IOA 2019 ACBR

AFRICA COUNTRY BENCHMARK REPORT

The DRC Profile

A view from a train in Matadi reveals a tranquil landscape that shows little of the country's perpetual armed conflict, humanitarian crisis or vast mineral resources that should be enriching the Congolese.

Image courtesy of MONUSCO/Abel Kavanagh

THE DRC

#48 THE DRC

OVERVIEW ANALYSIS

The end of the Kabila dynasty appears at hand after decades of running the DRC as a family business, commanding governance and the military to do its bidding and enriching itself through large-scale corruption and insertion into all major business enterprises. The disruption of national life by ongoing militant attacks aimed at confiscating the country's diamonds and precious minerals were of less concern to Joseph Kabila than maintaining power. How thoroughly the new administration brought into being by national elections on 23 December 2018 breaks from Kabila will determine the nation's future course. The possibility that the Kabila hold over DRC may be dissipating was sufficient to boost the country's overall ranking in ACBR 2019 by two positions, to 48.

KEY OPPORTUNITIES

- The prospect of an end of the Kabila regime has boosted business confidence
- The country is rich in mineral resources
- A post-war rehabilitation will ensure a construction boom

KEY CONCERNS

- The continuation of former President Kabila's cronies in positions of power prevents true reform
- Militant groups continue to destabilise the country and loot its resources
- An impoverished population requires significant social interventions

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION	PREDOMINANT LANGUAGE	POPULATION WITHOUT ELECTRICITY	LITERACY RATE	PRIMARY ELECTRICITY SOURCE
Christianity	French	82.9% (#47)	77% (#21) ▲ 12	Hydroelectric
IMPORT/ EXPORT	**EXTERNAL DEBT**	**ACTIVE CONFLICT**	**LAND SIZE**	**INTERNET PENETRATION**
Machinery/ Copper	US$ 5.324 billion (#23) ▼ 1	Yes	2,344,858 km^2 (#2)	3.8% (#51) ▼ 3

