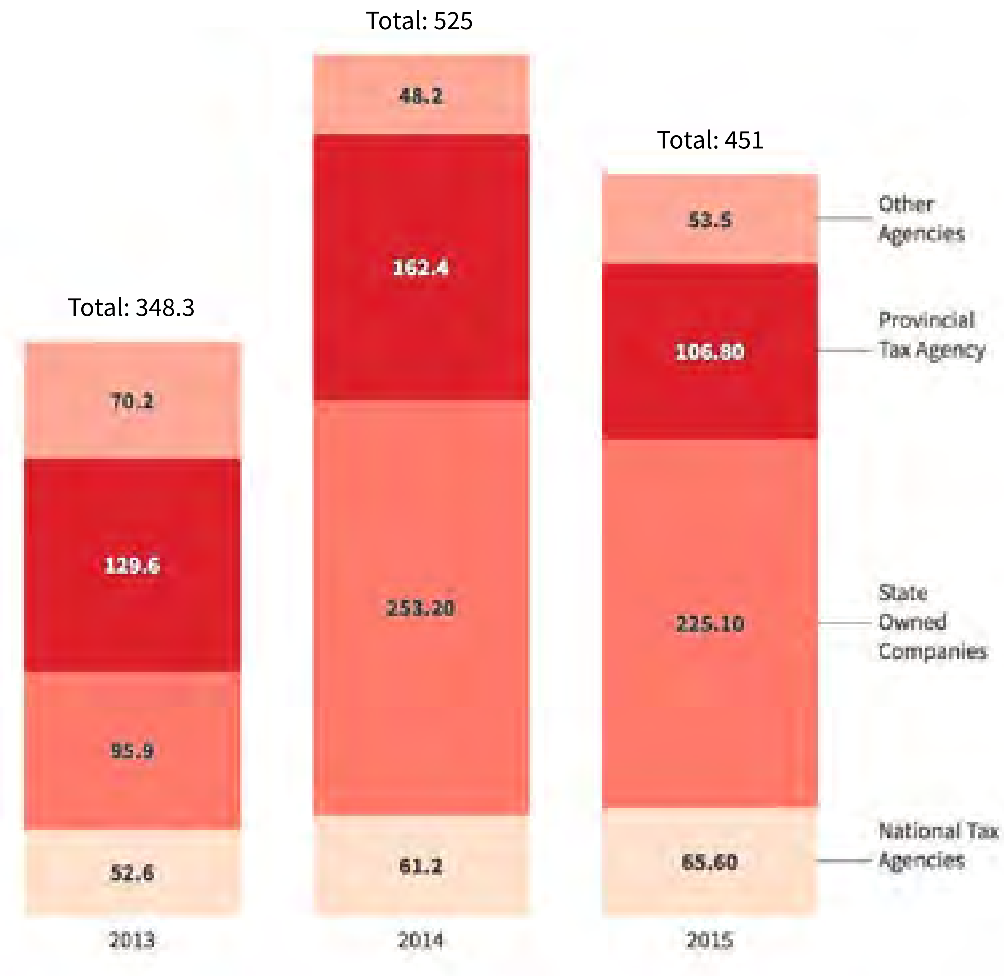
According to the EITI data, $149 million in 2013, $314 million in 2014 and $291 million in 2015 was held back from the treasury by state-owned mining companies and

## HOW MUCH CONGO'S STATE BUDGET RECEIVES VERSUS MINING EXPORTS (BILLIONS USD)




*Mining export value is caluculated on the final sale price (based on 31 December prices) of the quantity of copper and cobalt exported by Congo per year. Costs for extraction, processing and transport are paid out of this, among others. Congo's tax take should be hundreds of millions more each year.*

# WHERE THE MISSING MINING MONEY GOES (MILLIONS USD)




national tax agencies for a total of over $753 million. The money is retained by Congo's various tax agencies for their "own funds" or has disappeared into Gécamines. What this money is ultimately spent on is unknown.

On top of that, over the same period, various small government bodies received over $170 million in tax payments and nearly $400 million was paid directly to a provincial tax agency rather than to the national treasury. That tax agency has since been dissolved and replaced by four smaller agencies in a provincial reshuffle, and it is unclear what has been done with its assets.

Taken together, between 30 and 40 per cent of total mining payments each year failed to reach Congo's treasury in 2013-2015; that's over $1.3 billion of mining revenues.

Global Witness's analysis of the EITI data is not all bad news for Congo's population. Revenues that reached the treasury each year increased between 2013 and 2015 by almost $400 million, despite the hundreds of millions going missing.

Looking at other African countries, however, shows that Congo's performance is way below its peers.

Global Witness's analysis of the EITI data shows that just 68 per cent of Congo's total mining sector revenues reached the treasury in 2015. In 2014 that figure was as low as 59 per cent. In Zambia, which shares a copperbelt with Congo and whose economy is similarly dependent on the metal, the treasury manages to capture 88 per cent of mining sector revenues. That's almost 30 percentage points more than Congo's 2014 performance. Other countries on the continent did even better: Senegal, Cameroon and Togo all reported that over 90 per cent of revenues from mining and oil reached the treasury.[12]

Despite the same auditing companies compiling many of these EITI country reports, there are limits in how far they can be directly compared. The lack of a standardised template for EITI reports is a weakness of the initiative. However, the gulf between Congo and other countries cannot be put down to process. Congo is an outlier. EITI relies on companies and government agencies to provide accurate and honest payment declarations. While this leaves the initiative open to questions over the reliability of some figures, EITI remains the best publicly available source of collated statistics on revenue flows in Congo's mining and oil sectors.

View of mining site in Congo's copperbelt region. © Global Witness

## HOW DOES THE EITI WORK?

EITI is a global multi-stakeholder initiative that promotes transparency in oil, gas and mining sectors. It does this by asking companies, government agencies and state companies to declare how much they pay or receive in taxes, royalties, dividends and other payments. The EITI seeks to reconcile any differences in these declarations. EITI then issues annual reports providing thorough details on the payments in the oil, gas and mining sectors of member countries.

The initiative has an 'International Secretariat' which coordinates the work of 'National Secretariats' in each member country. These are charged with implementing EITI standards in member states. Each country also has a 'Multi-Stakeholder Group (MSG)', which is made up of representatives from the key interest groups involved in the EITI process: government, companies, and civil society.

The MSGs should oversee the implementation of the EITI process in their country.

Congo became a candidate country in 2008. Despite a temporary suspension beginning in April 2013 following a poor performance in an EITI audit, in July 2014 EITI declared that Congo was compliant with its reporting standards. Its reports for 2013, 2014 and 2015 have provided the underlying statistics for much of Global Witness's analysis of missing revenues in Congo's mining sector.

## BOX 1: EITI AND THE TENS OF MILLIONS OF DOLLARS DUE TO GÉCAMINES SENT OFFSHORE

In late 2016 and early 2017, a Global Witness investigation revealed that Gécamines had signed away its rights to receive tens of millions of dollars of revenue from the Kamoto Copper Company (KCC) mine in Congo.[13] The KCC mine is 75 per cent owned by a company controlled by Glencore; the commodities giant, and 25 per cent by Gécamines. Under the original joint-venture contract, Gécamines was supposed to receive royalties equivalent to 2.5 per cent of turnover, and a signature bonus of $140 million paid over several years.

Global Witness revealed that Gécamines had signed away its rights to these payments to a secretive shell company called Africa Horizons Investment Limited, based in the Cayman Islands. Africa Horizons ultimately belongs to Dan Gertler, the billionaire mining magnate and friend of President Kabila who was at the heart of previous mining asset sale scandals in Congo. Earlier this year, Global Witness showed that at least $100 million had been paid to Gertler's companies as part of the deal.

Glencore declared the 2013 and 2014 payments it had made to Gertler's company as payments to Gécamines, in its submissions to the EITI. Glencore has now admitted, in a letter to Global Witness, that payments due to Gécamines under the terms of the original contract were redirected to Africa Horizons since 2013, but said it had followed Gécamines' instructions under the terms of a new arrangement. KCC and Gertler's representatives claimed that Gécamines had sold its royalty rights to Africa Horizons, but none of the parties concerned will say for how much. Gertler representatives deny any wrongdoing in his Congo deals and have said that Gécamines made money from the sale of the KCC royalty rights. Gécamines has not commented.

Glencore's declarations to the EITI in 2013 and 2014 were misleading, when it said its KCC mine had made significant royalty and signature bonus payments to Gécamines. This shows a weakness in the EITI, especially in the process of reconciling payments. If private and state-owned companies simply fall into line with each other's declarations, without publishing proof of payments or receipts, then the data is open to manipulation. Glencore's spokesman said that its declarations to EITI on payments to Gécamines had included payments to third parties on Gécamines behalf or at its behest. Glencore added that it had declared the payments to Gertler's company as payments to Gécamines in its EITI submission "because the payments discharged KCC's obligations to make these payments to Gécamines".

### $50M PLUS IN NEW PAYMENTS CHANNELLED THROUGH GIBRALTAR

For its 2015 report Congo's EITI body has calculated that Gertler's company received $83.5 million in royalties and signature bonus payments in four transactions in as many months in 2015. Around $30 million of this total (two signature bonus payments) was already accounted for in Global Witness's reporting, but that leaves over $50 million of royalty payments newly revealed by EITI. This means that Gertler has received at least $150m from the deal with Gécamines regarding KCC, which was signed for an undisclosed sum.

The EITI also provides some fascinating information about how these 2015 payments were made. It shows that sums were transferred from a bank account (presumably belonging to KCC) at Standard Bank Mauritius to an account at Royal Bank of Scotland International in the name of 'Hassans clients 1' for Africa Horizons. Hassans is a Gibraltar-based law firm frequently used by Gertler's companies. Global Witness wrote to Gertler's representatives to ask about the new information in the EITI report, but did not receive a response.

EITI demanded further information from Gécamines, including what, if anything, it received in exchange for the rights to the royalties. However, in a familiar twist, the state-owned company did not provide any further details by the time EITI circulated its 2015 report, though the report notes that Gécamines promised to publish its contract with Africa Horizons "as soon as possible".[14]

This episode shows both the strengths and weaknesses of EITI. It remains the most comprehensive set of statistics available for analysing Congo's mining sector and EITI has, after the deal was revealed, been able to provide useful new information. However, its reports published false information for two years, as it relies on the accuracy of declarations given to it, and the initiative has yet to pierce the opacity of state-owned Gécamines' finances.

In early 2017, Glencore ended their decade-long partnership with Gertler in Congo in a billion-dollar buyout.

A satellite image of the huge KCC mine in Congo's Katanga region. © 2016 Google Earth and 2016 Digital Globe

# A BLACK HOLE IN THE ECONOMY

At the heart of Congo's industrial copper and cobalt mining operations is Gécamines, the most prominent of the country's state-owned mining companies. It's also central to the problem of revenues not reaching the treasury, and has a history of being looted by a corrupt leader clinging to power.

***"Gécamines is practically a black hole. A black hole where you don't know who is doing what, where the money goes, which deal is going where, under what conditions and so on."***

Cyrille Kabamba, Congolese civil society activist.

Gécamines traces its roots back to colonial times. Nationalised in the 1960s, it used to be a major mineral producer in its own right. At its peak in the 1980s, it contributed 43 per cent of the country's budget revenues and produced almost 500,000 tonnes of copper a year.[15] It was a towering presence in the lives of the Congolese. Augustin Katumba Mwanke, who was – until his death in 2012 – the hugely influential right-hand man of President Kabila and a mining dealmaker, wrote of life growing up in Katanga in the 1970s: "We breathed Gécamines. We lived Gécamines. We dreamed of Gécamines… I dreamed of only one thing: to become…CEO of Gécamines. It was the idol, the ideal, the sphynx of my fantasies."[16]

But then, in the 1990s, Gécamines collapsed after decades of looting by former President Mobutu Sese Seko.

