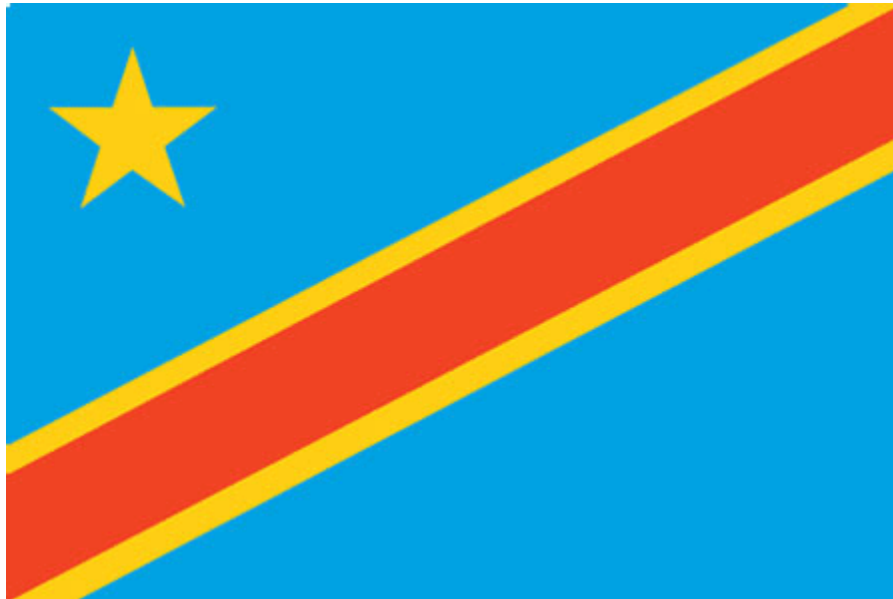


Democratic Republic of Congo



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Basic information:

The Democratic Republic of Congo (DRC) has suffered from political and economic instability since its independence from Belgium in 1960. At independence it was one of the most industrialized countries in Africa, second only to South Africa, but today it is one of the least industrialized.¹ From 1965 to 1997, the totalitarian dictator Mobutu Sese Seko ruled the country, which he renamed Zaire. After his overthrow in 1997, Laurent Kabila became president (and renamed the country the Democratic Republic of Congo). While he was assassinated in 2001, his son, Joseph Kabila, rules the country today.² The country faced civil war from 1998 to 2003, and today there occur periodic outbreaks of fighting in North and South Kivu Provinces.

The DRC is the largest country in Sub-Saharan Africa, and is slightly less than one-fourth the size of the United States.³ Arable land covers only 3% of the country, but it is rich in natural resources, including copper, cobalt, zinc, and diamonds.⁴ The country suffers from poor infrastructure, due primarily to fighting in the previous ten years. Much of the country's economic activity is in the informal sector, which GDP statistics often do not capture.⁵⁶⁷⁸⁹¹⁰

Population: 64.71 million (2008)¹¹

GDP and GDP per head:

GDP: \$21.05 billion (2008 est.)¹²

GDP per head: \$300 (2008 est.)¹³

Most important industries:

Forestry and Logging: approximately 40% of GDP in 2007¹⁴

Mining: approximately 14% of GDP in 2007¹⁵

Macro data such as inflation, unemployment:

Inflation rate: 17% (2008)¹⁶

Unemployment rate: 8.9%¹⁷

Total external debt: \$12.2 billion (2008)¹⁸

External debt service ratio (%): 7.0% (2008)¹⁹

Current account balance: \$-1.15 billion (2008)²⁰

Growth rates:

2007-2008: 7%²¹

Projected (2008-2009): 8%²²

Number and Size of Banks :

Number and Size of Banks: 18 licensed banks

1. Banque Commerciale du Congo (BCDC)
2. Banque Congolaise (BC)
3. Banque Internationale pour l'Afrique au Congo (BIAC)
4. Banque Internationale du Cr dit (BIC)
5. CITIBANK
6. Stanbic

7. RAW BANK
8. ECOBANK
9. Trust Merchant Bank (TMB)
10. Procrédit
11. Afriland First Bank
12. Access Bank
13. Solidaire Banque Internationale (SBI)
14. Mining Bank Congo
15. First International Bank
16. Invest Bank Congo
17. Sofibanque
18. La Cruche Banque

Foreign versus domestic ownership:

