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How Can the Democratic Republic of Congo Sustain Economic Growth?


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The DRC is a country laden with **natural resources** and a **strategic environmental position** that sets it at the forefront of both future **economic and environmental agendas**

While these strategic resources have remained untapped over the past, the DRC has now embarked in a journey to **extract greater value from them through vertical diversification** and to diversify horizontally towards other productive and social sectors such as agriculture, education, environment, health, and security to **stimulate sustainable and inclusive growth**

The DRC enjoys a strategic position on the Congo River in the heart of Sub-Saharan Africa



Geography and demography

A country in the heart of Africa sharing its borders with **9 countries**

2nd largest country in Africa with an area of 2.34 million km²

A young and dynamic population of 108.4 million inhabitants (**1st French-speaking country in number of inhabitants**)

Institutions and economy

A semi-presidential republic presided over by **Félix-Antoine Tshisekedi Tshilombo** since 2019

A **resilient and growing economy** (real GDP growth of 8,5% in 2022)

A currency (the Congolese Franc) and an independent central bank (Banque centrale du Congo)

Natural resources

1st cobalt producer in the world (71% of world supply and 50% of world reserves)

1st copper producer in Africa

A forest rich in area and resources (**2nd world carbon sink**)

The Democratic Republic of Congo is a rich country with natural resources and a large population

A country with many strategic assets and resources



“The DRC is a solution country to the climate crisis”

- ▶ At COP 26, President Tshisekedi highlighted the essential role that the Congolese resources play in the fight against climate change, with support from the United States, the United Kingdom and Belgium

The DRC benefits from unique environmental position which form a solution to mitigate carbon emissions... (1/2)



The unique environmental resources of the DRC can enable both adaptation and mitigation



The forests of the Congo Basin
2nd largest tropical forest after the Amazon rainforest



The forests of the Congo Basin are the largest carbon storage sink in the world

The DRC benefits from unique environmental position which form a solution to mitigate carbon emissions... (2/2)



The unique environmental resources of the DRC can enable both adaptation and mitigation



The Congo River

2nd largest flow in the world after the Amazon



The hydroelectric potential of the Congo River could supply the entire region with electricity

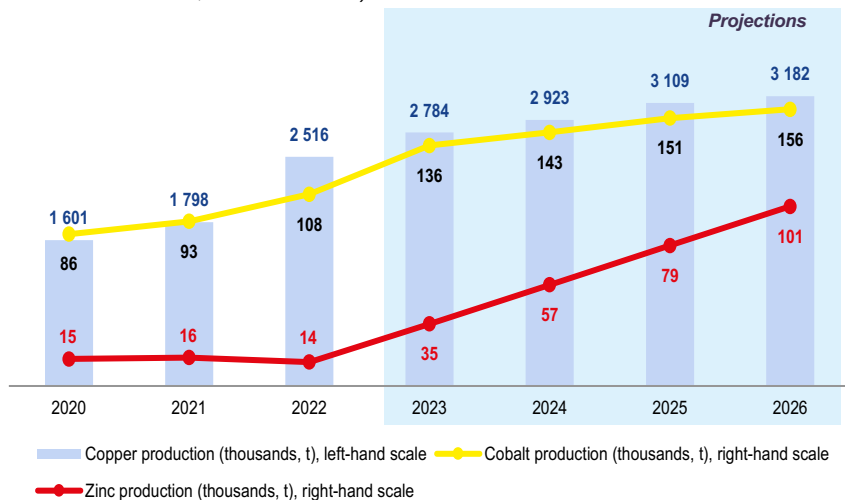
DRC is a key player in strategic minerals with strong growth perspectives



The mining sector is set to play an important role in the short and medium term as production capacities unfold in the context of high demand for strategic minerals

- The DRC's subsoil is rich in many minerals and rare metals: **copper, cobalt, silver, uranium, lead, zinc, diamond, gold, manganese, lithium & coltan**
- While mining products account for more than 90% of the country's exports, the diversity of minerals exported reduces the country's exposure to fluctuations in commodity prices
- Investments in the previous decade are now bearing fruits: production increased **by 40% between 2021 and 2022 for copper and by 16% for cobalt**
- **The National Geological Survey of Congo has launched a vast geological research campaign** and is supported by France's BRGM within the framework of a partnership signed in March 2023 at the Kinshasa Economic Forum
- The production of artisanal gold and soon, other artisanal minerals is benefiting from a **new partnership with the United Arab Emirates**, which aims to develop a more transparent sector benefiting domestic artisanal producers

Mineral production prospects : Copper, Cobalt & Zinc
(in thousands tones, 2020 – 2026E)



DRC's economy is currently driven by the growth in the mining sector, while the country is implementing its diversification strategy

