

# DRC'S PRIVATE SECTOR PRESENTATION

Mr Chairman and members I am standing in front of you today to represent, testify and support the people of Democratic Republic of the Congo's petition for the AGAO eligibility on the behalf of private sector

My name is Jean Claude Mubenga, I am a Congolese citizen, I am the CEO of the Investment Funds of Kasai corporation in DRC(FIKA). FIKA is an investment company for the development of the Kasai region, our business is focused in housing Construction and Farming.

Doing business in the Democratic Republic of Congo was extremely difficult under the past regime Joseph Kabila, with the country often considered to be one of the most challenging business environments in the world. Despite a wealth of natural resources, years of corruption, mismanagement and conflict have left the country impoverished and there is still much work to be done to rebuild the Democratic Republic of Congo. There are also many opportunities for foreign companies to do business in the Democratic Republic of Congo. Since the DRC's first peaceful transfer of power between Joseph Kabila and Felix Tshisekedi following elections in December in 2018 many positive signs tend to the reforms in different sectors and DRC is getting better, many business reforms are making simpler the process of doing business in my country, through your honorable committee I am testifying that it is time to do business with US since the regime change the opportunity is available for both of our country The dominant sectors of the local economy are agriculture, housing, fishing, mining and forestry. There is also some manufacturing, particularly of textiles, cement and wood products. The main centers of business are the capital, Kinshasa, Katanga, the rest of the country has more opportunity to explore. Our business is focused in housing Construction and Farming.

the formal macroeconomic policy of the new government is expected to continue with its forward-looking plans and accordingly to continue implementing the economic reform programmed, with tight fiscal and monetary policy and important structural reforms. A new mining code help to boost government revenues and increase transparency. Similarly, plans to boost growth by improving the business climate and increasing public as well as foreign investment are still high on the Government.

The government has totally committed since some years, in a vast programmed of fundamental and multisectoral reforms intended to continuously improve the business climate and investments in our country: restore peace, rebuild a modern State, addressing macroeconomic imbalances, boost growth and face urgent needs created by conflicts and natural disasters. The strong dynamics of reform installed in the country has been recognized recently on the international level, the RDC is now hoisted in the small circle of the top 10 country reformers in the world, in the last Doing Business report of 2015. Several reforms are made, such as:

- a) The setting up of the National Agency for Investment Promotion (Law n° 004/2002 of February 21 regarding the Investment Code);
- b) The creation of the Steering Committee for the Improvement of the Business and Investment Climate (Decree of 08/08/2009 modified by that of 30/08/2010).

c) The adherence of the DRC to the OHADA treaty and the ratification of the Uniform Acts of the OHADA by the DRC that permitted notably:

- To improve the efficiency of the resolution of the disputes by the trade court;
- To establish a cartography of the procedures during the trial and execution of the judgment in order to identify and solve the deadlock situation in the resolution of commercial litigations;
- To make the follow up and assessment of the performances of the judges based on the number of closed files, the number of calls, the delays in the treatment of files in order to encourage quick pronouncements of judgments. In addition, with the help of the partners to development, numerous reforms concerning institutional, political and economic measures, have been undertaken. It is notably about:

1) THE CREATION OF COMPANIES - The creation of the One-stop Shop of creation of companies that causes a sensitive reduction of the formalities and time limit in the creation of companies in 3 days; - The integration of a unique form model to be used by all the services involved in the process of creation of companies; 3 - The unique payment; - The deletion of the requirement of minimum capital for the companies with limited responsibilities.

2) OBTAINING LOANS - the adoption of the amendments of the uniform Act on structural organization of the safeties of OHADA has permitted the investor not owning any buildings to mortgage, professional material, vehicles, stocks, et., provided that these movable safeties are registered in the Register of Trade and Movable Credit. - The introduction of the leasing (movable leasing, real estate leasing and structural leasing on a fund of trade or on an artisanal establishment) - The improvement of information on the claimant of credit, by the modernization of the risks central; - The law n0 11/020 of September 15,2011 stating rules relating to the microfinance activity in DRC prescribes the nondiscrimination in terms of sex and the authorization to married women to get funds, open an account, obtain credit to other financial services without getting her husband's prior approval; - Capacity of micro-finance institutions(IMF) to take the material in guarantee without the requirement that the latter gets possession of the guarantee for the length of loan.

3) TAX PAYMENT - The replacement of the sale taxes by a Added Value Tax; - The reduction of 40 to 35% of the tax rate of the companies on the profits and the setting of the tax on the profits of the Small- Sized companies to 1% for the sales activities, to 2% for the activities of service benefit, and to a yearly forfeit of 50,000 CDF of the micro companies; - The simplification of Para fiscality taxation with the deletion of the redundant taxes, the fusion or elimination of some withdrawals, reducing substantially the number of perceptions ; - Optional Recourse to a notary for the authentication of the statutes of the limited company, etc. - The simplification of the declaration forms of tax as well as the procedures of declaration and payment of the taxes; - The deletion of the receipt in the procedure of payment of the taxes; 4 - The fusion of the deadlines of deposit of declaration and payment of the taxes to monthly payment by the unification of all deadlines of declaration and payment on the 15th of every month; - The reduction of 10 to 4% of the rate of the penalties for nonpayment at due date; - The rationalization of fiscal controls (calendar of fiscal and Para fiscality controls); - The interdiction

of control and collection of taxes, rights, taxes and other royalties due to the State without request of the financial state controls; - Abandonment of the systematic controls regime in favor of prompt controls.