CONTRIBUTIONS TO GDP BY SECTOR

AGRICULTURE	INDUSTRY	SERVICES
21.1%	33%	45.9%

POPULATION AGE BREAKDOWN

0-14	15-24	22-54	55+
41.7%	21.5%	30.5%	6.3%

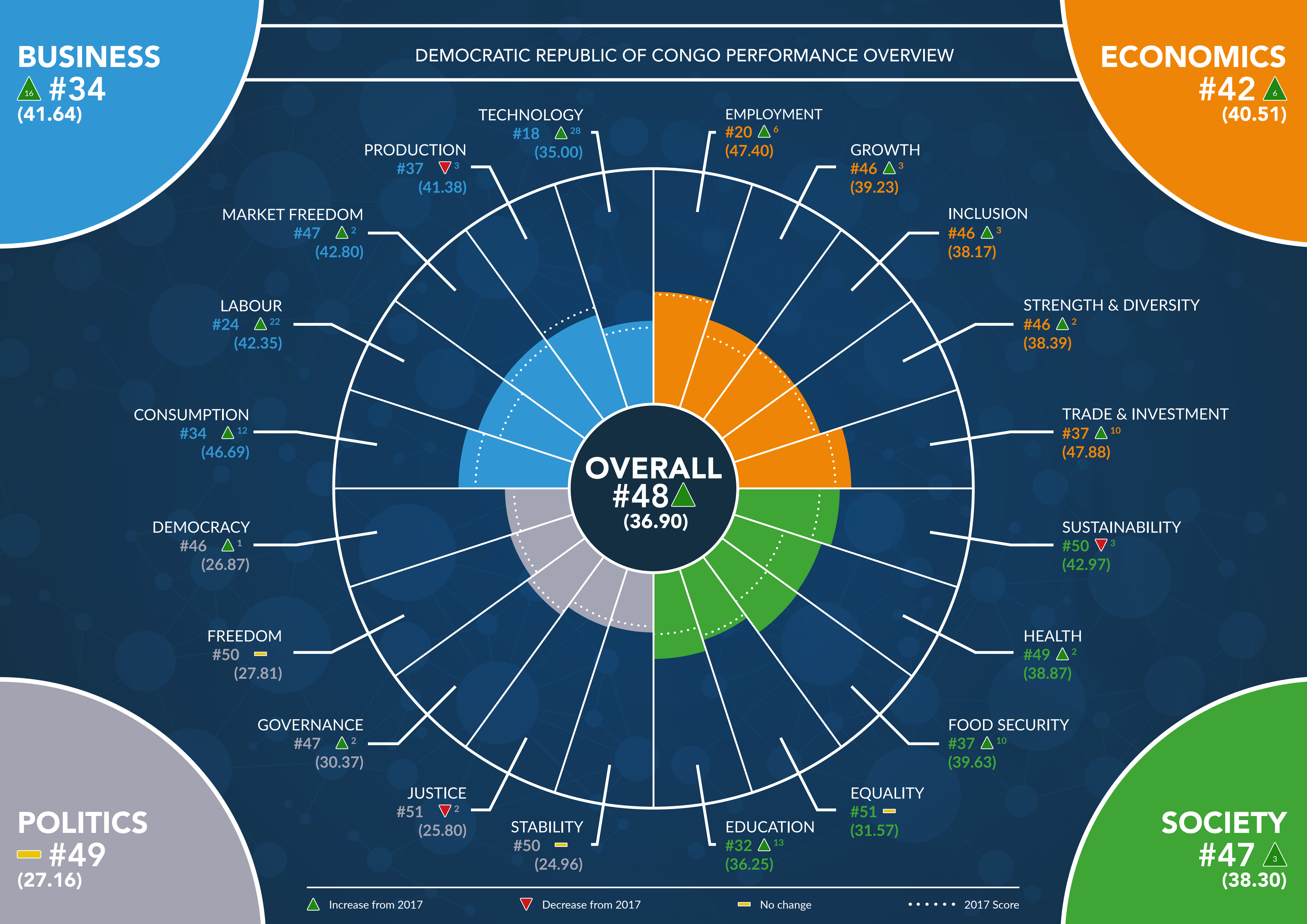
NATIONAL GOVERNANCE

Term:
24/01/2019 - present
5 years (2 term limit)

Political Party:
Union for Democracy and Social Progress

Recent Electoral Information:
24/01/2019
18 329 318 Votes
38.57%
Voter turnout: 47.56%

President
Felix Tshisekedi



DEMOCRATIC REPUBLIC OF CONGO PERFORMANCE OVERVIEW
BUSINESS
16 #34
(41.64)
ECONOMICS
#42 6
(40.51)
POLITICS
#49
(27.16)
SOCIETY
#47 3
(38.30)
OVERALL
#48
(36.90)
TECHNOLOGY
#18 28
(35.00)
PRODUCTION
#37 3
(41.38)
MARKET FREEDOM
#47 2
(42.80)
LABOUR
#24 22
(42.35)
CONSUMPTION
#34 12
(46.69)
EMPLOYMENT
#20 6
(47.40)
GROWTH
#46 3
(39.23)
INCLUSION
#46 3
(38.17)
STRENGTH & DIVERSITY
#46 2
(38.39)
TRADE & INVESTMENT
#37 10
(47.88)
SUSTAINABILITY
#50 3
(42.97)
HEALTH
#49 2
(38.87)
FOOD SECURITY
#37 10
(39.63)
EQUALITY
#51
(31.57)
EDUCATION
#32 13
(36.25)
DEMOCRACY
#46 1
(26.87)
FREEDOM
#50
(27.81)
GOVERNANCE
#47 2
(30.37)
JUSTICE
#51 2
(25.80)
STABILITY
#50
(24.96)
Increase from 2017
Decrease from 2017
No change
2017 Score

