# DEMOCRATIC REP. OF CONGO

| Table 1 | 2021 |
|---|---|
| Population, million | 92.4 |
| GDP, current US$ billion | 58.3 |
| GDP per capita, current US$ | 631.4 |
| International poverty rate ($2.15)[a] | 69.7 |
| Lower middle-income poverty rate ($3.65)[a] | 87.7 |
| Upper middle-income poverty rate ($6.85)[a] | 97.4 |
| Gini index[a] | 42.1 |
| School enrollment, primary (% gross)[b] | 118.5 |
| Life expectancy at birth, years[b] | 61.0 |
| Total GHG emissions (mtCO2e) | 680.6 |

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2012), 2017 PPPs.
b/ WDI for School enrollment (2018); Life expectancy (2020).

*DRC's economy is expected to grow by 6.1 percent in 2022. Higher metal prices are likely to offset higher food and oil prices and lead to improved terms of trade and a balanced current account. However, the fiscal deficit is expected to widen due to increased social and infrastructure spending. Growth prospects, albeit favorable, remain vulnerable to commodity price shocks and supply chain disruptions, which might hamper poverty reduction.*

## Key conditions and challenges

The Democratic Republic of the Congo (DRC), home to the second largest rainforest in the world and vast metal deposits, has yet to leverage its natural wealth into economic development. The economy is highly concentrated in the extraction of copper and cobalt, which constitute over 80 percent of exports (largely headed to China). With its huge agricultural potential untapped, DRC is a net food importer, increasing vulnerabilities to external and climatic shocks. Political instability, weak institutional capacity, poor governance, and recurring episodes of violence have prevented DRC from building the foundations of a diversified and resilient economy capable of generating economic opportunities for a rapidly growing population, leading to persistent high levels of poverty. Persistent structural constraints result in an underdeveloped private sector and large informal economy.

The fragile political context is fueled by the complex dynamics of political coalitions. Reaching political consensus – mainly ahead of the 2023 presidential elections - and increasing the presence and credibility of the state, including through improved governance, are key to maintaining stability and advancing structural reforms that will attract investments and create jobs. The need for the state to deliver more and better services to citizens implies that expenditure-led adjustments to revenue shortfalls or external shocks could jeopardize long-term growth prospects as well as political stability. Thus, improving domestic revenue mobilization to widen fiscal space is crucial.

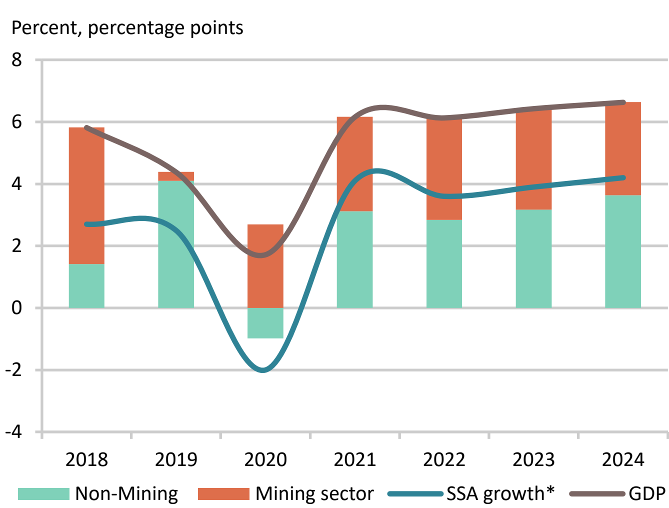
Poverty remains widespread in the country, with the bulk of the poor living in extreme poverty. While there are significant geographical disparities between provinces, with most poor living along two densely populated corridors running from West (Kongo Central) to East (Haut Katanga), and North (Ituri) to South (Tanganyika), poverty exceeds 50 percent even in the wealthier provinces. DRC remains second in Sub-Saharan Africa after Nigeria in terms of the number of extreme poor despite some improvements in the past decades.