- All banks listed above are domestic except:
 - CITIBANK
 - Stanic (a subsidiary of South-African Standard Bank)
 - Trust Merchant Bank
 - Procrédit
 - Afriland First Bank
 - Access Bank (Nigerian)
 - Solidaire Banque Internationale
 - First International Bank (Gambian)

Source of funds: The Central Bank estimates that there are only 60,000 bank accounts in the entire country.²³

- The size of the banking system reached \$1 billion level in September 2007. These assets mainly comprise cash reserves (more than half of the balance sheet). Outstanding debt is a relatively minor item, but its share has continued to grow over the past two years.²⁴
- Customer funds are dominant, largely composed of demand deposits in foreign currencies.²⁵

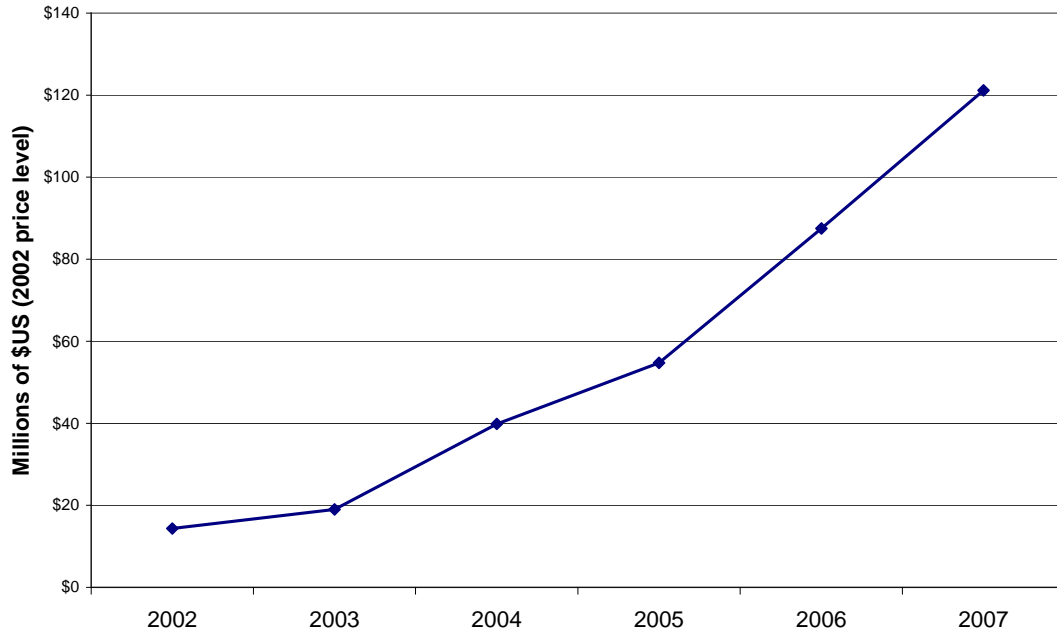
Investment of funds: No information available

Privatizations: No information available

Interest spread: No information available

Bank credit to the private sector:

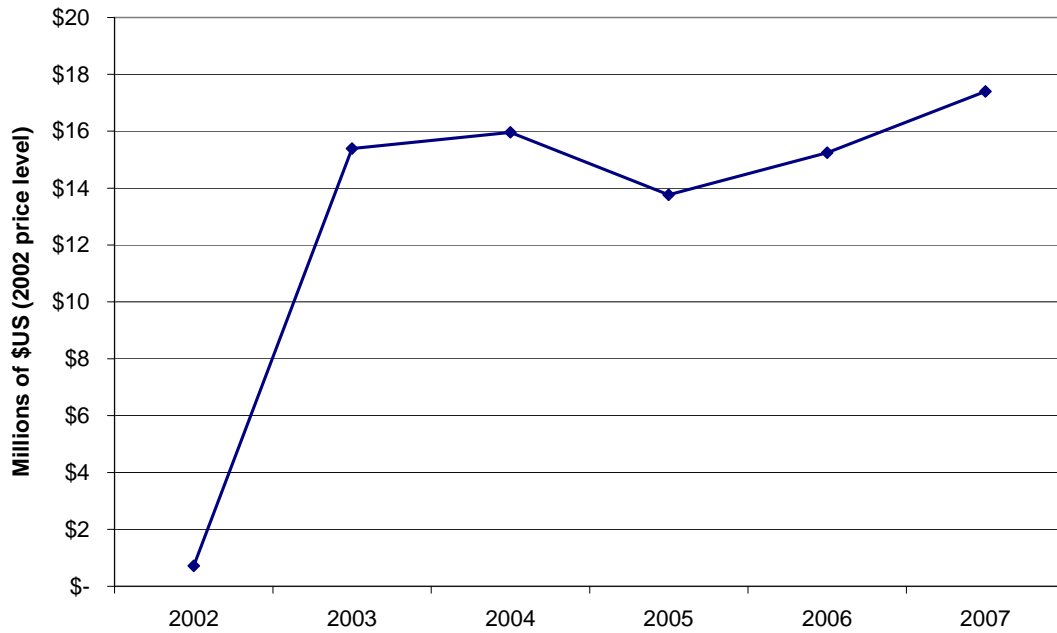
Claims on the Private Sector



Source: IMF's International Financial Statistics. Assume exchange rate of 1 \$US = 826.44

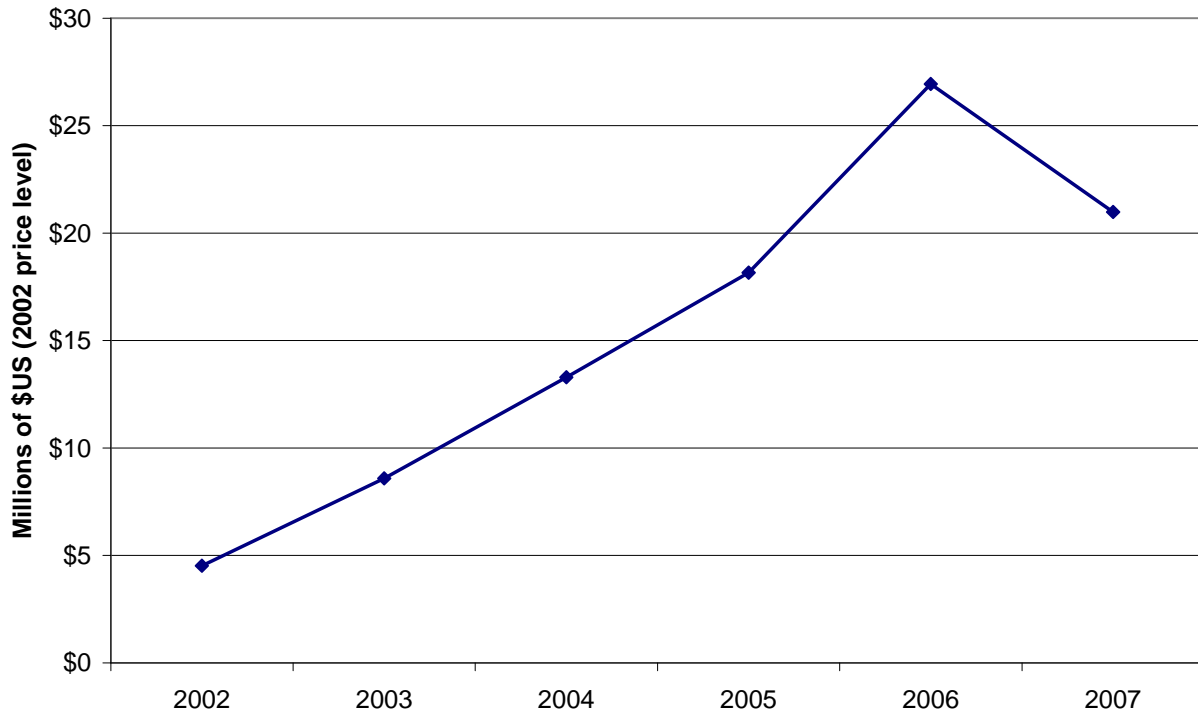
- Bank credit to the public sector:

Claims on Central Government



Source: IMF's International Financial Statistics. Assume exchange rate of 1 \$US = 826.44

Central Government Deposits



Source: IMF's International Financial Statistics. Assume exchange rate of 1 \$US = 826.44

Deposit insurance:

FOGADAC is a regional deposit insurance fund that was created in 1994 and is managed by the national banking association with a monitoring role by the banking commission.²⁶

Insurance Companies and Other Financial Institutions

The Democratic Republic of Congo does not have a formal insurance industry.