THE DRC BUSINESS ANALYSIS

16

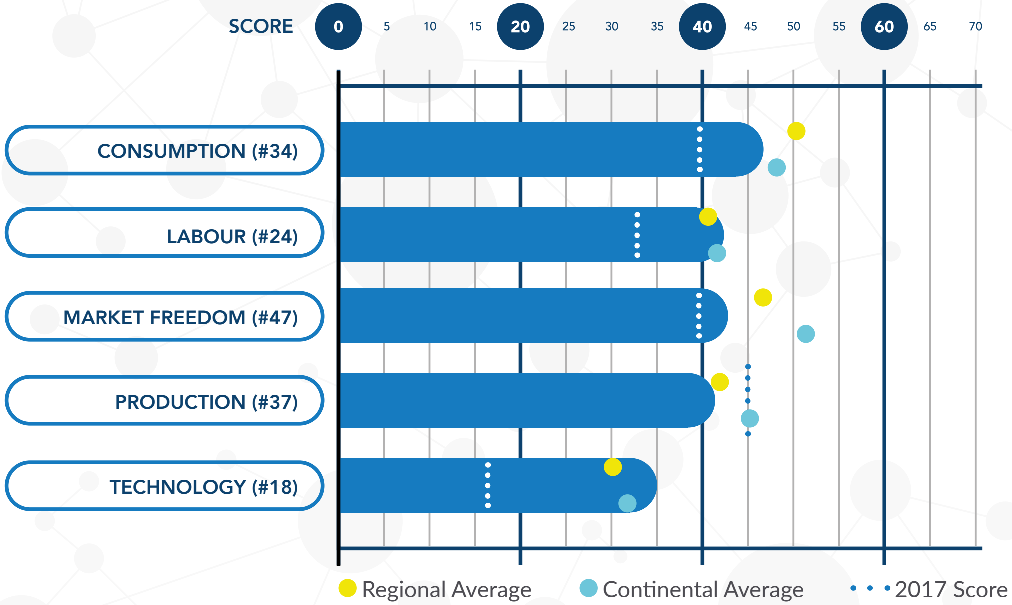
#34

BUSINESS OVERVIEW

Hope exists that a post-Kabila government and a vibrant political opposition will unleash investor floodgates that will bring economic growth. The DRC crisis has been a destabilising factor in Central Africa for so long that considerable international good will exists to mend the broken country, revitalising the business sector. However, the end to the Kabila administration has not ended the stranglehold the family dynasty has on the business community, where shares in all major businesses had to go to the Kabila family. However, there is hope that true political reform is possible, and the new administration of Félix Tshisekedi seems intent on reform. Optimism that change is possible has also been felt in the business community. A stable DRC will ensure a return of the large population of refugees now displaced in neighbouring countries, expanding the consumer base. Their labour is required to revitalise the agriculture sector and provide a workforce for business and industrial expansion. A new dispensation in the judicial system free of Kabila family favouritism will allow businesses to compete a more even legal playfield, particularly with the enforcement of contracts. In addition to the key mining sector, all business sectors stand to thrive as investors unlock the country's long dormant economic potential.

Hope for a less corrupt business environment was sufficient to give DRC an impressive 16 country rise in the Business quadrant of ACBR 2019, from near bottom 50 to currently near middle 34.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

The DRC data availability

72.53%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
62.64%	77.78%	#34

Long mired in highly destabilising conflict, the DRC is hampered by a stubborn deficit of trustworthy business data. This stems not only from ongoing instability, but also from corresponding flows of illicit mineral trade. Consequently, black markets constitute severe impediments to improved business data availability, for which the DRC currently scores 72.53%, thus ranking 34th continentally. This compares favourably with the regional average of 62.64% but falls substantially short of the continental average of 77.78%.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES	LABOUR FORCE IN MILLIONS	INDUSTRIAL PRODUCTION GROWTH	PRIME LENDING RATE
44.5% (#26)	31.36 million (#3)	1.6% (#43)	35.9% (#49)

% ADULTS WITH A BANK ACCOUNT	ANNUAL AIR PASSENGERS	MOBILE SUBSCRIPTIONS	NATIONAL 3G COVERAGE
25.83% (#34)	0.3 million (#26)	36.69 per 100 (#49)	20% (#50)