Michela Wrong's book on the final years of Mobutu's rule recalls the role of Gécamines' cash in maintaining the ageing dictator's grip on power. She writes of Gécamines; "for a president in constant need of ready cash, there could be little doubt where to turn."[17] According to Wrong, on one occasion in the 1980s Mobutu had a Gécamines subsidiary send $100 million to one of his accounts. A further $400 million went missing in 1988.[18]

It would not be until the 21st Century – after the destruction caused by the First and Second Congo Wars – that the company was reborn in its current form. On advice from the World Bank, in 2010 the Congolese government transformed Gécamines into a "commercial" operation, in which the state owns all the shares. It is now primarily a junior partner in over 20 copper and cobalt projects operated by major mining companies from Europe, China and elsewhere. It has also been central to some of the asset sale scandals previously exposed by Global Witness and others.

**A view of an open pit at Tenke Fungurume, a significant copper and cobalt mine in Congo's copper-producing south. © Reuters/Jonny Hogg 2013**

On one level, the transformation of Congo's industrial mining sector with Gécamines at its heart has been a success. Congo as a whole produced just over 16,000 tonnes of copper in 2003.[19] Since 2014 it has produced one million tonnes of copper per year, more than any other country in Africa.

However, in terms of generating funds for the state, Gécamines has gone backwards since its 1980s heyday. Having failed to relaunch as a significant producer of minerals, Gécamines now operates more as a caretaker of Congo's copper and cobalt wealth. Gécamines contributed around $15 million in taxes to government out of a reported income from mining of $265 million in 2014, according to the EITI. In 2015, it paid just $21.8 million out of reported revenues of $249.5 million.[20]

Despite being at the heart of the most important sector for Congo's economy, Gécamines only contributed 0.3 per cent of all of the country's revenues in 2014; the year the country first topped one million tonnes of copper output.[21]


Gécamines Chairman Albert Yuma.
©Jacques Demarthon/Afp/Getty Images

## THE KINGPIN

Gécamines today is dominated by its Chairman, Albert Yuma, who controls the company with very little oversight. Under Yuma, money has flowed into Gécamines, but there have been few signs of productive investment of those funds. Mining production has collapsed and wages have gone unpaid. A civil servant at the Ministry of Mines anonymously told Global Witness: "you should forget Gécamines my friend. It's an empty shell. Plunder is done in the open. Decisions come from the top [officials] and there's nothing we can do about it."[22] An experienced Gécamines official said Yuma's tenure has seen Gécamines' wealth flow to a small group of "oligarchs".[23]

Like President Kabila, Yuma is from the north of the former Katanga province. He was sent to school in Belgium at the age of nine and returned to Congo in his late twenties after having studied at the Université catholique de Louvain outside Brussels, Belgium.[24]

Often dressed impeccably – in a three-piece suit with a handkerchief in his top pocket matching the colour of his tie – the bespectacled Yuma is a successful businessman. He made his money in textiles before expanding his interests into property, food and transport. His Kinshasa-based clothing business has won contracts to supply uniforms to the Congolese army, among others.[25]

Congo's president appoints the head of Gécamines. A senior Gécamines executive in Lubumbashi, speaking on condition of anonymity, told a Global Witness researcher that Yuma was given control of the state mining company because of his "political connections" and that he "only answers to the President".[26]

In addition to leading Gécamines, Yuma also heads up Congo's Central Bank's audit committee and is the President of the Congolese Business Federation (FEC - Fédération des entreprises du Congo), the country's main business lobby group. There is a clear conflict of interest in Yuma's multiple roles in the private sector, the state mining company, and at the regulator of the financial system. His Gécamines role requires him to be a caretaker of Congo's mineral wealth. However, Yuma's FEC led business lobbying that shut down a revision of the mining law in early 2016 which could have increased the government's tax take.[27] The Mining Chamber of the FEC hailed the decision to drop revision of the law saying that "a more onerous code would drive investors away".[28]

Under Yuma, Gécamines has also avoided parliamentary scrutiny. In 2011, just a year after Yuma was appointed chairman of Gécamines and the company was "commercialised", the head of the audit board of the Congolese National Assembly's Economic and Financial Committee told Bloomberg: "now that they're becoming a private company they don't tell us anything."[29]

Yet Gécamines has been turned into a commercial operation in name only. There are no private interests invested in Gécamines; the government owns all of its shares, which are not traded publicly. The "commercialisation" has granted Gécamines the veneer of independence from government, while it remains very much under the control of those in power. The company benefits from its privileged position as the primary state-owned mining company by farming out mining licences for huge fees and receiving signature bonus payments on contracts and royalties from mining projects. It is not competing on a level playing field with genuinely private companies in the sector.[30]

For years Congo-focused local and international researchers, analysts, journalists and civil society organisations have described Gécamines as a black box: impenetrable, uncommunicative, opaque and ruthlessly ruled over by a narrow clique. The cliché is as well-worn as the financial operations are a mystery. The (mis-) management of Gécamines is the subject of indiscreet conversation among Congolese and Congo-watchers across the world. What's less common is solid evidence of the alleged corruption inside the company.

Then, in October 2016, a bombshell dropped in the pages of Belgian daily newspaper Le Soir.[31] A high-ranking member of a private bank in Kinshasa, BGFI, had come forward as a whistle-blower, revealing information about transactions involving Gécamines. In December the New York Times reported on bank documents describing suspicious advance tax payments by Gécamines, some of which were made via the company's accounts at BGFI – the whistle-blower's bank.[32]

Global Witness has separately obtained and reviewed the documents at the base of the New York Times story. The pieces of the story paint a picture of Gécamines as a cash machine for elites in Kinshasa, and Albert Yuma as a close ally of, and even commercial front for, President Kabila.

## REGIME CASH MACHINE

The information revealed by the BGFI whistle-blower and the Gécamines bank documents sheds light on a web of connections between Yuma, Gécamines, President Kabila, and Congo's banks, including the Central Bank. BGFI bank plays a central role. The head of BGFI in Kinshasa grew up with Kabila in exile in Tanzania and is considered a brother to the president.

The Gécamines bank documents first reported on by the New York Times show that, in the space of one week in December 2015, Gécamines sent two payment instructions to BGFI telling the bank to withdraw a total of $8 million from its account and leave it, in cash, for collection at the Kinshasa branch of BGFI. The money was ostensibly for an advanced tax payment to the Central Bank, but the transaction is not traceable as it wasn't done electronically, and there is no way of knowing who picked up the cash. Two signatures on the payment instructions closely resemble that of Jacques Kamenga, Yuma's deputy at Gécamines.

A source with first-hand knowledge of Congo's banking sector told Global Witness that tax payments are always made by electronic transfer, never bags of cash. Another well-placed source with knowledge of these 'advanced tax' transactions told Global Witness that making payments available in cash at bank branches was extremely irregular. He described the arrangement as "an embezzlement operation". Money from payments like these should go to the Central Bank, the source said, "but it ends up elsewhere. There are many suspect operations taking place, and the number has increased recently."

Global Witness has serious questions over other 'advanced tax payments' made by Gécamines around the same period. The two payment instructions from Gécamines, telling BGFI to leave $8 million in cash at its branch, are part of a longer series of seven such instructions stretching across seven months from

In October 2016 Belgian newspaper Le Soir broke a whistle-blower's account of suspect transactions involving BGFI Bank in Kinshasa. © Le Soir, 2016

November 2015 to June 2016. The others are for electronic transfers of money, totalling almost $88 million from Gécamines to Central Bank accounts at another private bank, Rawbank.

In response to written questions from Global Witness, BGFI said that certain transactions in foreign currency had to be done in cash due to the lack of a clearing house organised by Congo's Central Bank. BGFI said that it "strictly observes national and international rules and principles" against money laundering. Rawbank said that it could not comment on transactions due to banking and client secrecy rules, but that it aimed to contribute to improved economic governance and transparency.

Gécamines' 2014 financial report, unavailable to the public but obtained and reviewed by Global Witness, describes other major 'tax payments' made via unconventional means. In August 2012 a huge $30 million tax payment was made, on Gécamines' behalf, by the Belgian law firm Cabinet Liedekerke. There is no explanation in the financial report for why Liedekerke would pay $30 million in taxes. The report includes this payment in a list of sums that constitute government debts to Gécamines, suggesting that the money was paid to the government but not credited to Gécamines' tax account.

When asked about the $30 million 'tax' payment made on Gécamines' behalf, Liedekerke told Global Witness that it could not provide more information as it is bound by "strict confidentiality rules sanctioned by criminal law", but noted that it maintains "very strict due diligence requirements at all times."

The sums involved in these tax payments are unusually high, when compared with Gécamines tax payments as declared to EITI. In 2012, for example, Gécamines reported paying $26.4 million in taxes – a sum outstripped by the $30 million Liederkerke tax payment apparently made that year.[34]

In fact, Gécamines barely pays much more than $20-25 million in tax in any year, according to EITI statistics. However, the 2014 Gécamines accounts give a higher figure of $70 million. Either way, the payment instructions issued to BGFI and Rawbank in the first half of 2016 account for a total of $85 million of 'advanced tax payments' – much higher than a whole year of Gécamines' taxes according to both EITI and the company's own 2014 annual accounts. Global Witness wrote to Gécamines and the Central Bank to ask them to explain these anomalous payments and to ask whether the money really was used to pay taxes, but we did not receive a response.

The evidence provided by the whistle-blower to Belgian newspaper Le Soir showed another questionable transaction between Gécamines and BGFI. In September 2015 Gécamines borrowed $30m from BGFI at an interest rate of 11.5 per cent. The whistle-blower said that he had been instructed to deduct the interest payment twice, and indeed interest was claimed twice – once automatically, once manually – leading to a $2.7 million overpayment by Gecamines to BGFI. Despite the whistle-blower's claim that he was instructed to do this on purpose, Yuma told Le Soir that the double-payment was a technical error and said it had been repaid.[35]

In the same exposé, Le Soir described how a company called Egal, whose board is headed by Yuma, received almost $43 million into its BGFI bank account in late 2013, just one month after the company was set up. The money was transferred to the company by Congo's Central Bank, where Yuma is, as previously noted, the head of the audit committee. Le Soir quotes the whistle-blower as saying that Egal is in fact owned by Kabila, and that Yuma is a front for the president.[36] Global Witness wrote to Yuma to ask about the conflict of interest posed by his role at the Central Bank, the reasons for the $43 million transfer to Egal, and whether Kabila is behind the company, but received no response.

## FINANCIAL MYSTERY

As the biggest state-owned company in Congo's most important economic sector, Gécamines should be very clear about how money flows in to and out of its accounts. Instead, Gécamines' financial dealings are a mystery to the public. As Gécamines does not publish any audited financial accounts, there is no public information about its income, expenditure, debt repayments or whether it pays any share of profits to its sole shareholder, the state. This leaves management unaccountable for the company's performance and use of its money.

Analysis of Gécamines' unpublished financial accounts and EITI information fail to give a clear picture of how much Gécamines earns from mining, and whether it passes any of that to the state.

Gécamines should be earning dividend payments from at least some of the two-dozen or so mining operations in which it is a shareholder. Due to its collapse as a miner of minerals in its own right, income from these joint ventures represents Gécamines' primary source of money. However, it is near impossible for Congolese citizens to discover what, if anything, Gécamines earns as dividends from its participations in these mining companies.

Gécamines and its joint venture partners should both be declaring any dividends paid to the state-owned company, according to EITI rules.[37] Either this is not happening, or Gécamines is not receiving any dividends, as analysis of EITI reports appears to show no dividend receipts.[38]

The leaked Gécamines 2014 accounts reviewed by Global Witness do not provide much more clarity on dividend earnings. The accounts show $110 million of "revenues from partnerships", which covers many revenue streams, and could potentially include dividends.[39] However the vague terms mean it is unclear whether Gécamines' shares in major projects are earning it cash dividends.

It would be in Gécamines interest to clearly state its earnings from dividends. The failure of international mining companies to pay the state mining company could be due to transfer mispricing, or overloading Congolese subsidiaries with debt to cancel out profits. Clear communications from Gécamines of its earnings could increase pressure on these companies to pay their fair share.

Gécamines' statutes set out the ways in which profits should be dispersed to its shareholder, the government.[40] In practice, however, it does not appear to contribute anything in this way. The company is so heavily indebted and ostensibly performing so poorly that it has not had profits to pass on to government.[41] There is no indication that a share of any profits was paid out to the state in 2013 or 2014, and nothing in the various EITI reports to suggest any such contributions were made.

