WORLD RANK: **160**

REGIONAL RANK: **40**

ECONOMIC FREEDOM STATUS: **REPRESSED**

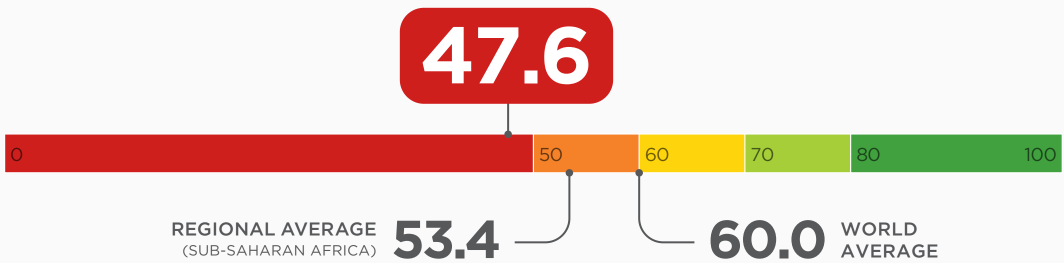
DEMOCRATIC REPUBLIC OF CONGO

The Democratic Republic of the Congo's economic freedom score is 47.6, making its economy the 160th freest in the 2022 *Index*. The Democratic Republic of the Congo is ranked 40th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Despite a slight downturn in 2020, the Democratic Republic of the Congo (DRC) has enjoyed average annual economic growth of more than 3 percent over the past five years, based primarily on exploitation of the DRC's natural resources. Since 2017, however, the DRC has recorded an 8.8-point overall loss of economic freedom and has fallen from the "Mostly Unfree" category to the "Repressed" category. Fiscal health is strong, but economic freedom is severely lacking in most other areas.

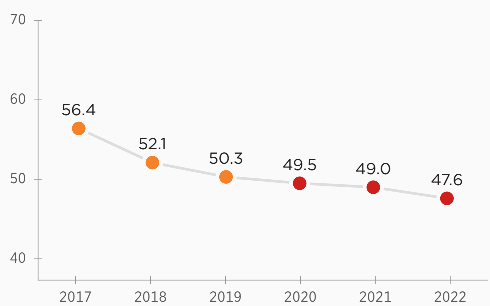
IMPACT OF COVID-19: As of December 1, 2021, 1,107 deaths had been attributed to the pandemic in the Democratic Republic of the Congo, and the government's response to the crisis ranked 106th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
89.6 million

GDP (PPP):
$100.5 billion
−0.1% growth
in 2020
5-year compound
annual growth 3.3%
$1,106 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
11.3%

FDI INFLOW:
$1.6 billion

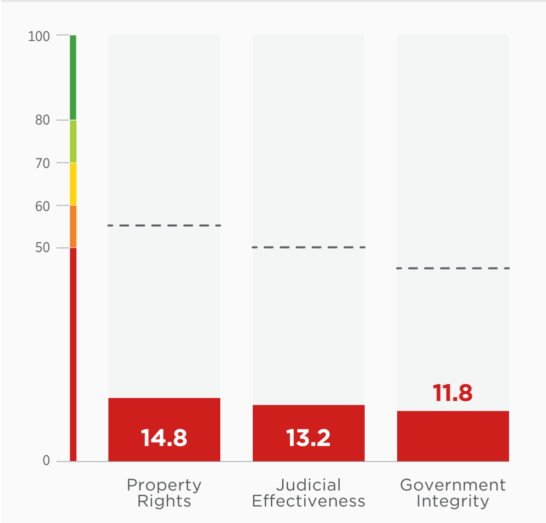
PUBLIC DEBT:
15.2% of GDP

2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In 2006, Joseph Kabila won the Democratic Republic of the Congo's first multiparty election in 40 years. He finally left the presidency under international pressure in 2019. Félix Tshisekedi was declared the winner of the 2019 presidential election, most likely as a result of a corrupt bargain with Kabila. Tshisekedi's creation of a new parliamentary coalition in 2021 undermined Kabila's influence. The DRC's immense natural resource wealth, estimated at $24 trillion, includes large deposits of rare earth minerals used in many high-technology products. The DRC is Africa's largest producer of copper and the world's largest producer of cobalt, but its political instability and high inflation discourage international investors. The DRC is also one of the world's least developed countries.

