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MINING & RESOURCES

A Subsidiary of LJI Wealth Pty Ltd, Overseeing the Mining Sector

Congo Industrial Development Corporation (CIDC)





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Introduction

The mining industry in the Democratic Republic of Congo (DRC), particularly in the Katanga region, serves as a crucial pillar of the national economy. In 2022, the subcontracting sector alone was projected to generate over \$8.29 billion, constituting approximately 35% of the mining sector's production costs.

In Katanga, subcontractors play an indispensable role by supplying essential goods and services to large-scale mining operations. These services and commodities include:





Key Services and Supplies Provided by Subcontractors

Equipment and Machinery

- **Mining Equipment:** Providing loaders, haul trucks, and drill rigs, with companies like Epiroc supplying state-of-the-art machinery to the region.
- **Spare Parts and Maintenance:** Ensuring mining machinery operates optimally through steady parts supply and technical servicing.

Consumables

- **Explosives and Accessories:** Crucial for ore extraction, supplied by specialized subcontractors.
- **Reagents and Chemicals:** Essential for mineral processing, including cyanide and sulfuric acid.
- **Fuel and Lubricants:** Necessary for powering machinery and generators, distributed by local providers.

Support Services

- **Logistics and Transportation:** Managing the movement of personnel and materials.
- **Catering and Camp Services:** Providing accommodations and sustenance for mine workers.
- **Environmental Management:** Handling waste disposal and regulatory compliance.





Challenges in the Banking Sector Regarding the Financing of Subcontractors

PART ONE

Despite the immense economic potential, the banking sector in the DRC struggles to provide adequate financing to subcontractors due to various structural and operational hurdles:

1. Limited Access to Credit

- **High Perceived Risk:** Banks consider subcontractors volatile due to the cyclical nature of mining contracts.
- **Lack of Collateral:** Small and medium-sized enterprises (SMEs) often lack tangible assets to secure loans.
- **High-Interest Rates:** Loan rates exceed 15%, making borrowing prohibitively expensive.

2. Shortage of Specialized Financial Products

- Commercial banks lack tailored financing solutions, such as:
 - **Invoice discounting**
 - **Supply chain financing**
 - **Equipment leasing**
 - **Revolving credit facilities**

3. Cash Flow Issues Due to Payment Delays

- Mining companies often operate on **60-90 day payment cycles**, leading to liquidity shortages for subcontractors.
- Banks fail to offer **bridge financing** to compensate for these delays.



Challenges in the Banking Sector Regarding the Financing of Subcontractors

PART TWO

Despite the immense economic potential, the banking sector in the DRC struggles to provide adequate financing to subcontractors due to various structural and operational hurdles:

4. Weak Integration Between Banks and Mining Companies

- Lack of **collaborative financial programs** between banks and mining corporations.
- **No guarantee structures** from mining giants (e.g., Glencore, Ivanhoe Mines, TFM) to secure subcontractor loans.

5. Limited Financial Inclusion and Infrastructure

- Many SMEs lack **financial track records**, making it difficult to qualify for loans.
- **Absence of digital banking solutions** restricts remote financing options.

6. Government and Regulatory Constraints

- The **51% local ownership rule** discourages banks from funding subcontractors over foreign firms.
- Lack of **government-backed credit guarantee schemes** increases lending risks.



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Our Proposed Solutions

**Creation of
Tailored Banking
Products**



**Stronger Collaboration
Between Banks and
Mining Companies**



**Government-Backed
Credit Guarantees**





CIDC: The Solution to Subcontracting Finance Gaps



vision

The **Congo Industrial Development Corporation (CIDC)**, a subsidiary of **LJI Wealth Pty Ltd**, steps in as a **strategic financial and industrial facilitator** between subcontractors, mining firms, and financial institutions.



role

Unlike traditional banks, **CIDC does not issue loans** but rather **partners with subcontractors** to fund **working capital and bridge financing**. In exchange, CIDC secures **40% of the net profit**, ensuring sustainable financial stability for both parties.

highest standards of quality





1. Role as a Subcontractor Support Partner

CIDC will:

- Cover working capital needs, ensuring liquidity for subcontractors.
- Bridge financing gaps, aligning with mining companies' payment delays.
- Issue Letters of Credit (LCs) to international suppliers, eliminating cross-border fund transfers.
- Manage the supply chain, covering supplier payments, logistics, and delivery.
- Ensure full transparency, operating through a joint account with subcontractors.

2. Revenue Model



CIDC does not charge interest like banks.

CIDC retains 40% of net profits post-expense deductions.

All costs (supplier payments, logistics, customs) are deducted before profit is calculated.



3. Market Opportunity & Competitive Advantage

3.1 Additional Advantage: Supply Chain Checks and Margin Optimization

- CIDC's supply chain oversight ensures only cost-effective suppliers are engaged, reducing procurement risks.
- Bulk procurement strategies optimize costs, increasing subcontractor and CIDC profitability.
- Enhanced transparency in cost structures prevents excessive supplier markups.

3.2 Addressing Major Gaps in Mining Subcontracting

- Overcoming credit access issues for subcontractors.
- Eliminating cash flow bottlenecks due to delayed payments.
- Reducing currency transfer complexities through an LC-backed model.

3.3 Competitive Advantage of CIDC

- No collateral-based loans required.
- Cash-free procurement via LCs, mitigating financial risk.
- Integrated supply chain and financial support, ensuring contract efficiency.
- Seamless fund flow within Standard Bank SA, DRC, and Tanzania.



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conclusion

CIDC's innovative, non-lending financial model enables seamless subcontractor operations, fostering growth, stability, and profitability in Katanga's mining sector and in Africa.

By Joseph Mbala – LJI Wealth Pty Ltd





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thank you

Let's discuss how we can help you build lasting wealth:

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