The only other revenue stream for the government from Gécamines is taxes, but these may be meagre. Gécamines' company accounts and its EITI declarations both list some taxes paid but disagree on the figure. According to the accounts, company's tax payments for 2014 were almost $70 million, yet Gécamines told EITI that it had paid just $14.4 million in 2014.[42] Gécamines did not respond to questions about its taxes.

Congolese NGOs working on the mining revenues and corruption have repeatedly called out Gécamines' opacity. Ernest Mpararo of Congolese anti-corruption group LICOCO (*Ligue Congolaise de Lutte Contre la Corruption*) said: "the way in which these funds are managed [by Gécamines] is inadequate because there are no internal or external control mechanisms. As a result, the directors and Chairman manage Gécamines as their private property in complicity with some presidential advisors."[43]

## THE BILLIONAIRE'S DEBT TAKES PRIORITY, WAGES GO UNPAID

The section on debt in Gécamines' accounts suggests that the company prioritised repayments to Dan Gertler, a close friend of President Kabila. Gertler's African Dawn Finance Ltd company received $152 million in debt repayments and was paid off in full ahead of other creditors and Gécamines' own employees. That payment made up over three quarters of the $200 million total debt repaid in 2014, according to the Gécamines 2014 accounts. Evidence from a US criminal investigation into a third party strongly suggests that Gertler has paid millions in bribes to Congolese officials and politicians – including a Congolese "Official 2" identifiable as President Kabila's right-hand man – in the course of securing access to Congo's mines.

While the Gertler debt dates from late 2012, the Gécamines accounts indicate that it is still in the process of organising repayments to the French Development Agency dating from 1986. That debt is so old it appears in the accounts in terms of French francs. Even only taking into account current outstanding loans, Gécamines had over $450 million owing to various creditors over the course of 2014. The debt to Gertler made up a third of this total, but he received over three quarters of the payments servicing the total debt.

The prioritisation of repayments to Gertler's African Dawn is even more troubling in light of Gécamines' growing arrears in wage and pension payments. The Gécamines accounts show total debts from unpaid salaries rising year on year, from $14 million of unpaid wages in 2013 to over $25 million in 2014. In November 2016 the United Nation's news site for Congo, Radio Okapi, reported that Gécamines workers had threatened to go on strike over 10 months of unpaid salary.[44] This followed an actual strike in the mining town of Kolwezi in 2014, again after months of unpaid wages for workers.[45]

Yuma said in 2016 that the state miner's monthly wage bill is $9 million per month, which seems to be supported by the numbers contained in the Gécamines accounts for 2014. He has claimed that Gécamines has held onto money to reduce debts and pay wages, as well as for its long-term ambition to relaunch as a productive mining operation. Yet regardless of the size of the wage bill, the evidence in the accounts and from the miners' strikes shows that not all of it is paid.

Gécamines did not respond to questions about why it had apparently chosen to prioritise payments to the president's friend's company ahead of other debts or staff wages.

Global Witness also wrote to Gertler's Fleurette group who declined to comment, but has previously said that Gertler's dealings in Congo are above board, including those with Och-Ziff. Gertler's spokesman told Bloomberg in September 2016 that Fleurette and Gertler "strongly deny the allegations" based on the Och-Ziff evidence, and said they were "motivated by a hedge fund trying to put behind it problems sparked by people that have nothing to do with Fleurette."

Global Witness spoke to Mathieu, a retired Gécamines employee, and his wife Jacqueline who said they had

A worker at Gecamines' copper concentrator at its Kambove operation in Congo's southern copperbelt. © Reuters/Jonny Hogg 2013

received almost nothing in terms of pension payments or assistance from Gécamines since his retirement. "Here we go four or five days without eating," said Jacqueline. "There is no money to pay for school [for the children]."[46]

***"Gécamines is the state," said Mathieu. "This money [his pension] belongs to us, but they have blocked it. That means there is nothing anymore."[47]***

## TALK IS CHEAP

As Gécamines does not publish audited annual accounts, observers have to look to its management and their statements to the media in the search for an explanation for withheld mining revenues. This often means listening to Yuma, whose public statements have brought him into conflict with even senior officials in Congo.

Congo's Prime Minister between 2012 and 2016, the technocratic Augustin Matata Ponyo, clashed time and again with Yuma over control of Gécamines' piles of minerals and cash. At the end of May 2016 a war of words broke out between the two powerful men after Yuma criticised the government's economic policies. Matata Ponyo's office issued a scathing statement in response that was widely reported in the Congolese media. It said that poor "management of Gécamines has a negative impact on the reputation of the whole country".
It went on:

> *"In the almost six years that [Yuma] has been at the head of Gécamines as its Chairman, this state company has only recorded below-par performances… The Congolese people have lost several hundreds of millions of dollars [in blocked aid contributions] due to the poor governance of Gécamines… Can the Chairman of a state company with a chronic lack of governance give lessons to the Government, its sole shareholder?"[48]*

In summer 2016 Yuma took to Radio France Internationale to defend his chairmanship, claiming in the process that Gécamines has "audited, certified accounts".[49] However, until such accounts are published, there remains almost no publicly available information on Gécamines' financial status beyond Yuma's statements to the press.

Global Witness wrote a six-page letter to Gécamines prior to publication asking for comment on the analysis in this report and a similar letter to its Chairman, Albert Yuma. No response was received to either.


An excavator at Gecamines' Kamfundwa open pit copper mine in the former Katanga province.
© Reuters/Jonny Hogg 2013

# STATEMENTS DON'T ADD UP

In the course of hitting back against his critics, Yuma has argued that Gécamines withholds money in order to relaunch as a major producer of minerals. However, under his leadership production has decreased. His arguments for why the company has held back money from the treasury don't add up.

Yuma's "principal hopes" in the short-term for re-launching Gécamines as a mining operator have been based on a mine called Kamfundwa. This is according to a July 2016 internal letter from Yuma to company management, seen by Global Witness.[50] Despite Kamfundwa's strategic importance, a little-known operator called Scorpion Minerals Processing was selected as the sub-contractor for the relaunch work at the mine. This was rather than a company with an extensive international track record in extractives. The Scorpion contract appears to have caused concern even within Gécamines' own hierarchy. In his letter, Yuma said he was writing to counter the "surprise" and "concerns" raised by some personnel about the relaunch project.[51]

Global Witness asked Gécamines and Yuma why Scorpion had been selected for this crucial work, but received no response.

Yuma's letter to Gécamines management shows his determination to push the Scorpion deal through. In it, he threatens "immediate sanctions" against executives who do not take on their "professional obligations" in the project.[52] Global Witness also obtained a summary of a Gécamines board meeting in which the Scorpion plan was presented to Gécamines executives. These notes show that Gécamines' own auditing and control divisions will not have the power to hamper the Scorpion deal, and that Gécamines will shoulder the tax burden and costs of the project.[53] The project consists of five separate contracts, none of which has been made public and whose terms are unknown, even to many inside Gécamines.

In December 2016 a radical southern Congolese political party, PAKAR, accused Yuma of owning shares in Scorpion. Two Gécamines executives, one former and one current and both requesting anonymity, corroborated the allegation when asked by Global Witness, but were unable to verify the claims with documentary evidence. We asked Yuma and a Scorpion director about the allegation, but they did not respond.

There is little in the public domain to explain why Scorpion, headed up by South African Stephanus de Kock, might have been chosen to oversee the Kamfundwa operation. South African company documents retrieved by Global Witness cast doubt on Scorpion's financial strength. De Kock is relatively unknown in South African mining circles, according to inquiries made by a Global Witness researcher. A company called Scorpion Mineral Processing, with De Kock as director, was created in 2009 but liquidated in December 2015. De Kock is also director of two similarly named companies in South Africa, one of which is being "deregistered" for failure to provide an annual report.[54] There is also a Mauritius-registered company called Scorpion Minerals Processing International.[55]

In December 2016, and in a sign of his newfound prominence within Gécamines, Scorpion's de Kock was briefly appointed by a local court as interim administrator of Tenke Fungurume (TFM), Congo's biggest and most important copper mine, during an ownership dispute.[56] Gécamines had petitioned for his appointment. The private owners of TFM fought back and the appointment was blocked by an appeals body.[57] Neither Gécamines nor de Kock responded to written questions about why Gécamines nominated him to lead Congo's most strategically important mine, or on Scorpion's sub-contracting agreement at Kamfundwa.

Whatever Yuma says, or even does, about relaunching Gécamines as a mining operator, the facts do not back up his words and the company continues its downward spiral. In 2012, Gécamines produced over 33,000 tonnes of copper according to EITI.[58] That year, it unveiled an ambitious relaunch plan at an annual mining summit in South Africa. According to the plan, the company would – among other goals – reach 100,000 tonnes of production by 2015.[59] In reality, Gécamines' copper production plummeted to 18,800 tonnes in 2015.[60] This was blamed on frequent power shortages, but then production fell again in 2016 to 14,260 tonnes. Power issues or not, the clear trajectory is downwards.[61]

Yuma has publicly defended the relaunch plans, but in his letter to Gécamines directors he concedes the "failures" of the three relaunch plans put in place during his six-year leadership. The board's efforts to relaunch Gécamines as a major mining operator have been "without convincing results to date", he admits.[62]

## WHO'S PAYING GÉCAMINES?

Gécamines has turned from a straightforward mineral producer to a company that seeks to monetise its mining permits. That means that it strikes joint venture agreements with private mining companies which bring investment and knowhow to develop the mines. They pay Gécamines, sometimes tens of millions of dollars or more, for the right to develop and mine the land. In return, Gécamines receives a minority share of the project, which should produce dividend payments once the mine is profitable, as well as – in most cases – royalty payments from the mining project. Thus, Gécamines is now heavily reliant on payments from international companies.

Major Western companies are among those paying tens of millions of dollars each year to Gécamines. Given Gécamines' complete lack of transparency, and the close political connections of its chairman with President Kabila, Gécamines' international partners could be unwittingly funding parallel government structures. These companies must do more to ensure that the money they pay into Gécamines is not used for corrupt purposes. This puts companies in a potentially difficult position. While the payments companies make to Gécamines under the terms of mining contracts are law are legitimate, these companies are likely to have concerns over whether Gécamines uses these revenues improperly.[63]

Two mining projects owned by Western companies – US Freeport-McMoRan and Australia-based Tiger Resources – both paid more to Gécamines in 2014 than the state mining company passed on in total that year to the Congolese treasury.[64] In 2015 Freeport's project did so again, as did Chinese miner Huayou Cobalt Co.'s Congo Dongfang outfit.[65]

There is a major risk that payments from these companies to Gécamines ultimately helped finance the Kabila regime, which has violated the Congolese constitution by remaining in power after the end of his second term. Kabila's forces met those campaigning to uphold the law with repression and violence.[66]

We know that at least some of the $110 million Tiger Resources paid Gécamines in 2014 to buy out its stake in Tiger's Société d'Exploitation de Kipoi (S.E.K.) mine was likely used to pay back a debt to President Kabila's close friend Dan Gertler's company, African Dawn. Gécamines financial accounts say that, "during the 2014 financial year, this loan [to Gertler's African Dawn Finance Ltd.] was fully repaid by means of the revenue from the sale of the shares in [Tiger's] Société d'Exploitation de Kipoi (S.E.K.) of approximately $109.5 million".[67]

Global Witness wrote to these companies to ask about these payments and what steps they took to reduce the corruption risk posed by Gécamines. In response:

Tiger said that the company was "reviewing the questions that you have asked" and promised a fuller response, which had not been received by the time of publication.

Freeport did not answer the specific questions but said the payments made by the company to governments are "a significant contribution to national, regional and local development". The company added that it is committed to the EITI and reports payments to governments in an annual report.

Huayou said that it has abided by Chinese and Congolese laws when investing and operating in Congo and carried out a "legal due diligence investigation" before buying an asset from Gécamines. The company said its lawyers were searching for "applicable laws so that a reasonable request of transparent financial management can be raised to Gécamines".[68]

These companies and others must demand that Gécamines publish audited annual accounts to ensure the funds they are providing are not used to personally enrich those at the top of Congo's institutions and government.