Central Bank and its Role in the Economy:

Role in setting interest rates: the Central Bank sets interest rates

Exchange rate: 1 \$US = 826.44 Congolese Francs

CDF per unit of USD



Source: FXHistory®(historical currency exchange rates)²⁷

Historic data on interest rates:²⁸

Interest Rate	12/22/2008	1/10/2009	1/14/2009	1/30/2009	2/4/2009	2/11/2009	2/13/2009	(%)
Short-term loans	40.00	55.00	55.00	65.00	65.00	65.00		
Standing facilities	42.50	57.50	57.50	67.50	67.50	67.50	67.50	
BTR								
7days	38.50	38.00	54.75	55.00	62.00	64.75	64.75	
28days	27.50		54.75	54.75 -		65.00	65.00	

Role of the Central Bank: The Banque Central du Congo is responsible for defining and implementing the country's monetary policy. Its main objective is to ensure the stability of general price level. Without prejudice to the objective of stability in the general price level above, the Bank performs all central banking tasks, including:

- Ensure the stability of the national currency
- Manage the official reserves of the Republic
- Promote the smooth functioning of clearing and payment
- Develop regulations and monitor the credit institutions, microfinance institutions and other financial intermediaries
- Establish standards and regulations relating to transactions in foreign currencies
- Participate in the negotiation of any international agreement involving payment arrangements and the implementation thereof
- Promote the development of money markets and capital.

Independence and Governance: The Banque Central du Congo is entirely independent and has been working to ensure tight monetary policy with the hope of receiving assistance from the IMF.²⁹ (see Figure 1 in Appendix for full chart)

- The general governance of the bank is as follows: To accomplish its mission throughout the national territory, the Bank operates through 37 provincial entities are divided into:

- 10 Provincial Directorates¹
- 20 autonomous agencies²
- 7 Agents that are branches of commercial banks with which the Bank has signed agreements of stewardship.³

Government Bond Market

Maturities:³⁰

- 7 days
- 14 days
- 28 days

Volumes: Outstanding BTR (government treasuries) were 56 billion CDF as of February 11 2009, approximately \$70 million.³¹

Interest Rates of recent issuances:³²

Date	7-Jan-09	14-Jan-09		21-Jan-09	28-Jan-09	4-Feb-09	11-Feb-09		18-Feb-09	25-Feb-09
Maturity	7 days	7 days	28 days	7 days	7 days	7 days	7 days	28 days	7 days	7 days
Weighted Avg Interest Rate	33.06%	47.48%	52.38%	50.33%	50.28%	59.65%	59.82%	65.00%	60.37%	58.95%
Money Received (CDF)	51,574	37,884	4,006	41,813	44,152	52,034	47,274	5,006	37,989	45,333

Stock Market

The Democratic Republic of Congo does not have a stock market.³³

Other Types of Financial Markets

The Democratic Republic of Congo has neither a bond market nor a derivative market.

Other Types of Finance

¹ In the chief towns of provinces: Bandundu, Bukavu, Goma, Kananga, Kindu, Kisangani, Lubumbashi, Matadi, Mbandaka and Mbuji Mayi