## Recent developments

DRC has maintained a strong growth momentum and is estimated to grow by 6.1 percent in 2022 (2021: 6.2 percent). Mining sector investments and exports remain the key drivers of growth, supported by improved mineral prices and higher public investment. Over the first half of 2022, the volume of copper and cobalt production increased by 34.2 and 38.3 percent respectively, y-o-y, boosted by the Kamoa-Kakula copper mine. Growth in non-mining sectors (particularly services) is expected to slightly slow down to 4.1 percent in 2022 (from 2021: 4.5).

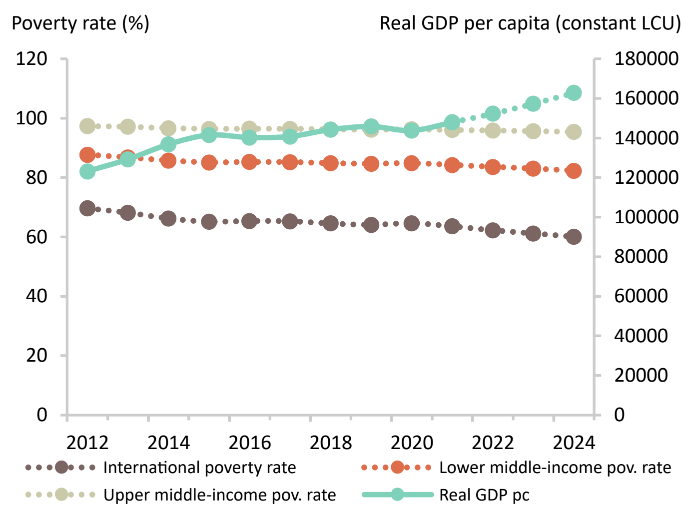
The current account is expected to be balanced in 2022 (2021: -1.0 percent), as rising

**FIGURE 1 Democratic Republic of Congo** / Real GDP growth and contributions to real GDP growth




Sources: Democratic Republic of Congo Statistical Authorities and World Bank.
Note: *Sub-Saharan Africa region.

**FIGURE 2 Democratic Republic of Congo** / Actual and projected poverty rates and real GDP per capita




Source: World Bank. Notes: see Table 2.

food and fuel import bills are offset by strong export earnings supported by higher commodity prices and volumes. Foreign reserves are estimated to reach 8.3 weeks of imports in 2022 from 6.3 weeks a year earlier. Inflation is expected to increase to 9.5 percent in 2022 exacerbated by the rising global energy and food prices.

The fiscal deficit is projected to deteriorate to 3.0 percent in 2022 (2021: 1 percent) as improved revenue mobilization cannot fully offset higher capital and current transfer spending. Revenues are estimated at 14.4 percent of GDP in 2022, owing to favorable commodity prices and digitalization of the revenue collection process, while expenditures (18.7 percent of GDP) are expected to increase due to wage adjustments and fuel subsidies. The deficit will be financed through domestic market issuance, external concessional borrowing, and IMF ECF disbursements, pushing the estimated public debt to 24.7 percent of GDP at end-2022 (2021: 23.7 percent).

The latest World Bank projections put extreme poverty at 62.3 percent in 2022, a 1.3 percentage points decrease compared to 2021. This decrease is due to favorable economic performance, despite the negative effects of the COVID-19 pandemic and the war in Ukraine.

## Outlook

GDP growth is projected to increase to 6.6 percent in 2024. The mining sector is expected to decelerate to 9.0 percent in 2024 from 10.1 percent in 2023 with the end of the Kamoa Kakula expansion, while growth in non-mining sectors gradually picks up, reaching 5.4 percent in 2024.

The fiscal deficit may narrow to an estimated 1.7 percent of GDP in 2024, after widening to 3.1 percent in 2023 owing to presidential elections. The external sector is expected to deteriorate slightly, reflecting higher growth in imports of capital goods (given plans for further mine expansions) and deteriorating terms of trade despite falling global oil prices and growth in mineral exports.

