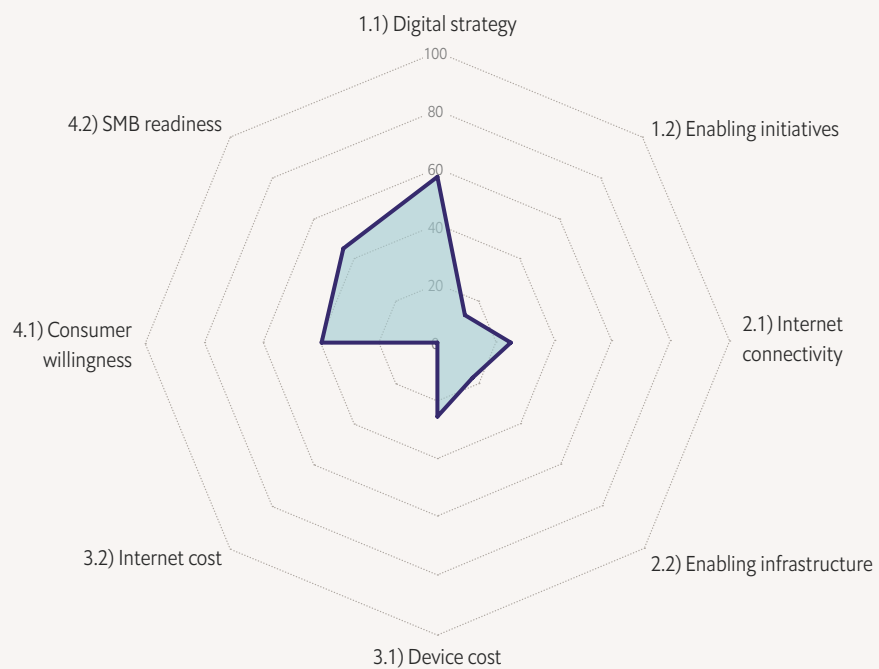


Democratic Republic of Congo

- While progress is being made on policies to increase access to the digital economy, these efforts need to be expedited.
- Urgent action on infrastructure improvements is needed, as it continues to hold back consumer and SMB readiness, disproportionately impacting the youth.

Figure 1: Category-level scores for Democratic Republic of Congo



Focusing on the fundamentals

The DRC is the most populous country in sub-Saharan Africa, and one of the poorest. The country's economy is driven by its mining sector, with non-mining sectors including services and agriculture expected to lag behind due to a lack of economic diversification.¹

Against this backdrop, the digital economy can play an important role. According to a 2019 study by the ITU, a 10% increase in mobile broadband penetration in the DRC would increase GDP per capita by 1.1% (and by 2.5% for Africa as a whole).² This is also true for internet access: a study analysing 45 sub-

¹ EIU, DRC Country Report 2022. Available at: https://country.eiu.com/FileHandler.ashx?issue_id=852248068&mode=pdf

² ITU, Economic contribution of broadband, digitization and ICT regulation. Economic Modelling for Africa, 2019. Available at: https://www.itu.int/dms_pub/itu-d/opb/pref/D-PREF-EF.BDT_AFR-2019-PDF-E.pdf

Saharan countries found that for every one-percentage-point increase in internet access, economic growth increased by 0.224 percentage points (though only in countries with high levels of education).³ For the DRC, increased inclusive access to the digital economy can also lead to stronger digital entrepreneurship ecosystems and more dynamic labour mobility.⁴

However, the DRC is only capturing a fraction of these benefits due to slow policy implementation, high costs and disadvantaged youths. The country generally performs poorly across almost all pillars and categories compared to other countries under study, but government intent and ambition is strong. In 2019, the DRC adopted a new vision for the digital economy, reflected in the Plan National du Numérique – Horizon 2025, making it one of the top government priorities. Numerous initiatives for digital skilling were also rolled out.⁵ However, our analysis shows that the positive efforts by the government to support the digital economy are being offset by a mismatch between policies and digital solution demands, especially with respect to cost and speed of implementation. Findings also portray the youth as the driving force behind the country’s digital economy growth, yet they are disproportionately disadvantaged by the inefficiencies of the current state of the digital economy.

Costly infrastructure makes for low business readiness

The DRC’s underperformance in enabling digital infrastructure (17.0 out of 100) and SMB readiness (45.5 out of 100) drives up costs and restricts inclusive access to the digital economy. Only 19% of the population has

access to electricity, 0.03 per 100 inhabitants have a fixed broadband subscription and 4G coverage stands at only 40%. Moreover, the internet is costly—scoring 0 out of 100—and of poor quality, with 34% of surveyed consumers feeling restricted by the slowness and unreliability of internet services. Smartphone penetration is also low at only 10.2% of the population, stemming from cost reasons (the DRC scores only 25.3 out of 100 on