This shows why rules that require oil, gas and mining companies to publish clear and accurate details of their payments to governments and state agencies and companies, such as the EU Accounting and Transparency Directives and Section 1504 of US Dodd-Frank, are essential.

## LEGALISED CORRUPTION AT THE TAX AGENCIES

Another major blocker to Congolese people benefitting fully from their mineral wealth is Congo's tax agencies. They fail to transfer over $50 million of collected revenues to the treasury each year, and instead keep them back for their "own funds". A mining executive at an international company operating in Congo told Global Witness: "mining companies pay more tax than what is required by law but the treasury doesn't receive as much as it should because the rest is siphoned off somewhere."

EITI data indicates that private companies are paying millions into Congo's national tax agencies that they keep for their own undisclosed purposes. Over $21 million of taxes paid by Glencore's two mines (called MUMI and KCC) in 2014 was not passed on to the treasury but was instead held on to by the national tax agencies. Of Freeport's 2014 payments, the national tax agencies kept over $8 million for their own funds. Freeport's response to question on this issue is printed in the previous section, while Glencore declined to comment. The agencies are opaque, often headed by powerful individuals with close professional or personal ties to the Prime Minister's office or to the Presidency, and the opacity around the withheld funds makes this system susceptible to corruption. A former mining executive with experience of Congo told Global Witness; "the guys at the heads of the tax agencies are all politically appointed. It's another way to move money up the chain. And if they don't send the money up, they get moved around and replaced."

The tax agencies can issue penalties to companies for violations of tax codes. These can sometimes be enormous, running to hundreds of millions of dollars. The agencies are permitted, by law, to keep a large percentage of any penalties received. Two of them are legally allowed to pass on a portion of these fines to their agents. Each agency also keeps five per cent of the total tax collected. (see Box 2 for other details of how the tax agencies use funds).

While the tax agencies' retention of part of the penalties is legal, it can also encourage and facilitate corruption. A tax inspection agent told a Global Witness researcher that the penalties had become the "private turf" of those at the top of the tax agencies – officials who rely directly on political patronage for their position. "Lowly tax officials are almost completely cut out of the bonuses from the fines by the top management", he said.[69] There is a genuine risk that the fines retained by the tax agencies are seized for personal use by high-ranking officials.

© Flickr/Tracey O

**Roads in Congo are in a terrible state and lacking in much-needed public investment.**
**© Phil Hatcher-Moore for Global Witness**

The three national tax agencies that collect mining revenues are known as DGI, DGDA and DGRAD (see Box 2 for explanation). Between them, they were allocated over $800 million of central government funds to run their operations for 2016.[70] Despite this, the three agencies held on to an additional $65.6 million of funds received from the mining sector from the Congolese treasury in 2015, according to EITI. None of the three tax agencies responded to requests for comment from Global Witness.

The legal framework allowing agencies to keep a percentage of fines has created a toxic pattern of behaviour among tax agents. In the former Katanga province, Global Witness was repeatedly told of illegal taxes and fabricated penalties being levied. The head of the Katanga branch of the Congolese business federation said that complex tax requirements were sometimes quietly changed in order to catch out companies and allow for further penalties to be imposed.

When contacted by Global Witness, a Kinshasa-based diplomat and two mining executives – one current and one former, both with experience in Congo – spoke of predatory behaviour by tax agents. All three sources said that companies were hit with huge fines that were often fabricated, and that much of what was paid by companies did not arrive in the treasury.

The redistribution of these penalty fees within each agency is extremely opaque. The system serves as a motivation for agents to seek out or fabricate infractions in the hope of improving the bonuses that top up their salaries, which are extremely low and only occasionally paid.

## TAX MUST BE SIMPLIFIED

The former Kinshasa head of an international organisation with experience of working with the tax agencies told us that, “the Presidency has its [tax] agencies and people that provide funds, the Prime Minister its own.” The result is that the money is not available to help improve the lives of Congo’s people. “Congo’s taxation system is too fragmented. It needs to be simplified and centralised. All tax revenue needs to come into the treasury under the control of the Ministry of Finance.”

A public inquiry should be set up to investigate and publicly report on ways in which Congo’s tax collection can be simplified and made more efficient.

One option the inquiry should consider is whether the opaque agencies could be replaced with a single, central account into which all mining revenues are paid before being transferred out to the national budget. Payments into the account, and distribution of funds from it to the government budget, would have to be verified and publicly reported on regularly.

The simplification of tax-collection in Congo is extremely important. Mining companies have reacted with frustration to Congo’s efforts to revise its mining code and increase the rates companies have to pay to mine and export minerals. This is largely because companies feel they already pay too much in tax. The private sector hailed the decision to shelve the revision process in early 2016 after four years of talks. The suspension of negotiations was especially disappointing as the proposed changes to the mining law included encouraging articles to improve transparency and accountability in the sector, although the bill included a worrying rollback on conflict of interest provisions.

Better governance and revenue management are hugely important for the long-term potential of Congo's mining sector to lift the country out of poverty. It is therefore vital that Congo's tax-gathering agencies operate with more transparency and accountability, get rid of fabricated penalties, and transfer more tax revenue to the treasury. In return, mining companies should remove their objections to the mining law revision process and seek again to collaborate with government and civil society in modernising and improving Congo's outdated mining code.

After a year of inaction, Kabila's office issued a March 2017 statement resolving to rapidly push through the new mining law. The government submitted a mining bill to parliament, which was unchanged from the 2015 version, but it had not become law at the time that this report was being finalised.

## BUDGET TRANSPARENCY

Until last year, Congo had recorded an impressive GDP growth rate which reflected the health of the mining sector, but not the population. Since then, as commodity prices collapsed and Congo descended into political chaos, growth has slumped and inflation has risen sharply.

## BOX 2: CONGO'S TAX AGENCIES HOLD MILLIONS BACK FROM THE TREASURY – AND IT MAY BE LEGAL

| Known as | Full name | Focus | Percentage of fines recovered for 'own funds' |
|---|---|---|---|
| DGI | Direction Générale des Impôts | Collects direct and indirect taxes, including income and company tax | Can keep 50 per cent of fine monies recovered |
| DGDA | Direction Générale des Douanes et Accises | Deals with customs and excise duties | Can keep 50 per cent of fine monies recovered |
| DGRAD | Direction Générale des Recettes Administratives, Judiciaires, Domaniales et de Participations | Collects taxes and other payments on behalf of several other state institutions that have powers to levy fees | Can keep 40 per cent of fine monies recovered |
| DRKAT | Direction Provinciale des Recettes du Katanga | Provincial tax agency in Katanga, the copperbelt heartland of Congo's industrial mining sector. It receives taxes from public roads and drainage, from mining concentrate, the prefunding of contracts, and from tax on the surface area of a mining concession, and is authorised to hold onto its tax take. | N/A |

One way to help fix this is for more of the taxes, royalties and other payments from mining companies to reach the treasury, rather than be absorbed into the state mining company and tax agencies. For this, a simplified, transparent and accountable tax system is necessary. However, even once the money reaches the treasury it also needs to be well-spent.

Congo's ranking in the "open budget index", which measures the volume and detail of budget information in over 100 countries, has improved over time. Nevertheless, it is still judged "minimal".[71] Congo has improved its score in relation to creating the budget, but it has almost no follow up or monitoring of spending.

A former Kinshasa-based head of an international organisation with experience of working on public finances put it more bluntly: "Congo's budget is a work of fiction. All the country's spending needs to be in a budget that is voted on by the parliament."

Congo's Budget Ministry did not response to Global Witness's requests for comment.

Congo's revenues need to be maximised and must be spent where the need is greatest. The situation is critical: Congo has, for example, the third lowest health spending per person in the world, according to World Health Organisation data.[72]

| How 'own funds' can be used[73] | Head of Agency | Mining revenues withheld 2013-15 | Mining revenues gathered 2013-15[74] |
|---|---|---|---|
| Can use 80 per cent of fine revenues for working budget and as bonuses to agents | Sele YALAGHULI (ex-Chief of Staff to former Prime Minister Matata Ponyo) | $53.2 million | $1,276.7 million |
| 80 per cent of its withheld fines should go to its working budget | Déo RUGWIZA MAGERA (widely rumoured to have family connections to Presidency) | $104.5 million | $1919.6 million |
| Can pass on 50 per cent portion of their fine revenues as bonuses to agents | Maguy SAMBI KIKUTWE (little publicly available information) | $21.7 million | $524.9million |
| N/A | Now replaced by four agencies following the division of Katanga into four new provinces in 2015. | $398.8 million | $398.8million |

## BOX 3: KINSHASA'S FAILURE TO SHARE WITH THE PROVINCES AND KATANGA'S HOME-GROWN TAX AGENCY

Away from Kinshasa, Congo's provinces and localities do not generally collect industrial mining taxes directly but are reliant on the central government to share part of the funds it collects.

Provinces and localities are collectively supposed to get 40 per cent of tax revenues. In reality, Kinshasa only sends a small percentage – much less than 40 per cent – back to the provinces. This convoluted system is known as 'retrocession'.[75]

Analysis of EITI data carried out by research and advocacy group The Carter Center showed that in 2014 only around eight per cent of total state royalties from Katanga were returned to the province.[76]

The failure of this retrocession system – and the perception that corrupt elites in Kinshasa are to blame for the missing money – has led to parallel systems of taxation at a provincial level. In Katanga, this was formalised into a provincial tax agency, known as DRKAT until Katanga province was divided into four separate provinces in 2015.

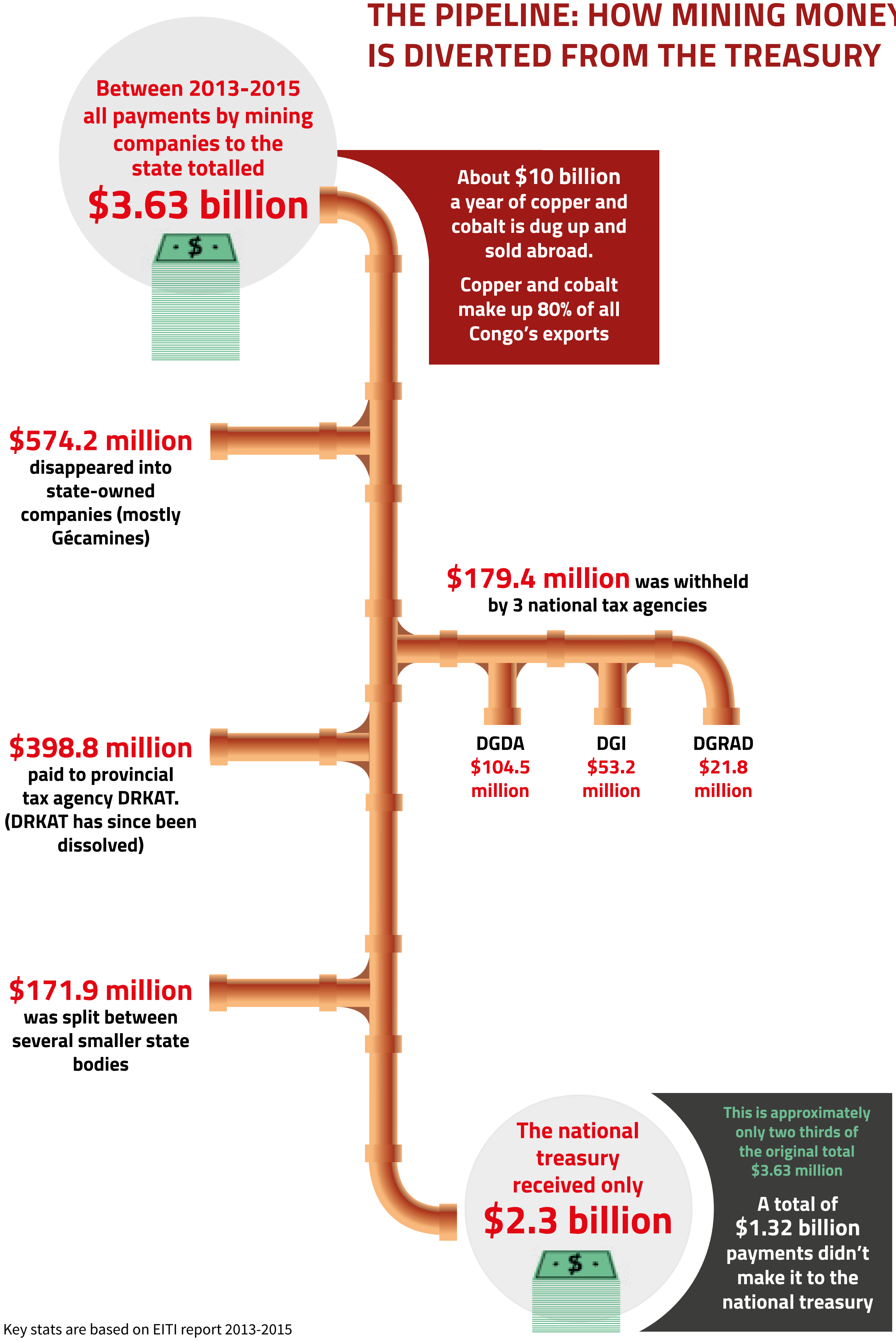
EITI data for 2013, 2014 and 2015 show that companies paid DRKAT $130m, $162m and $107m, respectively, in various taxes, but provides no information on where these revenues went.