THE DRC ECONOMIC ANALYSIS

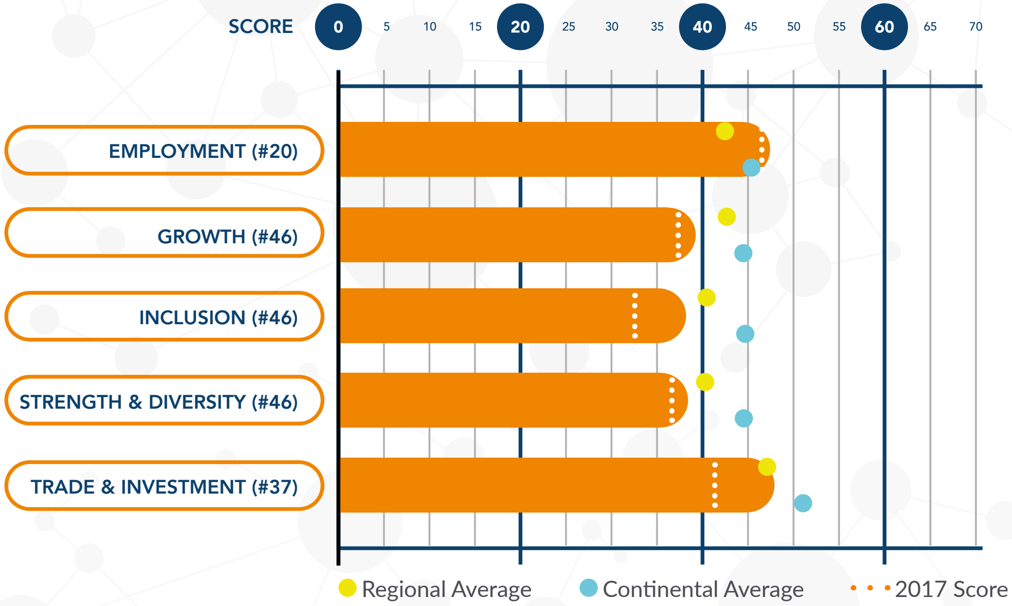
#42 (▲6)

ECONOMIC OVERVIEW

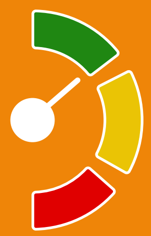
With nearly two-thirds of Congolese living below the poverty line, the country's great mineral wealth is benefitting the elite and militias fighting to control the nation's mines. Corruption has affected even the informal sector where most Congolese who are not involved in agriculture earn their living.

Officially, China is DRC's main trading partner, purchasing 41.4% of exports, which are almost all raw minerals like minerals (diamonds, gold, copper and cobalt), wood products, coffee and some crude oil. Landlocked DRC exports mostly by road via Zambia, and is DRC's second largest trading partner, absorbing 25% of Congolese exports. Because DRC's exports are tied to fluctuating world commodity prices, export revenues gyrate considerably, resulting in a halving of GDP from 6.9% in 2015 to 3.4% in 2017. Economic growth consistent with the country's potential and natural resources requires pacification of militant armies, an end to the corrupt Kabila regime, and investment in national energy and transportation infrastructure. All these goals seem obtainable in 2019 after decades of national economic stagnation. This is reflected in a rise by six country positions for DRC in the Economics Quadrant of ACBR 2019, to 42 currently from 48 last year. DRC's position is still low, but is rising less on the country's current fundamentals than on investor sentiment for better fundamentals.

ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY



The DRC data availability

72.65%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
62.29%	77.78%	#34

At present, the score for economic data availability in the DRC is 72.65%, thus ranking 34th continentally. As with the previous quadrant, this compares favourably with the regional average for Central Africa, which currently stands at 62.29%, but falls short of the continental average of 77.78%. As with the business quadrant, this may be explained by the prevailing trends in political economy, with international multilateral institutions often serving as the best sources of economic data.

ECONOMIC STATISTICS

GDP PER CAPITA	UNEMPLOYMENT RATE	TRADE BLOC MEMBERSHIP	INFLATION RATE
US$ 800 (#51)	3.7% (#13)	AFTZ, COMESA, ECCAS, SADC	41.7% (#53)
GDP AT PPP	**CURRENCY AND GOLD RESERVES**	**FDI NET INFLOWS**	**BUDGET SURPLUS (+) OR DEFICIT (-)**
US$ 68.5 billion (#17)	US$ 0.44 billion (#31)	US$ 1,205 million (#13)	-0.3% (#4)