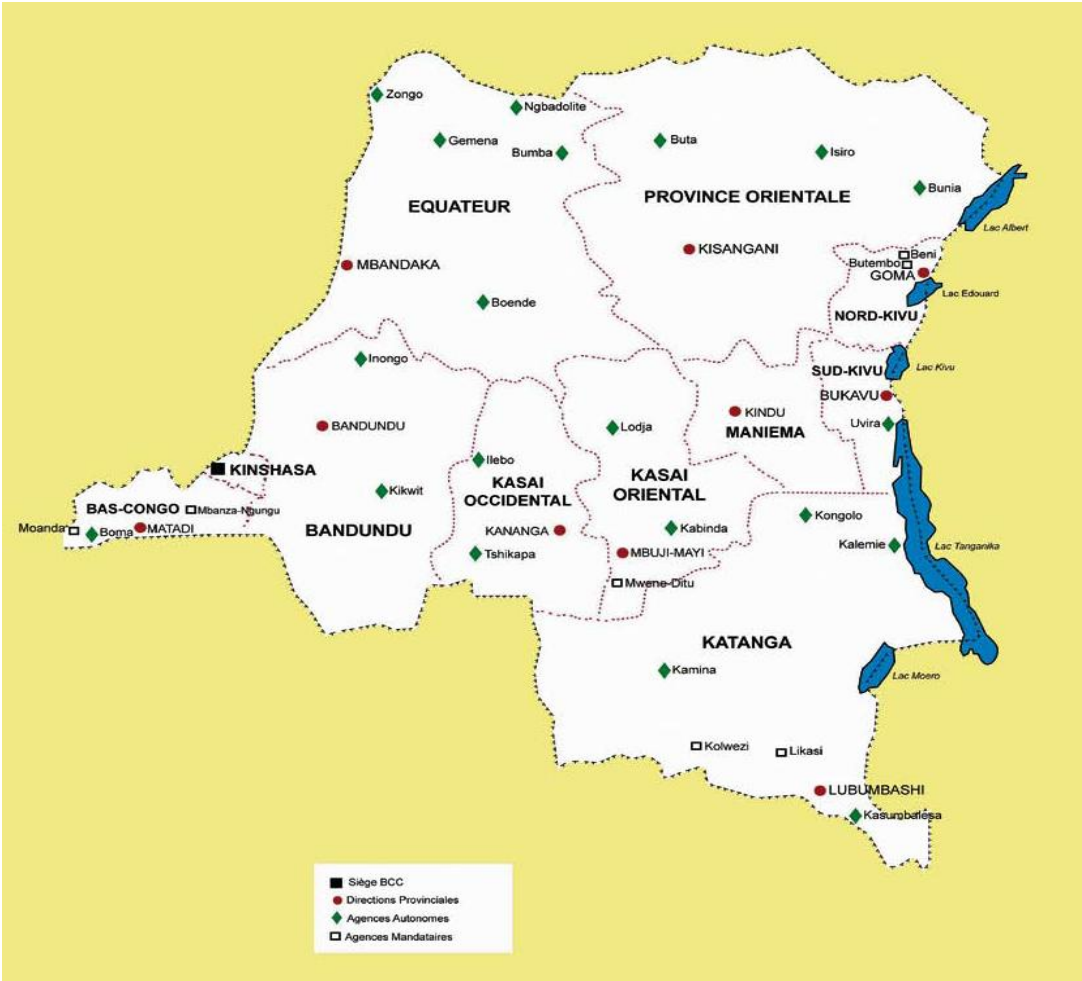
² In the districts/ cities: Boende, Boma, Bumba, Bunia, Buta, Gbadolite, Gemena, Ilebo, Inongo, Isiro, Kabinda, Kamina, Kalemie Kasumbalesa, Kikwit, Kongolo Lodja, Tshikapa, Uvira and Zongo

³ In Beni, Butembo, Kolwezi, Likasi, Mbanza-Ngungu, Muanda and Mwene Ditu

- Microfinance: In September 2000, the government created a ministry devoted exclusively to microfinance, with the understanding that the development of small and medium enterprises would be essential to post conflict reconstruction. All financial institutions must be registered with the Central Bank.³⁴
 - RIFIDEC (the Regroupement des Institutions de Financement Decentralise du Congo), serves as the primary oversight organization in the country.³⁵
 - RIFIDEC registered in early 2003 75 effective members (57 MFIs, 15 COOPECs and 3 others) and 126 non-effective members (113 MFIs, 13 COOPEC).³⁶
 - According to the OECD Development Centre, it is difficult to assess the size of the microfinance industry in the DRC today.³⁷
 - In September 2004, the International Finance Corporation, the private sector arm of the World Bank Group announced an agreement for a 15 percent equity stake in the start-up of Pro Credit Bank. The bank will provide credit facilities and other financial services to micro and small businesses.
 - The IFC made a US\$0.45 million equity investment in Pro Credit Bank. IFC is also providing a US\$0.5 million technical assistance grant to the bank for institution and capacity-building. Other foreign equity investors in Pro-Credit Bank include Stichting DOEN of the Netherlands, and Germany's Internationale Projekt Consult and Internationale Micro Investitionen – the latter in which IFC has an equity stake.³⁸
- Informal Finance: Informal mechanisms, such as savings schemes called “daddy cards” and ROSCAs are common.³⁹
- Private Equity: There are a small number of private equity firms investing in DRC. Most foreign investments appear to be in the mining industry. Most recently:
 - The IFC launched the US\$50 million SME Ventures Fund, which includes investment in small and midsize enterprises in DRC.⁴⁰
 - Emerging Capital Partners (ECP) owns Anvil Mining of the Democratic Republic of Congo.⁴¹
 - Pamodzi Investment Holdings has announced plans to target publicly traded resource companies in Africa for buyouts. The Pamodzi Resources Fund is backed by American Metals & Coals and other U.S. investors. The fund has already had discussions with companies in Botswana, the Democratic Republic of Congo, and Namibia.⁴²