EITI says none of this reached Congo's national treasury, and it is unclear how much is used in the provincial budget, or for which services. However the failures of retrocession mean that many Katangese see DRKAT's tax take as legitimate; DRKAT essentially cuts out a central government widely considered corrupt. One international mining executive told Global Witness that they could see that at least some of the money paid to DRKAT ended up in public spending, in contrast to payments to the national agencies. However, without transparent audits and accounts of the tax agencies and the provincial government we cannot know for sure how the money is used.

The inefficiencies of Congo's tax system also mean that local communities are left to rely on nearby mining projects to supply public goods and services that would normally be the responsibility of government. Mining companies reported paying $47.5 million in social payments in 2014 and $52.7 million in 2015 (half of all this money came from one mine; Freeport's TFM), according to EITI.[77] This is admirable, but it pales into insignificance next to the value of the mining sector. It also provides a crutch for an underperforming government, which should be providing schools, hospitals, roads and more via a fair system of taxation and public spending.

The negotiations over revisions to Congo's outdated 2002 mining code (see above), had led to a proposal whereby company contributions to local community projects would be formalised. In a draft bill, companies were to be allowed to offset a portion of their tax bill against contributions to local community projects. Companies had agreed to this in principle. They were to be able to offset expenditure on community projects up to a maximum of 0.3 per cent of turnover, but Congo's government, concerned at the potential loss of central tax revenue, reduced the maximum outlay they could offset to 0.1 per cent of turnover.

# THE PIPELINE: HOW MINING MONEY IS DIVERTED FROM THE TREASURY




Key stats are based on EITI report 2013-2015

# BOX 4: QUESTIONS OVER GROWING CHINESE INVOLVEMENT

The entry of state-backed and private Chinese mining companies into Congo's formal mining sector is a significant dynamic. An important presence has escalated into a dominant one since 2014. One of the most important recent transactions saw China Molybdenum and its partners buy Congo's biggest copper mine, Tenke Fungurume Mining, at the end of 2016 in an enormous $3.8 billion deal. The mine had been majority-owned by US giant Freeport McMoRan, with Canadian company Lundin as a minority co-owner.

Gécamines fought a protracted battle over the transfer of ownership, demanding some form of compensation. It eventually dropped its objections in January after the parties involved agreed to pay the state company a fee. Freeport has revealed that it paid Gécamines $33 million as part of this deal, while Bloomberg reports that Gécamines received $100 million in total. At the time of writing, however, there is no transparency over precisely how much China Molybdenum or its partners paid, or – more pertinently – what Gécamines has spent the money on.[78]

Another massive Chinese investment comes in the form of Congo's huge mining-for-infrastructure deal with a Chinese consortium of companies. The consortium controls 68 per cent of a joint-venture company called Sicomines, with the remaining 32 per cent held by Gécamines. This controversial 2007 deal provides for the Chinese consortium to loan Sicomines up to $3bn to build infrastructure projects, and a further $3.2bn for investing in a mining project. The loans are to be repaid through the mining profits made by Sicomines.

The copper mining project, located near Kolwezi in Lualaba province (formerly Katanga), finally started producing minerals in late 2015. Sicomines is exonerated from paying taxes until the consortium's investment in both infrastructure and mining project is paid back.

Local and international civil society has questioned whether the deal is good for Congo, and whether the infrastructure projects have in fact been constructed or are of an adequate quality.[79] In an ominous echo of the management of Gécamines, the Sicomines project operates with little to no ministerial or parliamentary oversight. It is led by Moise Ekanga, an individual who, like Yuma, has close ties to the Presidency and Kabila's inner circle. Close scrutiny of the project is vital as production at the Sicomines mine ramps up.

The loss of income for the Congolese treasury from the mining sector, as documented in this report, and the major consequential reduction in public spending, stands in opposition to China's support of the UN Sustainable Development Goals.[80] Moreover, the loss of spending on social needs runs counter to broader goals driving Chinese President Xi Jinping's flagship foreign investment policy, known as 'Belt and Road', which include managing natural resources in an equitable and sustainable manner and improving people's quality of life.[81]

The Chinese mining industry has made recent welcome efforts to promote more transparency practice among its members. This includes a call for companies to disclose payments to host governments in line with global transparency standards and within guidelines for overseas operations.[82] However, more could be done by companies. For example, they could urge Gécamines and Congo's tax agencies to operate more transparently and accountably.

## THE HUMAN COST

***"I voted for Kabila [in 2006] because he spoke about relaunching Gécamines and I thought I would have an acceptable life. I thought my children would be able to find work."***

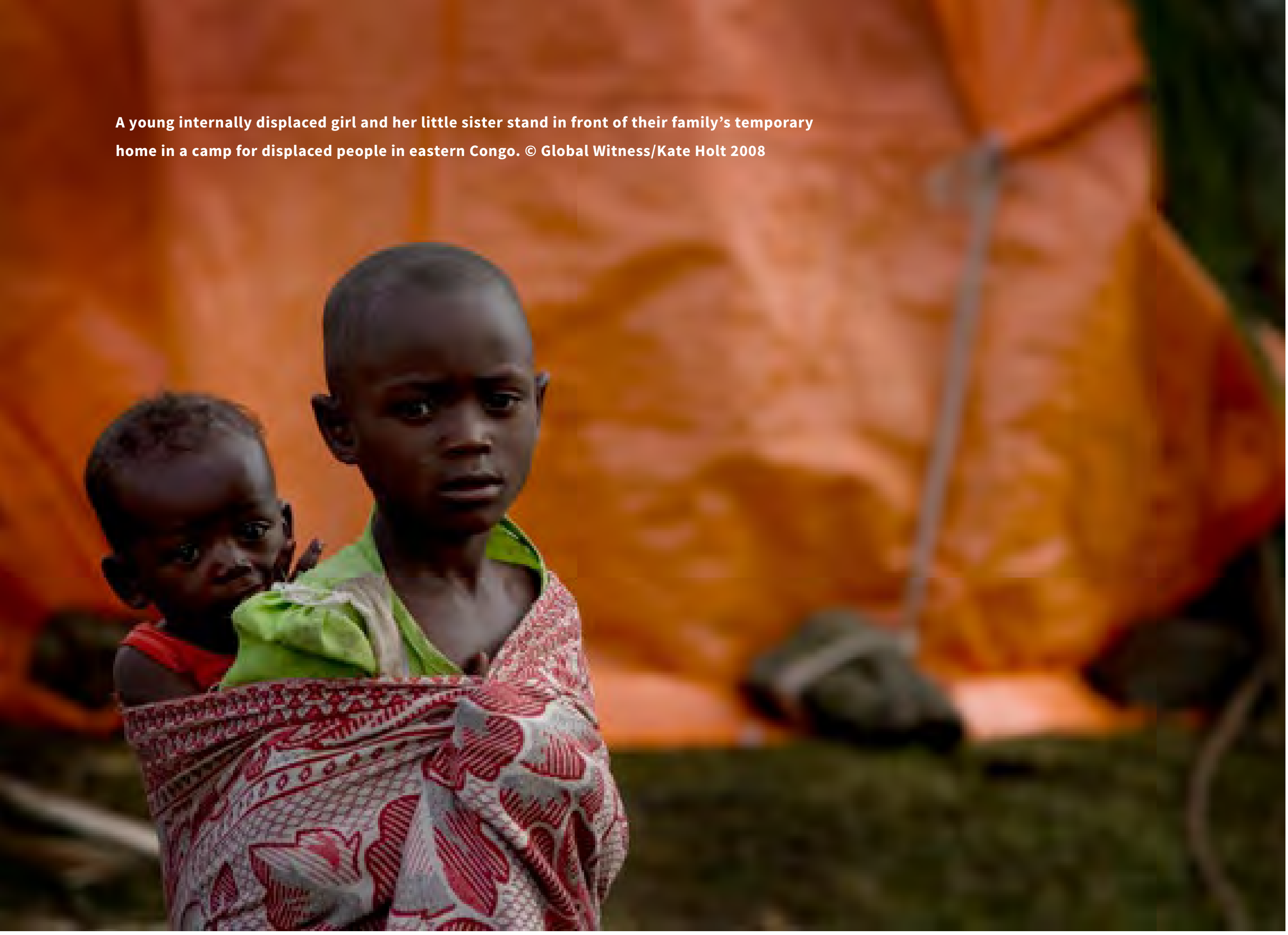
These are the words of a 76-year-old customary leader from a village near the Deziwa open-pit mine in Lualaba. Instead of finding secure jobs, most of his twenty children have taken to digging cobalt with hand tools and little oversight or safety measures. He notes: "ten years later, what a twist of fate!"[83]

As Gécamines and many other major companies in the formal economy collapsed in the later days of Mobutu, many Congolese put into practice the widely talked about but mythical Article 15 of the constitution: "débrouillez-vous", or "fend for yourself". In her book on Mobutu's reign, Michaela Wrong recounts a Belgian mine manager saying that, when Gécamines collapsed, "suddenly, everyone became a copper miner."[84]Across the former Katanga province it is estimated that up to 150,000 people, known as diggers or artisanal miners, dig cobalt and other minerals with basic tools and under poor conditions. As the formal economy collapsed around them, many communities in Congo have become reliant on artisanal mining for their income.

There is now good evidence that those occupying the highest positions of power in the country have sought to benefit financially from the men, women and children trying to salvage a livelihood from the wreckage of Gécamines.

During visits to the Katanga copperbelt region in November 2015, Global Witness heard reports of elite Presidential Guard soldiers (Garde Républicaine), who are supposed to protect the President, guarding a major artisanal mining site at Kasumbalesa on the Zambian border. In July 2016 BBC News reported testimony from diggers alleging that Presidential Guards had chased 10,000 miners away from another site.[85] Similarly, Bloomberg spoke to two diggers near Luisha in Haut Katanga who said that they worked for the presidential family under the control of Presidential Guards.[86] Taken together, it's highly likely that the presidential family is directly benefiting from the dangerous work of those trying to scrape a living digging minerals.

**Artisanal miners work at a cobalt mine-pit in Tulwizembe in the former Katanga province. © Reuters/Kenny Katombe 2015**



A young internally displaced girl and her little sister stand in front of their family's temporary home in a camp for displaced people in eastern Congo. © Global Witness/Kate Holt 2008

A 2014 UNICEF study found that among the droves of diggers are tens of thousands of boys and girls. They earn only $1-2 per day.[87] Primary education in Congo should be free according to the law, but due to a lack of funding from the Congolese state most schools charge parents monthly fees.[88] Children are often forced to work as their parents cannot afford to send them to school. Literacy rates between boys and girls are also hugely disproportionate. Only half of all girls between the ages of 15 and 24 can read and write compared to 80 per cent for boys of the same age.[89]

It need not be this way. If more mining sector money reached the treasury – and then crucially the education budget – more girls and boys would have free schooling and an escape from the mines. As it is, the cycle of private wealth and public squalor continues.