4) THE CROSS-BORDER TRADE: - creation of the clearance One-stop Shop or single window ; - institution of the new Code of customs and the manual of the procedures harmonized for the forwarding agents; - recourse to the SYDONIA WORLD system; - implementation of the Decree of June 11, 2011 on suppression of illegal perceptions at the borders; - limitation of public services authorized to operate at the borders; - reduction of the costs and consolidation of other perceptions that duties and taxes due to the treasury; - reduction of 10 to 4, of the number of documents required for importation operations and 7 to 6, of the number of documents to exportation.

5) THE TRANSFER OF PROPERTY - reduction of cost associated to registration: (I) reduction of enrollment expenses of 15% to 5% of the value of the property; (II) reduction of the cost of transfer of property of 6 to 3% of the selling price; (III) reduction of the surveyor's fees when they go on the ground. - The granted authorization to private assessors to evaluate properties. - The aforesaid measure reduces noticeably the time to record a property. - The release of the real estate expert function. 5

6) OBTAINING THE LICENSES AND PERMITS: - The reduction of the time limit of delivery of the building permit of 90 to 30 days; - The reduction of the cost of the building permit of 1% to 0,6% of the venal value of the building to be built; - The adoption of a new code of calculation of the more transparent building tax and reducing the costs...

(7) EXECUTION OF THE CONTRACTS - installation of the trade courts; - ratification of the convention of New York on the recognition and execution of the foreign arbitral sentences; - setting of two centers of arbitration at Kinshasa.

8) PROTECTION OF INVESTORS a) In the constitution of 2006 of the DRC that states: - equality of treatment between all national and foreign investors (no discrimination); - banning of the nationalization and expropriation, except for reasons of public utility and in return for a fair and equitable indemnification; - respect of the vested rights by investors; b) Law on the creation of an order of certified public accountants....

9) CONNECTING TO ELECTRICITY - simplification of procedures and reduction of the cost of electricity connecting private cabins. - enactment of the Law n0 14/011 of June 17, 2014, relating to the liberation of electricity sector.

#### 10) OTHER REFORMS

a) ENACTMENT OF THE LAW N0 11/22 OF DECEMBER 24, 2011 RELATING TO FUNDAMENTAL PRINCIPLES TO AGRICULTURE;

b) ENACTMENT OF THE DECREE N0 13/049 OF DECEMBER 06 ON STRUCTURAL FISCAL RÉGIME APPLICABLE TO ELIGIBLE COMPANIES TO THE STRATEGIC PARTNERSHIP ON THE CHAINS OF VALUE; 6

c) ENACTMENT OF THE LAW N0 14/022 OF JULY 07, 2014 SETTING THE RÉGIME OF SPECIAL ECONOMIC ZONES IN DRC;

d) ENACTMENT OF THE NEW CODE OF PUBLIC MARKETS;

e) IMPLEMENTATION OF THE NATIONAL ROAD MAINTENANCE (FONER);

f) CONSTITUTION OF ROAD FUNDS TO ASSURE THE MAINTENANCE OF THE ROADS, SUPPLIED BY PARAFISCALITY, GRANTS AND BEQUESTS;

g) INSTITUTION OF AD HOC COMMITTEE THAT SHOULD UNITE THE STATE AND THE ECONOMIC AND SOCIAL PARTNERS TO ENACT ON THE INCOHERENCES, INCOMPATIBILITIES AND UNSUITABILITIES OF SOME TEXTS FOR THE SUCCESS OF THIS REFORM;

h) INSTITUTION OF A PERMANENT DIALOGUE BETWEEN THE TAX OFFICERS AND THE TAXPAYER BY CREATING A PARTNERSHIP TO THE LEVEL OF THE OPERATIONAL SERVICES OF THE GENERAL OFFICE OF TAXES; The law on Codes for Insurances is one of the most important devices of reform in order to modernize and liberalize some activities of the economic and financial sectors of the country. By liberalizing the market of insurances is therefore putting an end to the monopoly of the National Company of Insurances, the State must take its responsibility with regards to the regulation and control of the markets as well as the discipline of the operators in the interest of the client, thanks to the financial security offered by the insurance company.

i) ENACTMENT OF THE LAW n0 15/005 OF MARCH 17 2015 ON THE CODE OF INSURANCES;

j) ENACTMENT OF THE CUSTOMS CODE;

k) ACCELERATION OF THE PROCESS OF CERTIFICATION OF KIMBERLY, TO AVOID THE DELAY IN THE EXPEDITION OF PACKETS;

l) RATIFICATION BY THE DRC OF THE CONVENTION OF NEW YORK FOR THE RECOGNITION AND EXECUTION OF FOREIGN ARBITRAL SENTENCES.

m) RATIFICATION OF THE SADC PROTOCOL ON FINANCES AND INVESTMENT.

With all these reforms doing business in Democratic Republic of the Congo is great opportunity for all.

Thank you.