Development pathways for the DRC to 2050

Conclusion

Kouassi Yeboua

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This report has sought to paint the current development challenges faced by the DR Congo and the strategies to put the country on the path of inclusive sustainable growth and development. The analysis has revealed that the history of the DR Congo has been characterised by recurrent economic and political instability, and conflicts driven mainly by poor governance, systemic corruption and weak institutions.

The rent-seeking political, military and economic elites have been more preoccupied with squandering the resources for their personal enrichment instead of managing them for sustainable development that benefits the whole society. As a consequence, poverty is widespread; the current GDP per capita is 40% of its value at independence in 1960. In other words, the average Congolese has lost 60% of their income over the past 60 years.

Despite some signs of improvements since the appointment of the transition government in 2003, the country is still facing huge development challenges. The DR Congo has not made progress in transforming its economy which is at the mercy of highly volatile global commodity markets. The analysis shows that the country will fail to achieve many of the 2030 SDGs as it failed to achieve any MDGs by 2015. Unemployment is massive and millions of Congolese continue to live in extreme poverty.

The Current Path analysis and the scenario simulations revealed that bad governance and weak institutions, infrastructure shortage, low stock and quality of human capital, difficult business environment, low agricultural productivity, and rapid population growth are some of the key factors that are holding back developmental progress of the country. Tackling these issues is crucial to set the country on a path of sustained growth and shared prosperity.

Overall, the DR Congo's complex development challenges call for decisive actions by the government; the ruling elite should end their recurrent quarrels motivated by personal interests to focus on the general interest and give hope to millions of Congolese living in extreme poverty. Policymakers should focus on the priority policies outlined below.

Governance and institutions

Some resource-rich countries such as Norway, Canada and Australia, among others, have sustained high growth and improved their citizens' daily lives but the DR Congo has made very little of its huge natural endowments. Natural resource endowments can promote economic development in countries with good governance and strong institutions. These do not exist within the DR Congo and under current conditions, the pursuit of a minerals-led development pathway for the DR Congo will do little to improve the livelihoods of its general population.

The promotion of good governance and strong institutions should be at the centre of government actions. This will increase the country's ability to mobilise domestic revenues and hence, improve the government's capacity and the quality of spending. In other words, stronger institutions, particularly oversight and monitoring, are crucial for the DR Congo to harness fully its immense natural wealth and to improve the living standard of the population. The current president has repeatedly declared his desire to tackle corruption and strengthen institutions, especially the judiciary system. His words must become concrete actions.

As a first step, the government must publish all new mining contracts and the audits of state-owned enterprises, including the details regarding its resource agreements with countries such as China. Parliament must be provided with detailed and full access to government spending including within the security agencies. The independence of the judiciary must be confirmed as a key resource to combat corruption.

Infrastructure

The pivotal role of infrastructure development in promoting inclusive growth is well documented. Infrastructure development is one of the required elements to foster inclusive growth and economic diversification in the DR Congo. The government should remedy the infrastructure deficit by first fixing and maintaining its existing infrastructure. This includes the full re-opening of the Congo River, as well as the provision of basic infrastructure such as roads and rail, electricity, safe water supply, and ICT infrastructure.

The COVID-19 pandemic has shown the value of digitalisation; increasing the ICT infrastructure budget would help to build a more resilient economy. The DR Congo should focus on physical infrastructure as well as on modern technology to improve connectivity.

Human capital accumulation

Investment in human capital is one of the key drivers of long-run growth and a powerful way to reduce income inequality and poverty. To improve human capital stock and develop the necessary skills for the job market in the country, the government should enhance the quality of education.

This will include continuing to roll out the free primary education programme along with the improvement in access to technical and vocational education, and higher education, especially in sciences and engineering to enhance the country's capabilities to absorb new knowledge and technologies. Investment in education should go hand-in-hand with the improvement in the quality of the health system and access to affordable healthcare.

Demographic policy

The rapid population growth in the DR Congo is constraining human and economic development. Policies aimed at improving female education, access and use of modern family-planning methods can stagger the rapid population growth so that the Congolese can adequately reap the benefits of economic growth and reduce the prevalence of extreme poverty.

Agricultural productivity and food security

The DR Congo has the potential to be a food-secure country and end the widespread malnutrition. The government should increase land under cultivation across the country and invest in agriculture technologies not only to improve crop yields but also to make agriculture production more resilient to climate shocks. This should be accompanied by policies that ensure the functioning of the value chains such as the rehabilitation of the rural road networks that facilitate the flow of agricultural products from the farmers to the markets.

Economic transformation

A growth model driven mainly by the mining sector is not sustainable due to the volatility of the global commodity market. The sources of growth need to be diversified with a particular focus on the agricultural sector.

The starting point for the government is to properly address the poor business climate that impacts negatively on business profitability. The high cost of doing business in the country is compounded by the unpredictability of the regulatory and

legal environment. Improving the business environment will promote non-mining private investment, especially manufacturing FDI which can boost the agricultural and manufacturing sector, and hence, nurture the structural transformation of the economy through industrialisation.

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About the authors

Dr Kouassi Yeboua previously worked as a Senior Researcher at AFI, where he led significant ISS studies on the long-term development prospects of the Democratic Republic of Congo, the Horn of Africa, Nigeria, Malawi, and Mozambique. His research focuses on development economics, macroeconomics, gender, and economic modeling. He holds a PhD in Economics.

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