Congo expert shares the formula on how DRC mining may offer a real win-win

written by Melissa (Mel) Sanderson | November 3, 2022

For those who saw the Democratic Republic of the Congo ('DRC') President Etienne Tshikedi at the recent FT Africa Summit, you might have been struck by the curious mix of bellicosity and naiveté in both the substance and tone of his remarks. In his defense, Tshikedi, widely regarded as the illegitimate victor of the 2018 contested Presidential election, has trouble sounding credible in presenting a positive future for Congo, always "the land of great promise" where a prosperous tomorrow seems somehow illusive. However, he outdid himself when, close to the end of an interview with an FT reporter, Tshikedi declared that "investors shouldn't wait until we are perfect to invest, they should invest to make us perfect." Laying aside perfection, the key question is whether it is possible to build and operate a profitable modern mine in DRC. My answer? It isn't easy but with the right people and procedures, it can be done.

A quick snapshot of modern DRC history: Independence from Belgium in 1960 quickly leads to the assassination of Congo's controversial but popular PM Lumumba, the rise of infamous kleptocrat General Mobutu Sese Seku, over-thrown by Laurent "Muzee" Kabila and his Rwandan allies in 1997, Kabila's assassination in 2001 unleashes "Africa's WWII," intervention by the international community leads to a power-sharing transition government in 2003 headed by Joseph Kabila, son of Muzee, elections in 2006 and 2011 enshrine Kablia's Presidency, then in 2018 Tshikedi emerges as President (after negotiations with Kabila) from an election widely judged to have been won by

opposition leader Martin Fayulu.

It wasn't all doom and gloom though. Kinshasa's lovely tree-shaded boulevards and highrises, its lively music and café scenes earned it the sobriquet "Paris of Africa," the country was the breadbasket of Central Africa and beyond, American companies such as GM were producing cars for the bourgeoning African market and the US military had a base in the southwest where it was providing training to Congolese military.

Why the history lesson? To be successful in Congo it's important to understand the pattern of exploitation and corruption which has run through the country for 60 years, shaping both experiences of Congolese and perceptions of foreigners.

It is equally important to realize Congolese know they have been great and that they aspire to be so again.

In my 20 year experience with Congo, first as Political Counselor/Deputy Chief of Mission/Charge d'affaires of the US Embassy and then as VP for Africa of a major US mining company which built one of the world's largest copper-cobalt mines in Katanga, I've seen positive changes. Transportation and energy Infrastructure, key elements for the mining sector, have become more widely available and more reliable – although still spotty. DRC always has had an educated youthful workforce, and specifically in Katanga province, generational mining expertise. Violence remains a problem in parts of Eastern Congo with the same old militia and terrorist elements proving difficult to eradicate. On the other hand, given that Congo is the size of the US east of the Mississippi and from Maine to Florida, vast tracts of the nation are mostly peaceful – and hold largely untapped resources.

So, with the mixed bag of elements, why mine in DRC? The grades of materials ranging from copper to cobalt to coltan to gold

continuously amaze – and elements in high demand to support global transformation such as lithium, graphite, rare earths and uranium are abundant. Particularly with the large deficit curves in virtually every critical material, DRC offers an abundance of possibilities for good return on investment.

One major pending rail project would further improve the ability of miners to export products and import materials from/to eastern Congo through Angola, opening a new and potentially faster channel. Likewise, a long-pending major energy project is again under discussion which could enhance the power grid through the eastern part of the country.

Speaking from experience, a company interested in doing business in DRC needs to understand the necessary investments up front, including ‘hard’ investments in energy and roads, and ‘soft’ investments in social programs and, most importantly, relationships. These relationships include with NGOs and Embassies to ensure that production isn’t complicated by poor monitoring of supply chains or allegations of human rights abuses. Above all, appropriate relationships with Congolese authorities and social leaders are key to avoiding the entanglements of corruption, a snare ever ready to trap the unwary. Knowledge of and adherence to laws such as the Foreign Corrupt Practices Act and similar laws in the EU and UK is key.

Bottom line? Doing business in DRC isn’t easy, but can be done profitably and well. Politically, there is more continuity than may be evident or understood. There is more social unity than suggested sometimes by Congo’s 252 tribal languages and “swahiliphone/lingalaphone” debates. There is dogged determination to overcome obstacles.

With the right people working in the right way, everyone can win.