THE DRC POLITICAL ANALYSIS

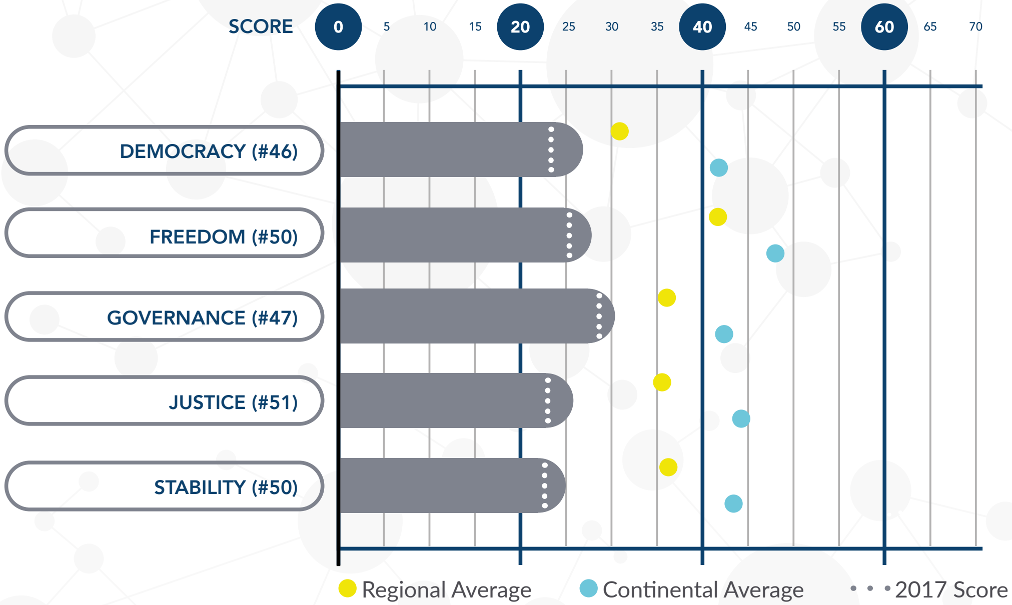
#49

POLITICAL OVERVIEW

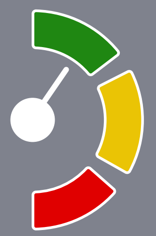
Manipulation of the constitution and control of the elections commission allowed former President Joseph Kabila to remain in office two years after his final term expired in 2016. This was merely a short extension of the family's hold on governing power that began with Kabila's father Laurent in 1997. Whereas the Mobuto regime toppled by Laurent Kabila was defined by nightmarish brutality, the Kabila dynasty has been characterised by relentless corruption and the sacrifice of sections of the country to militant rebels. Maintaining order in the country for several years has been the MONUSCO, which has mitigated the damage rebel groups attempt on the Congolese. Pressure from the Catholic Bishops' Conference in the DRC, which also acted as a mediator between Kabila's government and the main political opposition, and unprecedented street demonstrations, some brutally repressed, pressured Kabila into accepting elections to determine his replacement. On 30 December 2018 opposition candidate Félix Tshisekedi was elected. However, polling was marred by irregularities, and in the end a governance impasse was created when Kabila's party retained control of parliament.

Representing governance ineffectiveness and the oppression of the Kabila administration, DRC's country position on ACBR 2019 remains 49, unchanged from the previous year. Among Politics segments, the DRC scores lowest in Freedom and Stability, and at position 51 is amongst Africa's lowest performers in Justice.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY



The DRC data availability

80.85%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
70.75%	82.86%	#35

Of all quadrants, the DRC performs best in terms of political data availability, for which it currently receives a score of 80.85% along with a corresponding continental rank of 35th. This compares favourably with the regional average of 70.75% and falls slightly short of the continental average of 82.86%. With its tragically notorious history of heated intrastate conflict and political instability, political data collection is often spearheaded by international political watchdogs and human rights organizations.