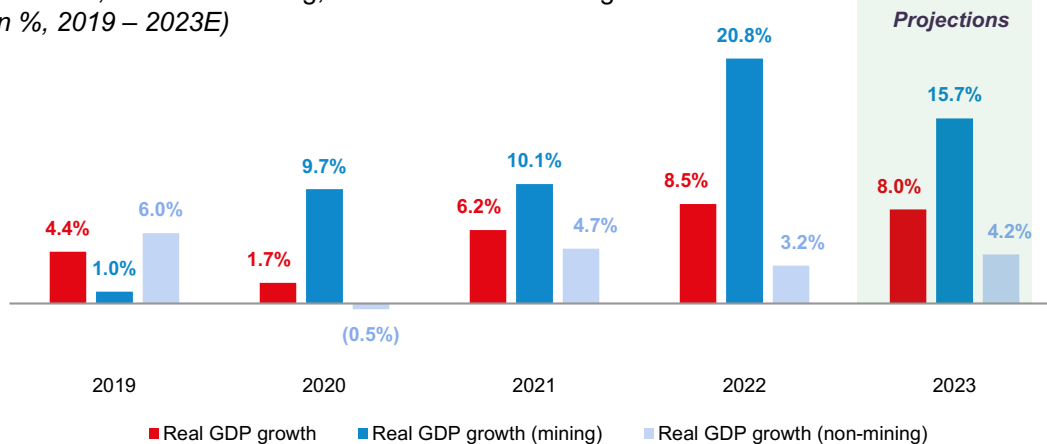


Growth spells are expected to be felt across all sectors driven by the mining sector

Democratic Republic of Congo GDP evolution, & projections

Real GDP, Real DGP Mining, & Real GDP non-mining

(in %, 2019 – 2023E)



The DRC's economy is characterized by its dynamism, as illustrated by the IMF's forecast of growth above 6% until 2027, placing the country at the forefront of the continent's emergence



The mining sector will drive economic growth in the coming years as new production capacity is deployed, the extractive mix is diversified with the inclusion of new minerals and a local transformation sector is developed



The contribution of the **agricultural sector** is projected to increase in the medium term as **government-sponsored programs** will contribute to the development of a local food production chain



Investments and mega projects in the energy sector will accelerate electricity generation, a major bottleneck to growth

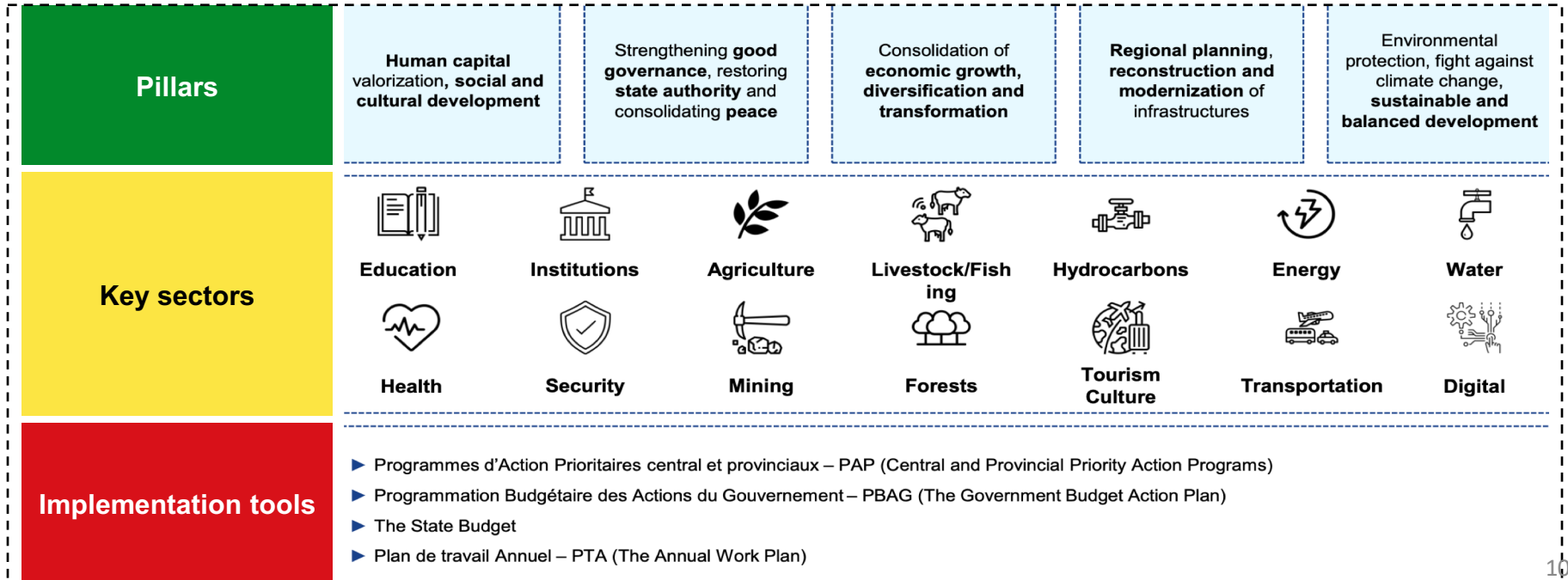


Country-wide infrastructure development programs will drive the expansion of the construction and transport sectors.