Local communities living next to industrial mining operations can also suffer. They can be kicked off their land – which few have legal rights to – and many suffer the ill-effects of washing in and drinking polluted water. Girls are especially vulnerable to this. They are rarely able to get the more financially lucrative heavy work jobs around the mines, and are instead tasked with farming and washing clothes in the often polluted rivers.

## POLITICAL CONSEQUENCES

In the midst of Congo's turmoil, there is an enormous opportunity. The country now produces more minerals than at any other time in its history. It has grown to become the largest copper producer in Africa, and the largest cobalt producer anywhere.

Copper's price on global markets slumped in 2015 down to under $5,000 per tonne. The price crash served as an unwelcome demonstration of just how important copper is to Congo's economy. In 2016 the Congolese government was forced to slash its budget by 22 per cent, devastating public spending plans in a country already severely lacking in schools, hospitals, roads and other basic infrastructure.

By May 2017 the Congolese franc had lost half its value compared to a year earlier, inflation leapt to over 25 per cent in 2016, and GDP growth slowed.[90]

However copper prices rallied in late 2016 and early 2017, reaching nearly $6,000 per tonne at the time of publication. Cobalt prices rose 70 per cent in the first half of 2017 on the back of high demand for electric car

A small electric car on charge in Milan, Italy. © Dizfoto/Shutterstock.com 2015

batteries. Congo's production of copper and cobalt, already at record highs, has boomed again at the start of 2017 as output of both minerals has risen by over 20 per cent in the first quarter of the year.[91] If a price crash can cause such devastation, then a price rise (and a production boom) could have a strikingly positive impact on Congo's economy.

The country and its people can scarcely afford to miss out on further public funds. With President Kabila overstaying his second and final term in office, some have begun to see parallels with Mobutu's rule. The promise of elections delayed, the national conferences or dialogues, his refusing to abide by political agreements and attempting to split the opposition by unilaterally appointing a Prime Minister considered by his opponents to be unacceptable all seem eerily familiar.[92]

The difference today is that the money looted from Gécamines comes largely from transfers from international mining companies, rather than sales of its own mineral production. Also, the listed companies operating in Congo often have Western investors and pensions tied up in their profits and risks.

Time is running out for Congo to get this right. Its natural resources wealth may be bountiful but it is also finite. Much more of the money from the mining sector needs to reach the treasury and be spent on improving Congo's education, health, transport and justice infrastructure, among other public spending priorities. While reporting to the EITI is an important move forward for transparency, it remains only a step towards the end goal of accountability and responsible management of natural resource revenues. More needs to be done to close down the gaps in Congo's revenue-collection system.

The alternative could be disastrous for the country. If money continues to be siphoned away into parallel networks of power, then Congo's political crisis is only likely to escalate. The continued mismanagement of revenues from mining companies is bound to discourage responsible investors from coming to, or staying in, the country. The result would be a shortfall in investment and the arrival of unscrupulous companies seeking to take advantage of Congo's weakened institutions.

# RECOMMENDATIONS

As prices increase and huge mining deals are signed, it is more important than ever that the agencies and companies charged with gathering and transferring revenues from Congo's mining sector operate transparently and in the interests of the Congolese people. If they do not, then Congo's state auditors, donor governments, international mining companies and civil society must encourage and pressure them to do so.

Global Witness is calling for:

## CONGOLESE GOVERNMENT

- The Ministry of Public Enterprises must hold Gécamines accountable for its sales, investments and management of public assets and funds. The Ministry must ensure that Gécamines responds to calls for greater transparency from other branches of government (particularly the Ministry of Mines, parliament, and the Prime Minister's office) as well as donors, International Financial Institutions (IFIs) and relevant international initiatives;
- The Ministry of Finance should take the lead in simplifying Congo's tax system;
- Congo's financial audit and investigation bodies, such as the Cour des Comptes and Inspecteur General de Finance, should be strengthened and properly financed.

## CONGO'S PARLIAMENT

- Congo's parliament must undertake and publish an investigation into the finances and operations of Gécamines and the tax agencies;
- Parliament should insist on transparency around revenues withheld by tax agencies, including detailed annual accounts of what withheld funds are spent on and annual operation expenses.

## GÉCAMINES

- Gécamines must publish annual audited financial accounts, including details of revenues (including dividends and asset sales), spending and contributions to the government and its investment programmes;
- Gécamines must publish all contracts within 60 days, as dictated by Congolese law. These should include, but not be limited to; asset sales, joint-ventures and subcontracting arrangements as well as any deals or amendments that materially affect existing contracts.

## INTERNATIONAL GOVERNMENTS & MULTILATERAL DONORS TO CONGO

- Bilateral donors need to coordinate and exert diplomatic pressure on Congo's government and relevant ministers and officials to ensure that more of Congo's mining revenues reach the treasury and are properly spent. This would include, but not be limited to, supporting audits of tax agencies, Gécamines and the budget;
- The International Monetary Fund and World Bank should ensure that future financial assistance/ programming for Congo is contingent on improved management of Congo's mining revenues, notably Gécamines publishing annual audited financial reports;
- The United States and European Union should extend sanctions to financiers of the regime.

## INTERNATIONAL MINING COMPANIES IN CONGO

- Large corporations that pay significant taxes to Gécamines and the tax agencies must demand that Gécamines publish audited, annual accounts to ensure the funds they are providing are not used to personally enrich those at the top of Congo's institutions and government;
- Investors in these companies must pressure management to ensure that they are not making payments into Congolese agencies that they know to be major corruption risks.

## EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

- At an international level, EITI should implement a standardised format or template for its country reports, allowing for straightforward comparison of data between years and across borders;
- At a local level, Congo's EITI Secretariat must push strongly for Gécamines and private companies to declare all revenue streams between the parties, including but not limited to dividends, royalties, assets sales, signature bonuses, consultancy fees and other services. Where any party has failed to declare a payment or receipt, or where a revenue stream does not exist (for example, dividends from Gécamines to the state), that should be clearly marked in the report.

# ENDNOTES

**1** Claude's name has been changed to protect his identity. Original French: "Soit l'Etat n'existe plus, soit il est prédateur."

**2** Original French: "Malgré une forte présence des entreprises minières, nos souffrances augmentent au quotidien."

**3** Unicef data on Democratic Republic of Congo: https://data.unicef.org/country/cod/

**4** Reuters, 'UPDATE 1-Congo copper production to hold steady in 2015 - mines ministry', 15 October 2015: http://uk.reuters.com/article/congodemocratic-mining-copper-idUKL8N12F2PK20151015

**5** Washington Post, 'The Cobalt Pipeline', 30 September 2016: https://www.washingtonpost.com/graphics/business/batteries/congo-cobalt-mining-for-lithium-ion-battery/

**6** Global Witness, 'Out Of Africa', May 2016: https://www.globalwitness.org/en/campaigns/conflict-minerals/out-of-africa/

**7** The Africa Progress Panel's 2013 report, p.101

**8** "The former Katanga province" is used to refer to the province as an administrative entity, because in mid-2015 Congo decentralised provincial authorities and increased the number of provinces from 11 to 26. What had been Katanga was divided in four, creating the new provinces of Haut Katanga, Lualaba, Tanganyika and Haut Lomami. However, much of the data discussed in this report relates to the period when Katanga was still a single province.

**9** Where possible, Global Witness compared and corroborated mining sector payment data across different sources. For example, a sector-wide datasheet produced by Congo's Comité Technique de suivi et évaluation des Réformes corroborated EITI valuations of copper and cobalt exports, and valued the mining sector's direct contribution to the budget in 2013 at $586.6m – around $10m off EITI's figure. However the same document estimated the direct budget contribution in 2014 at $830m – higher than EITI's $761.2m figure. Elsewhere, quarterly receipts reports for the extractives sectors published by the Ministry of Finance tally with headline mining revenues data in EITI. The quarterly reports break down earnings each month as reported by the tax agencies. While the data for 2015 is still not fully published, the 2014 quarterly reports, which include VAT but do not include state-owned mining company earnings, come to a total of over $980m. EITI's figure for mining payments received by the tax agencies in 2014 comes to just over $1 billion (see EITI 2014 report for Congo, p. 9). If DRKAT earnings are excluded this drops to just over $883m, but it is unclear whether or not DRKAT receipts are included in the Ministry of Finance data. Overall, EITI provided the most complete dataset and in most cases was broadly in line with the data available from other sources.

**10** EITI 2014 (p. 65) report says that the exportation value of copper for 2014 was 6,967,871 million Congolese Francs and the exportation value of cobalt for the same year was 2,130,045: a total of 9,097,916 million Congolese Francs. At an exchange rate of $1 = CDF 922.769 (from 31 December 2014, accessed at: http://www.xe.com/currencytables/?from=CDF&date=2014-12-31) this was worth $9.859 billion.

**11** Different figures for mining sector revenues appear in the 2013-2015 EITI reports, depending on whether or not flows of payments for Value Added Tax (VAT) are included in the statistics. The EITI took those payments into account for its work reconciling the payment declarations by companies and state agencies, but did not consider VAT payments in determining the revenues of the extractives sectors (see p. 12, EITI report DRC 2014). Global Witness has used the figures that do not include VAT, which should be reimbursed to companies. Total payments to government including VAT would be higher. To calculate mining sector revenue each year, Global Witness added EITI figures for mining companies' contributions to the budget (including state-owned company contributions), funds withheld by tax and government agencies, and funds paid into state-owned enterprises. To avoid double counting, we have subtracted any tax payments (both those that reached the treasury and those withheld by tax agencies) by state-owned companies from the reported figures in EITI for the revenues of those companies. We have also separated figures for the provincial tax agency, DRKAT, and for smaller government agencies (which EITI reports together as "other" beneficiaries) from those of the three national tax agencies. This allows for two different figures for withheld funds: one which includes DRKAT and the smaller government agencies, and one which just refers to the national tax agencies and state-owned companies. We left corporate social responsibility payments out of these calculations, as this is money that is – ostensibly at least – already flowing to the Congolese people. The breakdown of figures is as follows, figures shown in millions of US dollars:

| Year | Company payments that reached the treasury | Funds withheld by national tax agencies | Funds withheld by state-owned companies | Total withheld by national tax agencies and state-owned companies | Funds withheld by provincial tax agency, DRKAT | Funds withheld by smaller government agencies and others** | Total withheld including provincial and other government agencies |
|---|---|---|---|---|---|---|---|
| 2013 | 575.7 | 52.6 | 95.9 | 148.5 | 129.6 | 70.2 | 348.3 |
| 2014 | 761.2 | 61.2 | 253.2 | 314.4 | 162.4 | 48.2 | 525 |
| 2015 | 967.8 | 65.6 | 225.1* | 290.7* | 106.8 | 53.5 | 451* |
| Total | 2303.1 | 179.4 | 574.2* | 753.6* | 398.8 | 171.9 | 1324.3* |

| Year | Total mining revenues | Percentage of mining revenues withheld by national tax agencies and state-owned companies | Percentage of mining revenues withheld in total |
|---|---|---|---|
| 2013 | 924 | 16% | 37.7% |
| 2014 | 1286.2 | 24.4% | 40.8% |
| 2015 | 1418.8 | 20.5% | 31.8% |
| Total | 3629 | 20.8% | 36.5% |

* These figures include $83.5m royalty and signature bonus payments originally due to Gécamines which were in fact redirected to a Canary Islands company ultimately owned by Dan Gertler, a close friend of Congo's President Joseph Kabila. These payments are included here as they are funds which did not reach the treasury. See Box 1 for further details.

** This includes monies paid for a Taxe Promotion de l'Industrie (FPI), Fonds National d'Entretien Routier (FONER) and payments to provincial bodies, SAESSCAM and the Office Congolais de Controle (OCC) among others. See DRC EITI report 2014, Annex 14, and DRC EITI report 2015, Annex 15, for more information.

**12** Senegal (92.8 per cent), Cameroon (92.9 per cent), Togo (99.7 per cent). See Zambia EITI Report 2014, p.6; Senegal EITI Report 2014, p.14; Cameroon EITI Report 2014, p.8; Togo EITI Report 2013, p.8.