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES	MILITARY EXP AS % OF GDP	REFUGEE INFLOW	NUMBER OF RIGHTS
10 (#26)	0.8% (#33)	539,591 (#28)	58 (#17)
DATE OF INDEPENDENCE	**NET OFFICIAL DEVELOPMENT ASSISTANCE**	**WOMEN IN PARLIAMENT**	**CAPITAL PUNISHMENT**
30/06/1960	US$ 2,107 million (#6)	8.9% (#48)	Special Cases

THE DRC SOCIETAL ANALYSIS

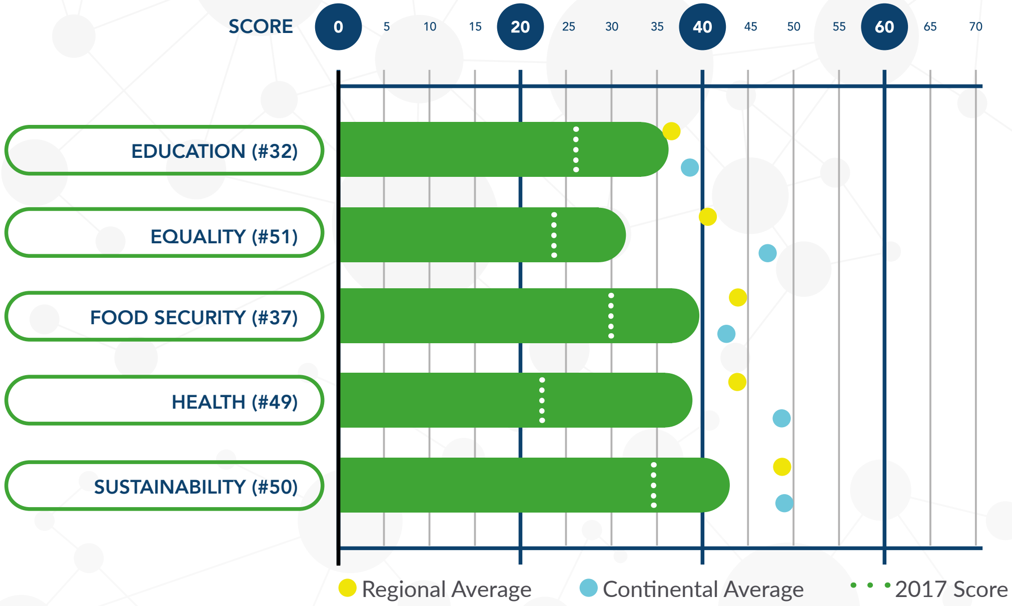
#47

SOCIETAL OVERVIEW

A public health emergency, an outbreak of Ebola, was a principal societal concern during the year under review. International health organisations rushed to contain the spread of the disease, which remains a threat throughout 2019. By May the death toll surpassed 1000. National instability and the inaccessibility of some areas in rebel militia control combined with an ongoing refugee crisis complicated medical efforts to contain Ebola. More than four out of ten Congolese are under age 14. Children have suffered the most in DRC's unstable environment, which allows DRC to be used as a transit point for human trafficking. DRC children are sometimes forced into servitude, from working farms and mines to domestic service. At least 42% of DRC children are child labourers.

DRC continues to receive some Africa's lowest ACBR 2019 scores in the Societal sector, reflecting decades of instability, warfare and poor governance that have undercut normal life for the Congolese. However, the country's position has improved from the previous year relative to the declining performance of other nations. This is evident with such individual indicators as Education and Food Security, whose scores have risen as signs of national stability, but do not translate into a better education environment for children and better conditions for farmers. However, as societal change occurs in tandem with ongoing political change, there is a realistic hope that such change will soon be reflected in rising indicator scores.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

The DRC data availability

67.35%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
59.31%	75.28%	#39

As opposed to the previous quadrant, the DRC scores lowest on societal data availability, which currently stands at 67.35% and ranks 39th continentally. Despite comparing favourably with the regional average of 59.31%, this falls considerably short of the continental average of 75.28%. As is to be expected in a country as beset with conflict as the DRC, the combined impacts of humanitarian crises and demographic dislocations have often served to impede comprehensive societal data collection.

SOCIETAL STATISTICS

POPULATION SIZE AND GROWTH RATE	LIFE EXPECTANCY	HIV PREVALENCE	SEXUALITY TOLERANCE
83,301,151 (#4) at 2.37% p.a (#24)	57.7 (#40)	0.7% (#38)	Legal

ACCESS TO DRINKING WATER	HEALTH EXPENDITURE (% OF GDP)	PRIMARY EXPENDITURE (% OF EDU. TOTAL)	SOCIAL MEDIA PENETRATION
52.4% (#48)	4.27% (#40)	61.59% (#2)	3% (#47)

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