Our diversification strategy is based on the National Strategic Development Plan 2019-2023, a strategic plan for DRC's emergence by 2050



The strategic plan for DRC's emergence by 2050 focuses on the strengthening of human capital, institutions, performance, and environmental protection, as well as on a greater economic diversification across productive and social sectors



We have embarked on an overarching strategy to ensure both horizontal and vertical diversification



Key strategic levers :

Improving the business environment & governance

Screening investment opportunities

Deploying adequate infrastructures

Adapting sectoral regulation

Horizontal diversification in growth accelerating sectors

- The authorities have identified several high potential and job-creating sectors such as energy generation, agroindustry, and manufacturing industries
- Those sectors will be supported by **the creation of agro-industrial parks and special economic zones**

Vertical diversification in sectors with comparative advantages

- In conjunction with the private sector, authorities will foster better exploitation of natural resources by climbing up the value chain of the mining sector while **diversifying the extractive mix with lithium, gold and diamonds**
- Investments are deployed in **strategic minerals such as cobalt** to better control the transformation process

We are accelerating improvements in our business climate



The business climate is one of the government's top priorities : the country is implementing +80 reforms to improve business climate

Improving the electricity connection

- ▶ Creation of a **National Electricity Dispatching System**
- ▶ Extension of the **online application for electricity connection** to low voltage subscribers
- ▶ Development of guidelines on **pricing principles** in the electricity sector
- ▶ Implementation of **network monitoring systems**, particularly on indicators of reliability of electrical energy supply
- ▶ **Establishment of a system of electronic payment** of the bill for electric energy consumption

Encouraging international trade

- ▶ **Creation of the National Committee** of the Continental Free Trade Area
- ▶ **Integration of foreign trade services** within the SEGUCE electronic platform
- ▶ **Construction of logistics platforms** to facilitate the support of goods
- ▶ **Finalization of the establishment of the Dispute Resolution Commission**
- ▶ **Rationalization of import and export taxes** and reduction of costs and delays
- ▶ **Establishment of an electronic information portal** for foreign trade
- ▶ **Adoption of the law on trade and electronic exchanges**
- ▶ **Introduction of the business visa**

Stimulating entrepreneurship

- ▶ **Two-year tax exemption for start-ups**, to facilitate the launch of new projects
- ▶ **Introduction of an online registration system** for the creation of companies
- ▶ **Automatic allocation of the "Tax Number"**
- ▶ **Creation of a one-stop shop to issue licenses, permits and specific authorizations**

Facilitating the transfer of ownership

- ▶ Elaboration and promulgation of the **Urbanism and Construction Code**
- ▶ Elaboration of a **modern land law**, upgraded and integrating all societal evolutions
- ▶ Creation of an **Order of Surveyors**
- ▶ Amendment of the **Notary Act**
- ▶ Establishment of a **database of land registry transactions** over the last 5 years
- ▶ **Digitization of the cadastral plans** of Kinshasa

We are committed to improving our institutions and governance



Strengthening the institutional environment and good governance

DRC extends good governance practices to all sectors



The DRC is working on a **strategic governance plan** overseen by a special committee reporting to the Prime Minister based on strengthened democratic institutions and the rule of law

Implementation of a new strategic plan for public finance reform, with entire sections focused on transparency and internal controls



The DRC is strengthening the **Agency for the Prevention and Fight against Corruption (APLC)**, which is operational since July 2020, in accordance with the guidelines of the United Nations Convention against Corruption (UNCAC) and international best practices

From November 29th to December 1st, a conference was held, bringing together 80 experts from the Public Sector, Civil Society and the Private Sector to validate the National Strategy



The DRC strengthens **public auditing** by ensuring the independence of the *Cour des Comptes* and the *Inspection Générale des Finances*, while providing the necessary resources to these institutions

In April 2021, the government disbursed USD 1.6 million for the institution's operations, and magistrates are now being sworn in



The DRC continues to improve **transparency in the mining sector** by making all new contracts public