**13** Global Witness, 'Congo signs over potential $880m of royalties in Glencore project to offshore company belonging to friend of Congolese President', 15 November 2016: https://www.globalwitness.org/en/press-releases/congo-signs-over-potential-880m-royalties-glencore-project-offshore-company-belonging-friend-congolese-president/ ; Global Witness, 'Glencore redirected over $75 million in mining payments to scandal-hit friend of Congolese President, Global Witness reveals', 3 March 2017: https://www.globalwitness.org/en/press-releases/glencore-redirected-over-75-million-mining-payments-scandal-hit-friend-president-global-witness-reveals/

**14** DRC EITI Report 2015, p. 96.

**15** Stefaan Marysse and Claudine Tshimanga, 'La renaissaince spectaculaire du secteur minier en RDC : ou va la rente miniere?' in 'Conjectures congolaises 2012', p. 17.

**16** Augustin Katumba Mwanke, 'Ma Vérité', pp. 38-39. Original French: "On respirait de la Gécamines. On vivait de la Gécamines. On rêvait de la Gécamines… Je ne rêvais que d'une chose : devenir…directeur général de la Gécamines. L'idole, le modèle, le sphinx de mes fantasmes".

**17** Michaela Wrong, 'In the Footsteps of Mr. Kurtz', May 2002, p. 109.

**18** Ibid., p. 111.

**19** Congo Central Bank annual report 2011, p. 48. http://www.bcc.cd/downloads/pub/rapann/Rapport_annuel_2011_bcc_RDC.pdf

**20** In 2014, EITI reported that Gécamines paid $11.6m into the budget and a further $3.9m of the company's payments were withheld by tax agencies for their own funds. The same EITI report shows Gécamines' declared earnings as $265m: only 4.4 per cent of this ended up in the state budget. In 2015 the EITI report showed that Gécamines paid $13.6m into the budget and a further $8.3m of the company's payments were withheld by tax agencies for their own funds, while Gécamines' declared earnings were $249.5m, so only 5.5 per cent of earnings ended up in the budget according to these figures.

**21** Congo Central Bank annual report 2014, p. 92. 2014 receipts reported as 4.362, 7bn Congolese francs, or $4.7bn (using exchange rates from 31 December 2014 ($1 = CDF 922.769) from here: http://www.xe.com currencytables/?from=CDF&date =2014-12-31).

**22** Interview with Global Witness researcher, October 2016. Original French: "Il faut oublier la Gécamines mon frère. C'est une coquille vide. Le pillage se fait à ciel ouvert. Les décisions viennent du sommet et nous ne pouvons rien."

**23** Interview with Global Witness researcher, October 2016. Original French: 'Lorsqu'il [Yuma] parle des exploits de la Gécamines avec les différents plans conçus, en clair, il est content des gains réalisés par une poignée d'oligarques maffieux qu'il représente. Il est utilisé pour enrichir ses maîtres et s'enrichir lui-même.'

**24** Africa Business Magazine, 'Interview with Albert Yuma, President of Gécamines', November 2013: http://africanbusinessmagazine.com/uncategorised/albert-yuma-president-of-g%C3%A9camines/ ; Radio France Internationale, 'Portrait : Albert Yuma Mulimbi, l'hyperactif', 31 May 2015: http://www.jeuneafrique.com/237560/economie/portrait-albert-yuma-mulimbi-lhyperactif/

**25** Forum Des As, 'Jean Kimbembe fait confiance à Texaco pour habiller le personnel technique de la SCTP', 2 August 2016: http://forumdesas.org/spip.php?article8425. In this article the director of Texaco says the company has delivered uniforms to Congo's army. Original French: "Nous avons ensuite livré des tenues vertes aux Forces armées de la RDC."

**26** Interview with Global Witness researcher, October 2016. Original French: 'Mais à cause de ses connexions politiques avec le régime en place, il a été pistonné à la tête de la Gécamines… Yuma ne rend compte qu'au président de la République.'

**27** Bloomberg, 'Democratic Republic of Congo Says It May Still Revise Mine Code', 11 February 2016.

**28** Fédération des Entreprises du Congo, 'DRC Chamber of Mines hails 2002 code retention / La Chambre des Mines accueille favorablement la rétention du code minier de 2002', 10 February 2016.

**29** Bloomberg, 'Gécamines Sale of Congo Copper Assets May Undermine Share Offer', 13 July 2011.

**30** For a more detailed analysis of the transformation of Gécamines into a commercial operation and other issues related to the company, see Natural Resource Governance Institute, 'Copper Giants', April 2015: https://resourcegovernance.org/analysis-tools/publications/copper-giants-lessons-state-owned-mining-companies-drc-and-zambia-0

**31** Le Soir, 'Corruption au Congo: les preuves qui accablent le régime Kabila', 29 October 2016: http://www.lesoir.be/archive/recup%3A%252F1354761%252Farticle%252Factualite%252Fmonde%252F2016-10-29%252Fcorruption-au-congo-preuves-qui-accablent-regime-kabila

**32** New York Times, 'As President Joseph Kabila Digs In, Tensions Rise in Congo', 17 December 2016: https://www.nytimes.com/2016/12/17/world/africa/congo-joseph-kabila-corruption.html?_r=0

**33** There are further details given in the accounts about the three payments which all occurred before 31 December 2014. In the first payment, for which no date is given, $30m was credited to the "fiscal current account" related to a note from the Governor of the Central Bank. The second payment of $30m dated 31 August 2012 was made by Cabinet Liedekerke the beneficiary is not named. The third payment of $7m dated 20 August 2013 was made to the "account of the public treasury at Rawbank". An investigative report published by the ICIJ based on the Panama Papers leak claims that Rawbank manages a number of "Kabila projects" and that its role is to "ensure that due diligence…can take place through a private sector actor and that the bar the bar leans towards political, and not regulatory, standards" (https://panamapapers.investigativecenters.org/drc/). All quotes above are authors' translations from original French: « La valeur à recevoir USD 100,8 millions au 31 est constituée essentiellement de : Un paiement de USD 30 millions à imputer sur le compte courant fiscal confirmé par la note du Gouverneur de la Banque Centrale no V-GOUV/E 000 34 ; Un deuxième paiement en date du 31 août 2012 d'USD 30 millions effectué par le Cabinet Liedekerke pour compte GÉCAMINES avec mention à valoir sur la fiscalité GÉCAMINES ; USD 7,00 millions versée au compte du Trésor Public auprès de la RAWBANK avec mention à valoir sur la fiscalité en date du 20 août 2013… »

**34** Even if the Liedekerke payment was credited in 2013, it is still far higher than Gécamines' reported $18.7 million of tax payments that year, as declared to EITI.

**35** Le Soir, 'Corruption au Congo: les preuves qui accablent le régime Kabila', 29 October 2016: http://www.lesoir.be/archive/recup%3A%252F1354761%252Farticle%252Factualite%252Fmonde%252F2016-10-29%252Fcorruption-au-congo-preuves-qui-accablent-regime-kabila

**36** Ibid.

**37** The EITI regulations require declarations of dividends paid to state enterprises by their project partners. These declarations are supposed to be made by both the state companies and the private partners in the joint ventures. The EITI Standard (for 2013 and the latest 2016 version) require disclosure of specific revenue streams as outlined in requirement 4.1(b) (p. 26 in 2013, p. 23 in 2016) – this list of revenue streams includes dividends. The standard also requires (4.2(c) in 2013 and 4.5 in 2016) that material payments to state-owned enterprises are recorded, as are any transfers from state-owned enterprises to other government agencies, which should cover the payment of dividends by Gécamines to the treasury or Ministry of Public Enterprises.

**38** The EITI reports reviewed by Global Witness break down Gécamines' sources of income from each of its joint-venture partners, and describe revenue streams such as 'royalties', 'service provision', 'asset sales' and 'consultancy fees'; nowhere do they list 'dividends', implying that no dividends are paid. Only in the 2015 EITI report are dividend payments mentioned. The report shows, on p. 78, that private mining companies initially declared having paid $6.4m in dividends to the state-owned companies. The state-owned companies report no receipts, and in the reconciliation round the private partners fall into line: ultimately, the 2015 report shows zero dividends paid to state mining companies. This reconciliation process is not explained in detail in EITI and represents a crucial weakness in the initiative see box 1.

**39** The category “revenues from partnerships” may cover several different revenue streams including royalties, signature bonuses, consultancy fees, service changes or, perhaps, dividends

**40** See article 45 (‘Paiement des dividends’) in Gécamines’ statutes, which explains, inter alia, that the board is responsible for determining the method and form of dividend payments: http://Gécamines.cd/status_coordonnes.pdf,

**41** The 2014 financial accounts report revenues of over $539m, but losses of $622m mean an overall loss in 2014 of $83m.

**42** EITI payment declarations include the vast majority of taxes levied in Congo (so any taxes not covered by EITI would still not explain a $55m discrepancy). Elsewhere in the Gécamines accounts it is stated that the government owes Gécamines $49.5m; perhaps this was deducted from its tax bill. There is nothing in the document to confirm this.

**43** Original French: “La maniere dont on gère ces fonds laisse à désirer par ce qu'il n’existe aucun mécanisme de contrôle (interne ou externe)a la Gécamines. Conséquences, les DG et le PCA gèrent la Gécamines comme leurs biens privés en complicités avec certains conseillers à la Présidence.”

**44** Radio Okapi, ‘Lubumbashi: des agents de la GÉCAMINES réclament 10 mois d’arriérés de salaire’, 29 November 2016: http://www.radiookapi.net/2016/11/29/actualite/societe/lubumbashi-des-agents-de-la-Gécamines-reclament-10-mois-darrieres-de

**45** Radio Okapi, ‘Kolwezi : les agents de la Gécamines réclament 3 mois de salaire’, 16 June 2014: http://www.radiookapi.net/actualite/2014/06/16/kolwezi-greve-la-Gécamines/#.U5_9HRbzbzI

**46** Original Swahili: ‘Malali, ma njala, hapa tuko na cinq jours, hatukule… Batoto, bana ba fukusha mu masomo, mu examen, habafunde. Makuta ya kulipa ku masomo, hatuna.’

**47** Original Swahili: ‘Gécamines yee ni l’Etat… ile franka ni franka yetu, sasa hapa, balisha ku bloquer. Manaake hakuna kitu tena.’

**48** The response by Matata Ponyo was carried by several media outlets, quoting an official press release, for example: Le Potentiel, ‘Bataille rangée entre la FEC et le gouvernement’, 31 May 2016: https://www.lepotentielonline.com/index.php?option=com_content&view=article&id=14609:bataille-rangee-entre-la-fec-et-le-gouvernement&catid=85&Itemid=472 ; full text of the official press release: http://www.congoactuel.com/2016-05/situation-economique-du-pays-le-gouvernement-recadre-yuma ; Original French: ‘Depuis près de 6 ans que le président de la FEC est à la tête de la Gécamines comme président du Conseil d’administration, cette entreprise publique n’a enregistré que des contreperformances… l’ensemble des Congolais perdaient plusieurs centaines de millions de dollars américains à cause de la mauvaise gouvernance de la Gécamines. Près de 100 millions de dollars américains devraient être accordés par la BAD à la RDC au titre de don en 2011. Cela n’a pu être possible à cause de la Gécamines… Un président du Conseil d’administration d’une entreprise publique en déficit chronique de gouvernance peut-il donner des leçons au Gouvernement, son actionnaire unique ?’

**49** Radio France International, ‘Albert Yuma Mulimbi, grand invité de l'économie, veut reprendre le contrôle du secteur minier (RDC)’, 10 September 2016: http://www.rfi.fr/emission/20160910-albert-yuma-mulimbi-grand-invite-economie

**50** Letter from Yuma to Gécamines directors (‘Les Grands Directeurs Hiérarchiques’), 27 July 2016. Original French: ‘La filière Kamfundwa, sur laquelle nous misons à l’horizon 24 mois nos principaux espoirs…’

**51** Ibid. Original French: ‘Le personnel d'encadrement a exprimé à Ia délégation du Conseil d'Administration un certain nombre d'interrogations liées à un projet sur lequel il n'a pas été assez informé. Cette catégorie du personnel a fait part d'une certaine surprise, parfois d'inquiétudes, qui sont compréhensibles.’