Appendix

Figure 1: Governance of Banque Centrale du Congo



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- ¹ Economist Intelligence Unit, Country Profile 2008: Democratic Republic of Congo, 2008.
- ² CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html#Econ>
- ³ CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html#Econ>
- ⁴ Economist Intelligence Unit, Country Profile 2008: Democratic Republic of Congo, 2008.
- ⁵ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ⁶ http://news.bbc.co.uk/2/hi/africa/country_profiles/1076399.stm
- ⁷ International Monetary Fund, country page, Democratic Republic of Congo, <http://www.imf.org/external/country/cod/index.htm>
- ⁸ International Monetary Fund, country report, 2007, <http://www.imf.org/external/pubs/ft/scr/2007/cr07327.pdf>
- ⁹ <http://us-africa.tripod.com/zaire.html>
- ¹⁰ http://www.nationsonline.org/oneworld/congo_droc.htm
- ¹¹ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ¹² CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html>
- ¹³ CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html>
- ¹⁴ Economist Intelligence Unit, Country Profile 2008: Democratic Republic of Congo, 2008.
- ¹⁵ Economist Intelligence Unit, Country Profile 2008: Democratic Republic of Congo, 2008.
- ¹⁶ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ¹⁷ OECD, African Economic Outlook, 2008. <http://www.oecd.org/dataoecd/13/39/40577125.pdf>
- ¹⁸ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ¹⁹ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ²⁰ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ²¹ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ²² Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ²³ CGAR report
- ²⁴ OECD, African Economic Outlook, 2008. <http://www.oecd.org/dataoecd/13/39/40577125.pdf>
- ²⁵ OECD, African Economic Outlook, 2008. <http://www.oecd.org/dataoecd/13/39/40577125.pdf>
- ²⁶ <http://www.iadi.org/BankProfSelAfrCount2.doc>.
- ²⁷ <http://www.oanda.com/convert/fxhistory>
- ²⁸ Government of Congo Central Bank, <http://www.bcc.cd/>
- ²⁹ Economist Intelligence Unit, Country Report: Democratic Republic of Congo, December 2008.
- ³⁰ Government of Congo Central Bank, http://www.bcc.cd/index.php?option=com_content&task=view&id=183&Itemid=103
- ³¹ Government of Congo Central Bank, http://www.bcc.cd/index.php?option=com_content&task=view&id=183&Itemid=103
- ³² Government of Congo Central Bank, http://www.bcc.cd/index.php?option=com_content&task=view&id=183&Itemid=103
- ³³ <http://www.heritage.org/Index/Country/DemocraticRepublicCongo>
- ³⁴ Consultive Group to Assist the Poor (CGAP), Policy Diagnostic on Access to Finance in the Democratic Republic of Congo (DRC), April 2007.
- ³⁵ Year of Microcredit, [http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\"democratic+republic+of+congo\"+and+microfinance&hl=en&ct=clnk&cd=1&gl=us](http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\)
- ³⁶ Year of Microcredit, [http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\"democratic+republic+of+congo\"+and+microfinance&hl=en&ct=clnk&cd=1&gl=us](http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\)

³⁷ Year of Microcredit, [http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\"democratic+republic+of+congo\"+and+microfinance&hl=en&ct=clnk&cd=1&gl=us](http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\)

³⁸ Year of Microcredit, [http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\"democratic+republic+of+congo\"+and+microfinance&hl=en&ct=clnk&cd=1&gl=us](http://74.125.47.132/search?q=cache:2Y-ltrcsogsJ:www.yearofmicrocredit.org/docs/countryprofiles/Democratic_Republic_ofthe_Congo.doc+\)

³⁹ Consultive Group to Assist the Poor (CGAP), Policy Diagnostic on Access to Finance in the Democratic Republic of Congo (DRC), April 2007.

⁴⁰ Emerging Markets Private Equity Association, <http://www.empea.net/News/Industry-News-Archive/December-01-2008-T-00-00-00/IFC%20Launches%20Emerging%20Markets%20SME%20Ventures%20Fund.aspx>

⁴¹ Emerging Markets Private Equity Association, <http://www.empea.net/News/Industry-News-Archive/November-19-2007-T-00-00-00/Emerging%20Capital%20Partners%20Jointly%20Acquires%20Leading%20Moroccan%20Mining%20Company%20With%20Truffle%20Capital.aspx>

⁴² Emerging Markets Private Equity Association, <http://www.empea.net/News/Industry-News-Archive/September-05-2007-T-00-00-00/Pamodzi%20Aims%20to%20Buy%20African%20Resource%20Firms.aspx>