Extreme poverty is projected to decrease by 2.2 percentage points by 2024 given favorable economic prospects, despite lasting negative effects of the pandemic, high population growth, and war in Ukraine.

DRC's economy remains vulnerable to commodity price swings and growth performance of major trading partners which might be disturbed by geopolitical conflicts and a pandemic resurgence. The economic consequences of the war in Ukraine, through rising global food costs and higher oil prices, could exert stronger pressure on fiscal deficit, on inflation and on households' consumption thus exacerbating poverty and inequality.

With the agriculture sector employing over 60 percent of the working age population, vulnerability to climate change related risks (floods, droughts) is substantial. Finally, continued political uncertainty ahead of planned 2023 presidential elections, might delay reform efforts, worsen fiscal imbalances and generate arrears. Given persistent conflicts in the East, DRC's immediate challenge is to strengthen security and maintain political and macroeconomic stability while stepping up ongoing reforms to ensure sustainable growth.

**TABLE 2 Democratic Republic of Congo** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

| | 2019 | 2020 | 2021 | 2022e | 2023f | 2024f |
|---|---|---|---|---|---|---|
| **Real GDP growth, at constant market prices** | 4.4 | 1.7 | 6.2 | 6.1 | 6.4 | 6.6 |
| Private Consumption | 17.3 | -8.0 | 1.6 | 1.5 | 2.0 | 2.2 |
| Government Consumption | 6.6 | 9.5 | 11.8 | 21.3 | 5.8 | 3.4 |
| Gross Fixed Capital Investment | 6.3 | 37.8 | -29.6 | 16.0 | 17.2 | 14.6 |
| Exports, Goods and Services | 1.4 | 4.0 | 24.9 | 13.7 | 7.9 | 7.5 |
| Imports, Goods and Services | 25.2 | 15.1 | -19.9 | 14.8 | 9.6 | 7.7 |
| **Real GDP growth, at constant factor prices** | 4.6 | 2.3 | 6.2 | 6.1 | 6.4 | 6.6 |
| Agriculture | 3.1 | 2.5 | 2.4 | 2.8 | 2.9 | 3.0 |
| Industry | 4.1 | 4.2 | 7.9 | 7.8 | 7.6 | 7.7 |
| Services | 5.7 | 0.1 | 5.6 | 5.3 | 6.1 | 6.6 |
| **Inflation (Consumer Price Index)** | 4.7 | 11.4 | 9.1 | 9.5 | 8.0 | 7.0 |
| **Current Account Balance (% of GDP)** | -3.4 | -2.3 | -1.0 | 0.0 | -0.4 | -0.1 |
| **Fiscal Balance (% of GDP)** | -2.0 | -1.2 | -1.0 | -3.0 | -3.1 | -1.7 |
| **Debt (% of GDP)** | 19.5 | 22.9 | 23.1 | 20.2 | 19.4 | 19.0 |
| **Primary Balance (% of GDP)** | -1.8 | -1.0 | -0.9 | -2.5 | -2.6 | -1.3 |
| **International poverty rate ($2.15 in 2017 PPP)**[a,b] | 64.1 | 64.7 | 63.6 | 62.3 | 61.2 | 60.1 |
| **Lower middle-income poverty rate ($3.65 in 2017 PPP)**[a,b] | 84.7 | 84.9 | 84.3 | 83.6 | 83.1 | 82.4 |
| **Upper middle-income poverty rate ($6.85 in 2017 PPP)**[a,b] | 96.2 | 96.3 | 96.1 | 95.9 | 95.7 | 95.4 |
| **GHG emissions growth (mtCO2e)** | 0.4 | 0.0 | 0.1 | 0.2 | 0.2 | 0.3 |
| **Energy related GHG emissions (% of total)** | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 |

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.
a/ Calculations based on 2012-E123. Actual data: 2012. Nowcast: 2013-2021. Forecasts are from 2022 to 2024.
b/ Projection using neutral distribution (2012) with pass-through = 0.7 based on GDP per capita in constant LCU.