- Adoption of the EITI roadmap on mining transparency at the Council of Ministers in June 2021
- Publication of Gécamines' financial statements (August 2021)
- Audit of Gécamines' accounts by the *Inspection générale des Finances* (November 2021)

Focus on the fight against corruption

- **In October 2021, a General Assembly for the fight against corruption took place.** The *Inspection Générale des Finances*, the *Cour des Comptes*, the Agency for the Prevention and Fight against Corruption (APLC), as well as civil society actors participated.
- **The Agency for the Prevention and Fight against Corruption (APLC) has also initiated a pedagogical project** in collaboration with UNESCO to integrate anti-corruption courses into the education system
- **Similarly, the APLC launched an awareness campaign in December 2021**, broadcast on various national media, to fight corruption and strengthen the culture of integrity



Use cases

Investing in local infrastructure development programs with high social and economic impact



PDL 145
TERRITOIRES

The government has launched a \$1,66bn Program for the Local Development for 145 territories

4 strategic components

- ✓ Improve rural populations' access to basic socio-economic infrastructure and services
- ✓ Promote the development of rural economies and local value chains
- ✓ Strengthen local development management capacities
- ✓ Develop a geo-referenced monitoring information system to provide information on program progress

Expected results for the Congolese population

- ✓ **Access to drinking water** for 38 million people
- ✓ **Access to electricity** for 20 million people
- ✓ **4 million additional jobs** created in rural and peri-urban areas
- ✓ **Universal primary education** thanks to free education
- ✓ 25 million people out of **multidimensional poverty**

Use Case 1:
social impact

Establishing a cathode precursor plant in the DRC to reduce costs and emissions associated with current supply chain



**DRC-AFRICA
BUSINESS FORUM 2021**

▶ FOSTERING THE DEVELOPMENT OF A BATTERY,
ELECTRIC VEHICLE AND RENEWABLE ENERGY
INDUSTRY VALUE CHAIN AND MARKET IN AFRICA

Date: 24 - 25 November 2021
Place: Kinshasa

**Use Case 2:
Electric Vehicles**

- Authorities plan to **quantify and locate** lithium reserves, while Australian company AVZ Minerals will begin mining at the Manono site, which is potentially the world's largest lithium deposit
- The government will spur the **local production of lithium batteries and the creation of a regional value chain around electric vehicles and clean energy**
- **In 2022, the DRC and Zambia signed an agreement, along with the DRC-Zambia Group and the United States,** to support the development of a local value chain linking the extraction of raw minerals to their industrial transformation
- **A special economic zone dedicated to the production of cathodes** has been created in Haut-Katanga along with a center of excellence within the University of Lubumbashi to train qualified personnel

Strengthening of agriculture industry



The development of the agricultural industry meets the **needs of food security, poverty reduction, import reduction and diversification of the Congolese economy** and is a priority for the authorities

The exploitation of the agricultural potential of the DRC...

- ▶ 80 M hectares of agricultural land
- ▶ Fishing potential estimated at 707,000 tons of fish per year
- ▶ Natural pasture that can serve 40 million heads of livestock

... is the priority of the government...

- ▶ **Transformation from subsistence agriculture to production agriculture**, allowing to increase the added value of productions
- ▶ **Development of modern agro-industrial production** and strengthening of smallholders
- ▶ **Mechanization of production** and development of agricultural and storage infrastructures

... which has set up several programs to develop the agricultural sector

Support program for the agro-industrial development of Ngandajka

- Pilot phase of a national program for the creation of **agricultural development poles**, through the installation of agro-industrial parks in each of the 22 regions of the country
- Objective: to stimulate an **annual growth of the agricultural sector of more than 6%**
- Investment of **USD 100 million for the implementation of the program over a five-year period**
- Creation and consolidation of **35 agricultural SMEs and 40,000 jobs for young people and 20,000 other direct jobs**

National Agricultural Development Program

- With the support of the **World Bank and the AfDB**, the NADP finances numerous projects to **improve agricultural production**
- These projects, financed by the World Bank to the tune of 1.5 billion USD in three phases of 500 million, should initially :
 - Increase the assets and capacity of smallholder farmers
 - Improve market access and productive inclusion of smallholders in supply chains
 - Strengthen the capacity of the public sector to provide basic public goods and services for agriculture
 - Strengthen the agricultural emergency response

Agricultural Voluntary Plan

- The Government is implementing the AVP through its own resources for an amount of USD 139 million, of which **USD 68 million** has already been released **for the establishment of six agro-industrial zones**:
 - Central Kongo
 - Kwango
 - Upper Lomami
 - South Kiuvu
 - Kasai Oriental
 - Central Kasai

Use Case 3: Agriculture

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Thank you!

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