**52** Ibid. Original French: ‘sachez que ceux, quel que soit leur niveau, qui n’assumeront pas correctement leurs obligations professionnelles, seront sanctionnés immédiatement car personne ne doit ralentir ou entraver notre redressement.’

**53** Notes from a meeting of Gécamines board members and strategic committees, 5 July 2016. Original French: ‘L’Administrateur tient à préciser les choses de manière claire afin que tous soient informés de l’organisation qui allait prévaloir durant les 24 prochains mois. SMP [Scorpion Minerals Processing] et ses équipes vont prendre la gestion des sites concernés et en seront les seuls responsables… Les entités GCM [Gécamines] comme DCE [Division de Contrôle de l’Exploitation], AI [l’Audit], GEO, ACP continueront à jouer leur rôle habituel mais sans aucune entrave à la marche de la filière… GCM continuera à assumer comme par le passé toutes ses responsabilités fiscales et parafiscales vis-à-vis de la DGI, de la DGRAD, de la DGDA et des différents services provinciaux d’assiettes. En fait, SMP, n’agit qu’en tant que délégué de GCM en ce qui concerne les commandes des services, des équipements ou des prestations, le client final étant dans tous les cas GCM, qui par ailleurs, avalisera toute offre ou commande présentée par SMP lui soumise par le comité de pilotage.’

**54** According to South African company records accessed in January 2017, Stephanus De Kock is a director of Scorpion Mineral Processing, registered in December 2009 and voluntarily liquidated in December 2015; Scorpion Mineral Processing Electrical, registered August 2011, as of December 2016 was in “non compliance” with its annual return and “in process of deregistration”; Scorpion Mineral Processing Coal, registered in January 2012 and still active.

**55** http://mauritiuscompanies.net/en/scorpion-mineral-processing-international-ltd.236713.company.v2

**56** Gécamines had sought an administrator for TFM as it fought a protracted battle over a transfer of ownership of the project, from US mining giants Freeport McMoRan to the Chinese company China Molybdenum. De Kock’s stint was short-lived after the owners of the mine objected to the nomination and Gécamines eventually withdrew its opposition to the transfer of ownership in January 2017: Bloomberg, ‘Tussle Over Freeport Mine Sale Escalates in Congo Court Case’, 8 December 2016: https://www.bloomberg.com/news/articles/2016-12-08/congo-court-appoints-administrator-to-run-former-freeport-mine ; Reuters, ‘Congo blocks Tenke mine administrator appointment’, 9 December 2016: http://af.reuters.com/article/drcNews/idAFL5N1E42JA ; Bloomberg, ‘Congo Miner Said to Get $100 Million to Clear China Moly Buy’, 22 February 2017: https://www.bloomberg.com/news/articles/2017-02-22/congo-said-to-get-100-million-to-clear-china-moly-mine-purchase

**57** Reuters, ‘Congo blocks Tenke mine administrator appointment’, 9 December 2016: http://af.reuters.com/article/drcNews/idAFL5N1E42JA

**58** DRC EITI 2012 report, pp.171-172, total Gécamines production shown as 48,676 tonnes.

**59** Gécamines relaunch plan presentations, for example: http://Gécamines.cd/indaba_francais.pdf / http://Gécamines.cd/indaba_anglais.pdf ; http://www.mines-rdc.cd/fr/documents/Gcm_Strategic_Plan_2012.pdf

**60** Bloomberg, ‘Congo State Copper Producer Plans Fivefold Output Increase’, 17 June 2016: https://www.bloomberg.com/news/articles/2016-06-16/congo-state-copper-producer-plans-for-five-fold-output-increase

**61** Bloomberg, ‘Congo Miner Said to Get $100 Million to Clear China Moly Buy’, 22 February 2017: https://www.bloomberg.com/news/articles/2017-02-22/congo-said-to-get-100-million-to-clear-china-moly-mine-purchase

**62** Letter from Yuma to Gécamines directors (‘Les Grands Directeurs Hiérarchiques’), 27 July 2016. Original French: « Tirant le leçon des échecs de trois précédents plans de relance mis en place au cours de six dernières années… » « Cela fait en effet 6 années que le Conseil d’Administration cherche à permettre à Gécamines de redevenir un grand opérateur minier en affectant des moyens important à un certain nombre de réhabilitations, mais sans résultat probant à ce jour. »

**63** Global Witness, ‘Guest blog: Is corruption defined solely within the boundaries of what is legal?’, 9 December 2016: https://www.globalwitness.org/en/blog/guest-blog-corruption-defined-solely-within-boundaries-what-legal/

**64** According to EITI, Gécamines paid around $15 million to the state in 2014. Freeport’s TFM mine declared having paid $19.7 million to Gécamines, a surplus of $4.7 million. Tiger’s SEK project said it had paid $114.2 million to the state-owned mining company, meaning Gécamines held on to at least $99.2 million of the company’s payments that year.

**65** According to the EITI report for 2015, Gécamines declared total payments to government of approximately $21.8 million. Huayou’s CDM project said it had paid Gécamines $52 million – a surplus of $30.2 million. Freeport’s TFM said it had paid $22.7m to Gécamines – leaving the latter with a little under a million dollars surplus.

**66** Reuters, 'Congo anti-government march turns violent in capital, 17 dead', 19 September 2016 : http://www.reuters.com/article/us-congo-politics-idUSKCN11P0R6 ; Reuters, 'Almost 300 arrested as anti-president protests subside in Congo', 21 December 2016: http://uk.reuters.com/article/uk-congo-politics-idUKKBN14800E

**67** Global Witness translation from the original French in the Gécamines company accounts: "au cours de l'exercice 2014, cet emprunt a été totalement apuré au moyen des recettes issues de la cession des parts dans la société d'exploitation de Kipoi (S.E.K.) de l'ordre de USD 109,5 millions."

**68** Global Witness translation from the original Chinese.

**69** Interview with Global Witness researcher, October 2016. Original French: 'Un autre problème des régies financières, c'est le «principe d'aviseur » qui consiste à récompenser l'agent qui détecte et dénonce la fraude. La loi prévoit que cet agent touche 20% du montant payé par l'opérateur économique fraudeur à titre d'amende. Cependant, cette disposition devient la « chasse gardée » des inspecteurs des finances qui dépendent directement de la présidence de la République. A ce sujet, les agents de terrain sont presqu'écartés des primes dues aux amendes au profit des hauts cadres.'

**70** Congo's projected budget spending for 2016 ("LOI DE FINANCES N°15/021 DU 31 DECEMBRE 2015 POUR L'EXERCICE 2016"), published at the end of 2015 and based on the previous 12 months of expenditure, forecasts central budget allocations of approximately $70m for the DGRAD and $100m for the DGDA, both of which are dwarfed by the $650m put aside for the DGI (calculated using exchange rate for the Congolese Franc from 31 December 2015: $1 = CDF925.5). It is likely that not all of these funds were transferred to the tax agencies.

**71** In the 2015 Open Budget Index Congo scored 39 out of 100, compared with 18 out of 100 in 2012 and 1 out of 100 in 2008: http://www.internationalbudget.org/wp-content/uploads/OBS2015-CS-Democratic-Republic-of-Congo-English.pdf

**72** In 2014, the most recent year statistics are available, Congo spent $19 per capita on health. Only Central African Republic and Madagascar spent less. See World Bank data: http://data.worldbank.org/indicator/SH.XPD.PCAP.

**73** DGI regulations covered by decree 017/2003 of 2 March 2003. DGDA by decree 09/43 of 3 December 2009. DGRAD by decree 00/59 of 7 December 1995.

**74** DRC EITI Reports 2013, 2014 and 2015.

**75** This retrocession principle applies to national taxation (40 per cent) and to mining royalties payable to the state (as opposed to those royalties that are payable to Gécamines), where 25 per cent should be returned to the province of origin and 15 per cent the local government unit which houses the mine.

**76** The Carter Center, 'Improving Governance of Revenues of the Mining Industry', February 2017: http://www.congomines.org/system/attachments/assets/000/001/220/original/TCC_EIGP_REV_Improving_Governance_of_Revenues_--_Cross-Cutting_Lessons_%28....pdf?1487024488 ; and DRC EITI 2014 report, p. 98.

**77** DRC EITI Report 2014, p.96 and DRC EITI report 2015, p. 91.

**78** Bloomberg, 'Congo Miner Said to Get $100 Million to Clear China Moly Buy', 22 February 2017 : https://www.bloomberg.com/news/articles/2017-02-22/congo-said-to-get-100-million-to-clear-china-moly-mine-purchase

**79** Radio Okapi, 'L'Asadho dénonce la «surfacturation» des travaux publics à Kinshasa', 18 February 2015: http://www.radiookapi.net/actualite/2015/02/18/lasadho-denonce-la-surfacturation-des-travaux-publics-kinshasa ; Global Witness, 'Friends in Need', March 2011: https://www.globalwitness.org/sites/default/files/library/friends_in_need_en_lr.pdf

**80** Ministry of Foreign Affairs of the People's Republic of China, "Declaration of the Johannesburg Summit of the Forum on China-Africa Cooperation", website of the Forum on China-Africa Cooperation, 25 December 2015, http://www.focac.org/eng/ltda/dwjbzjjhys_1/hywj/t1327960.htm, accessed 12 June 2017.

**81** Ministry of Foreign Affairs of the People's Republic of China, "Joint Communique of the Leaders Roundtable of the Belt and Road Forum for International Cooperation", 16 May 2017, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1462012.shtml

**82** Chinese Chamber of Commerce for Minerals, Metals and Chemicals Importers and Exporters, Guidelines for Social Responsibility in Outbound Mining Investments, published October 2014, available here: http://www.globalwitness.org/sites/default/files/library/cccmc%20guidelines%20for%20social%20resposibility%20in%20outbound%20mining%20investments%20oct%202014%20ch-en.pdf

**83** Interview with Global Witness researcher, October 2016. Original French: « J'ai voté Kabila parce qu'il parlait de la relance de la Gécamines et je m'attendais à une vie acceptable. Je croyais que mes enfants auraient du travail. Dix ans après, ironie du sort !»

**84** Michaela Wrong, 'In the Footsteps of Mr. Kurtz', May 2002, p.112.

**85** BBC, 'Why Congo miners fear President Kabila's guards', 30 June 2016 : http://www.bbc.co.uk/news/world-africa-36671661

**86** Bloomberg, 'https://www.bloomberg.com/news/features/2016-12-15/with-his-family-fortune-at-stake-congo-president-kabila-digs-in', 15 December 2016: https://www.bloomberg.com/news/features/2016-12-15/with-his-family-fortune-at-stake-congo-president-kabila-digs-in

**87** Amnesty International, 'Democratic Republic Of Congo: "This is what we die for": Human rights abuses in the Democratic Republic of Congo power the global trade in cobalt', January 2016: https://www.amnesty.org/en/documents/afr62/3183/2016/en/

**88** https://www.amnesty.org/en/documents/afr62/3183/2016/en/

**89** DRC youth (15-24 years old) literacy rates 2008-2012 – male 78.9%, female 53.3%. See: https://data.unicef.org/country/cod/

**90** Reuters, 'UPDATE 1-Congo revises 2017 GDP growth forecast to 3.5 pct from 4.9 pct', 26 May 2016: http://uk.reuters.com/article/congo-economy-idUKL8N1IS4ND ; Reuters, 'Congo cbank revises 2017 GDP growth down to 3.1 pct', 19 June 2017: https://www.reuters.com/article/congo-economy-gdp-idUSL8N1JG31A

**91** Reuters, 'UPDATE 1-Congo Q1 copper production jumps over 20 pct yr-on-yr', 3 May 2017: http://af.reuters.com/article/drcNews/idAFL8N1I56BR

**92** Reuters, 'Deja vu in Congo as President Kabila clings to power', 2 October 2016: http://www.reuters.com/article/us-congo-politics-idUSKCN1220CJ ; Reuters, 'Congo's Kabila names opposition figure Tshibala prime minister', 7 April 2017: http://www.reuters.com/article/us-congo-politics-idUSKBN1792XE

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