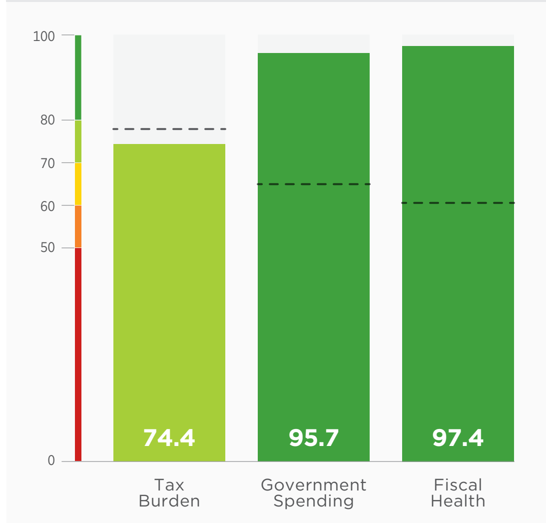
12 ECONOMIC FREEDOMS | DEMOCRATIC REPUBLIC OF CONGO

RULE OF LAW



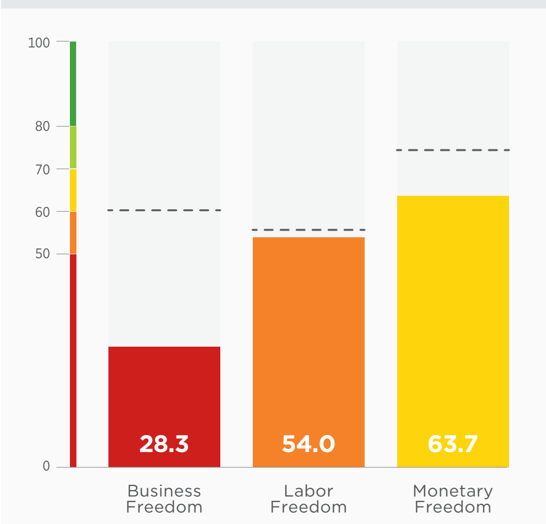
Although the constitution protects ownership of private property, enforcement is lacking, and armed groups and government soldiers have seized private property and destroyed homes in conflict zones. Apart from a few reasonably well-functioning commercial courts, the judicial system is weak, unreliable, and corrupt. Corruption permeates all levels of government and all sectors of the economy. Clientelism, rent-seeking, and patronage have decimated fair competition.

GOVERNMENT SIZE



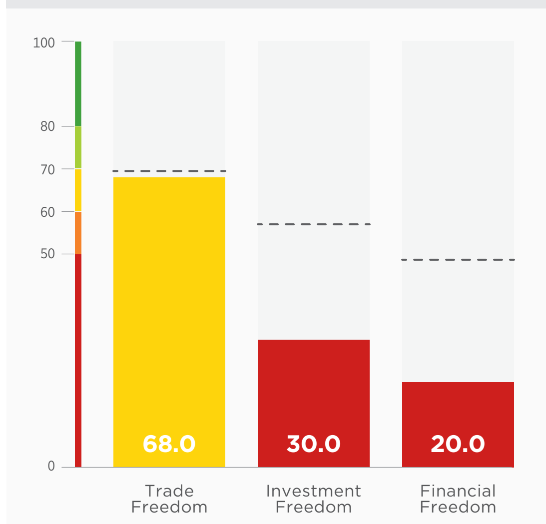
The top individual income tax rate is 40 percent, and the top corporate tax rate has been cut to 30 percent. The overall tax burden equals 7.5 percent of total domestic income. Government spending has amounted to 11.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 15.2 percent of GDP.

REGULATORY EFFICIENCY



A fragile security situation, poor infrastructure, an arbitrary taxation system, and unevenly enforced and poorly planned regulations negatively affect the business environment. Enforcement of the labor code is rare. The economic downturn in 2020 further limited any effort by the government to reform its heavily subsidized, inefficient, and loss-making state-owned SNEL (Société Nationale d'Électricité) power utility.

OPEN MARKETS



The Democratic Republic of the Congo has one preferential trade agreement in force, and its simple average tariff rate is 8.5 percent. One formal nontariff measure is in effect, but other barriers to dynamic trade flows persist. Poor economic management aggravated by repeated political crises has severely constrained domestic and foreign investment. Companies have very limited access to financial services.