Figure 2: Infrastructure indicator scores for DRC

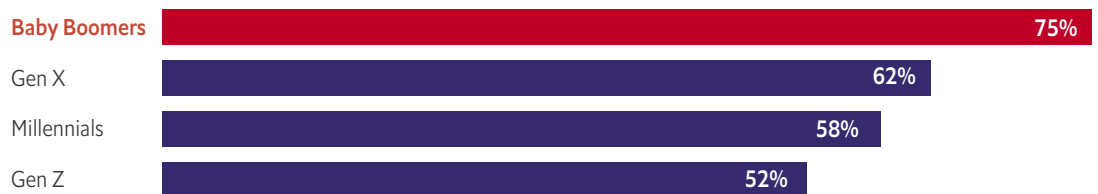
	Score
INFRASTRUCTURE PILLAR	21.6
2.1) Internet Connectivity	25.1
2.1.1) Network Coverage of 4G	40.0
2.1.2) Fixed-line broadband subscribers	0.0
2.1.3) 5G deployment/rollouts	0.0
2.1.4) Average fixed broadband latency	0.0
2.1.5) Average mobile latency	88.8
2.1.6) International internet bandwidth per internet user	0.3
2.2) Enabling infrastructure	17.0
2.2.1) Smartphone penetration	10.2
2.2.2) Account ownership at a financial institution or with a mobile money-service International provider	26.0
2.2.3) Access to electricity	19.1
2.2.4) Financial institution account ownership	15.0

Source: Economist Impact
 Note: Higher scores correspond with high levels of digital economy accessibility

³ Maeyen Solomona, E and van Klytonb, A. 2020. The impact of digital technology usage on economic growth in Africa, Elsevier Public Health Emergency Collection, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7456578/>

⁴ The World Bank & DE4Africa, DRC Digital Economy Assessment, 2020, <https://thedocs.worldbank.org/en/doc/61714f214ed04bcd6e9623ad0e215897-0400012021/related/DRC-DE4A-EN-Final.pdf>

⁵ Ibid.

Figure 3: Share of DRC respondents that say access is somewhat difficult

Source: Economist Impact executive survey, July-August 2022

smartphone cost). “Infrastructure that is not accessible to everyone makes it very costly for people to access basic services”, says Berry Numbi, founder and managing director of Centre d’innovation de Lubumbashi.

These critical infrastructure components form the backbone of a country’s digital economy. Setting businesses up for success relies on having the necessary inputs in place first. Therefore, the DRC government will need to encourage the private sector to explore unique solutions to solve local problems.

Moreover, there is potential for alternative technologies to deliver internet connectivity. Satellite technology could be a useful avenue for sealing the urban-rural connectivity divide. More experimental technologies may also be helpful. For example, pan-African technology company, Liquid Intelligent Technologies, announced in 2021 that they would leverage state-of-the-art Wireless Optical Communication (WOC) technology from Project Taara at X–Alphabet’s moonshot factory—to deliver high-speed connectivity to communities in Kinshasa, where internet access is particularly costly.⁶ Government incentives, including tax breaks, grants and credit guarantees should play a part in incentivising private sector momentum.

Lagging policies can offset positive efforts, weighing on the youth

Despite strong demand for digital solutions and interest in digital economy participation, the existing policy landscape features a number of gaps and slow implementation. Positive government efforts include the development of a national digital transformation strategy led by the Ministry of Digital, which includes plans for improving digital literacy.⁷ According to Mr Numbi, there are examples of the private sector creating platforms for digital literacy and innovation, citing Silkin Village, a digital training academy, and its implementation of the Kazi Project, a hub to support SME digital development. However, the country’s digital economy policies are lagging behind regional trends and local population demands. “The current legislation, for instance, does not properly match fintech developments with regard to transactions and data management”, says Mr Numbi.

He adds that tax regulations slow the pace of digital innovation. Delays in government action limit affordable access to necessary digital infrastructure. In addition, over two-fifths of businesses surveyed (44%) find that data governance and privacy laws are not easy to understand and comply with.

⁶ <https://itweb.africa/content/nWjadMbeYem7bjO1>

⁷ Democratic Republic of Congo, Plan National du Numérique - Horizon 2025, 2019. https://www.numerique.cd/pnn/pnn/Plan_National_du_Nume%CC%81rique_HORIZON_2025.pdf



The costliness of participating in the digital economy and the policy hurdles are particularly damaging for the youth. According to Mr Numbi, the youth are driving the digital transformation in the DRC, and the government is recognising their potential for cultivating an inclusive digital economy. However, young digital entrepreneurs are often unable to sustain the high infrastructure costs and invest substantial capital with a slow projected return. Moreover, he adds that mentorship for youth in the digital economy is limited and older generations are not equipped to meet the increasing demand for digital skills.

Mentorship and upskilling for a more inclusive digital economy

Improved communication with investors and mentorship schemes could better align digital

policy objectives with consumer and business needs, especially for the youth. “Better marketing and communication can help investors, including the government, clearly understand the value add of digital economic activity, which would facilitate funding”, states Mr Numbi. He adds that digital infrastructure issues also call for government policy reformulation and the development of a talent pool.

Pairing businesses with mentors could support SMBs’ digital expansion, helping young entrepreneurs better navigate the digital policy landscape and adapt business models accordingly. Programmes and initiatives are being created to improve digital literacy amongst the youth. However, Mr Numbi argues that greater efforts are needed in schools, also concerning access to education more broadly.

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