Economic activity rebounded in 2021, with higher prices and production of copper and cobalt lifting GDP growth to an estimated 5.7 percent and supporting a narrower current account deficit. Reserves increased, easing pressures on the currency and inflation. Fiscal consolidation was achieved despite higher social and infrastructure spending. Continued uncertainty around the pandemic and local and international conflicts represent important risks to growth and poverty reduction.

**Key conditions and challenges**

The Democratic Republic of the Congo (DRC) has suffered from decades of conflict, poor governance, and volatile economic growth, which has led to persistently high levels of poverty. The economy is highly dependent on mineral extraction: copper and cobalt constitute over 80 percent of exports, with China absorbing 40 percent of exports. With its huge agricultural potential untapped, DRC is a net food importer, which increases vulnerabilities to external and climatic shocks. Structural constraints have led to an underdeveloped private sector and fostered a large informal economy. Improving the business environment and closing gaps in infrastructure and human capital are needed to achieve economic diversification and reduce commodity dependence.

DRC is led by a fragile coalition and political risks are high, a legacy of DRC’s protracted periods of political unrest. Reaching political consensus and increasing the presence and credibility of the state, including through improved governance, will be key to maintain stability and advance structural reforms that will attract investments and create jobs. The need for the state to deliver more and better services to citizens means that expenditure-led adjustments to revenue shortfalls or external conditions could jeopardize not only long-term growth prospects and pro-poor spending but also political stability. Therefore, improving domestic revenue mobilization to widen fiscal space is crucial. Poverty remains widespread, including in urban areas. Significant geographical disparities exist between provinces, with extreme poverty concentrated in central and northwestern provinces. DRC is second only to Nigeria in Sub-Saharan Africa in the number of extreme poor. Despite some improvements in recent years, social and human development indicators remain weak: in 2020, infant mortality was 63.8 per 1000 live births, higher than the Sub-Saharan average of 50.3, while the HCl of 0.37 is among the lowest of Sub-Saharan African countries.

**Recent developments**

Economic activity in DRC recovered strongly in 2021 with real GDP growth estimated at 5.7 percent. The mining sector was a key driver of growth—copper and cobalt production rose by 12.0 and 7.6 percent, respectively, as domestic production capacity increased with the launch in mid-2021 of the Kamoa-Kakula mining project. The easing of COVID restrictions, and higher revenues from the mining sector, which also benefited from rising prices, supported growth of non-mining sectors by 3.9 percent (2020: -1.3 percent). The CAD narrowed to about 1.0 percent of GDP in 2021 (2020: 2.2) due to improved terms of trade and higher mining exports volumes. Despite a small decline in foreign
The projections, estimated using macroeconomic forecasts, are preliminary and as more data come from the ground, poverty projections will be updated.

Despite the lasting adverse effect of the pandemic, high population growth, and the Russian invasion, extreme poverty is projected to decrease by 2.8 percentage points by 2024 given favorable economic prospects.

DRC’s economy remains vulnerable to commodity price movements and growth performance of its major trading partners which might be disturbed by geopolitical conflicts and a resurgence of the pandemic. The economic consequences of the Russian invasion and associated sanctions, through rising global food costs and higher oil prices, could exert strong pressure on inflation and on households’ consumption, raising the burden on expenditures by up to 15 percent and subsequently reducing private consumption growth.

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. DRC’s immediate challenge is to maintain political and macroeconomic stability while stepping up ongoing reforms to ensure sustainable growth.

### Outlook

GDP growth is estimated to accelerate to 6.4 percent by 2023 driven by the services sector (mostly trade and telecommunication). The mining sector is expected to expand further in 2022 and pick up pace by 2024 as Kamoa-Kakula - aiming to become the second largest copper mine in the world - enters its second phase of production in late-2022. The fiscal deficit could widen to about 2.7 percent by 2022 as the government is likely to provide some cushion to higher oil and food prices. The CAD is projected to narrow further in 2022 with a slight surplus estimated at 0.1 percent as higher commodity prices improve terms of trade (higher oil prices might accelerate further the demand for cobalt, a key component in rechargeable batteries).