Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized
Public Disclosure Authorized

92367

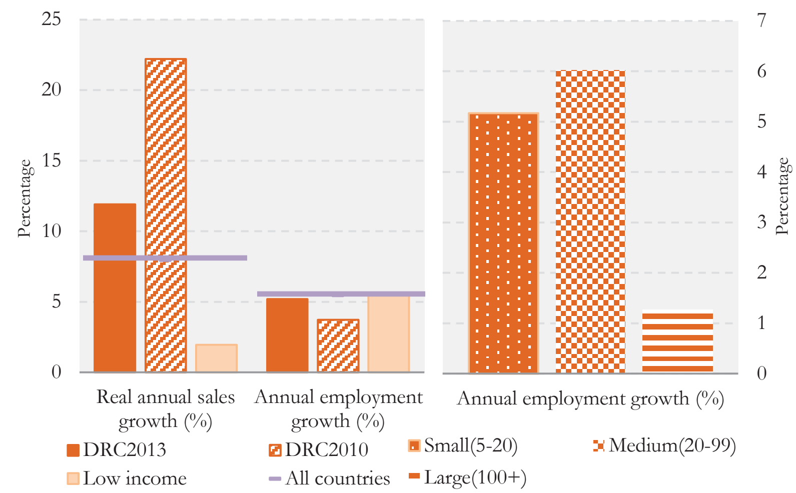
Country Highlights CONGO, DEM. REP. 2013

WORLD BANK GROUP

The World Bank interviewed a representative sample of the private sector, composed of 529 establishments, between August 2013 and May 2014. The Enterprise Survey covers several aspects of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

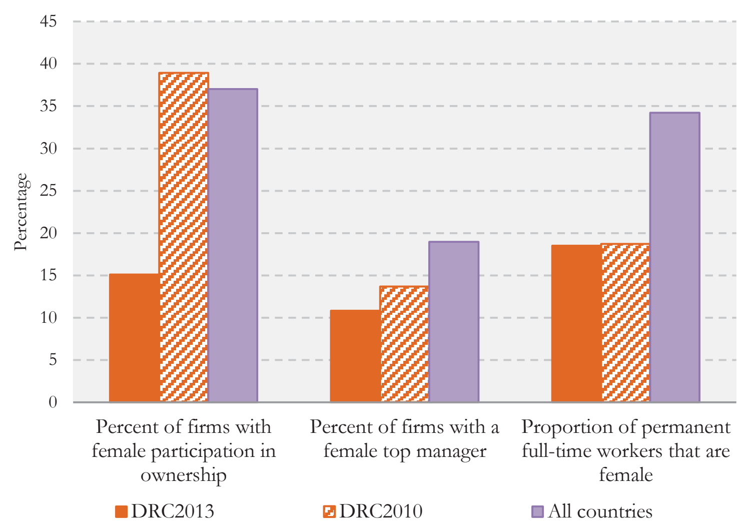
Annual sales growth in DRC is higher than in other low income countries but has deteriorated since 2010

The Enterprise Survey (ES) data indicate that the real annual sales growth of firms in DRC has deteriorated since 2010 (from 22.3% to 11.9%) but it is still positive and higher than the averages for firms in low income countries and all countries with ES data. During the same period, the annual employment growth rate moderately increased and compares well to the rates in low income countries and globally. In DRC, small and medium firms are more dynamic in creating new jobs than large firms. Small and medium firms create jobs at an annual rate of 5.2% and 6%, respectively, compared to only 1.3% for large firms.



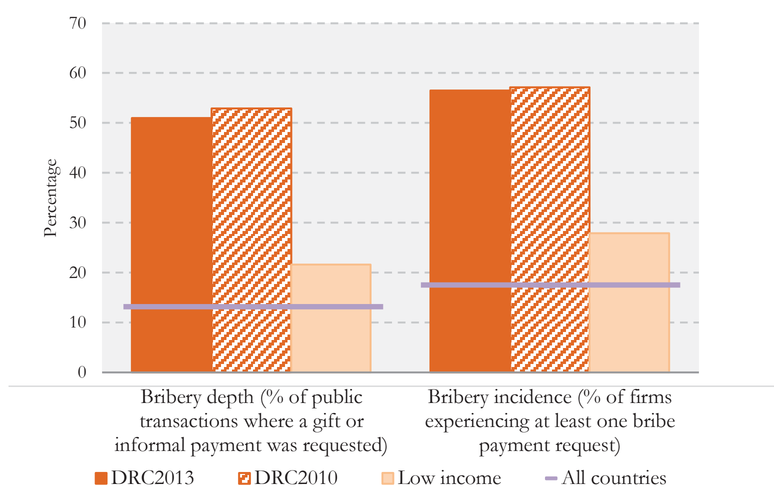
Female participation in the private sector economy is lower than in most countries

Female inclusion in the private sector in DRC lags behind other countries in all three measures of participation considered. Female participation as firms' owners and managers is not only low but it is also lower compared to 2010. In 2013, only 15% of firms in DRC have at least one woman among the owners compared to 39% in 2010 and to an average of 37% for all countries with ES data. The same applies for the percentage of firms run by a female manager which decreased from 14% in 2010 to 11% in 2013, below the global average of 19%. The percentage of female workers in the workforce was stable at 19% but notably lower than the average of 34% in all ES countries.



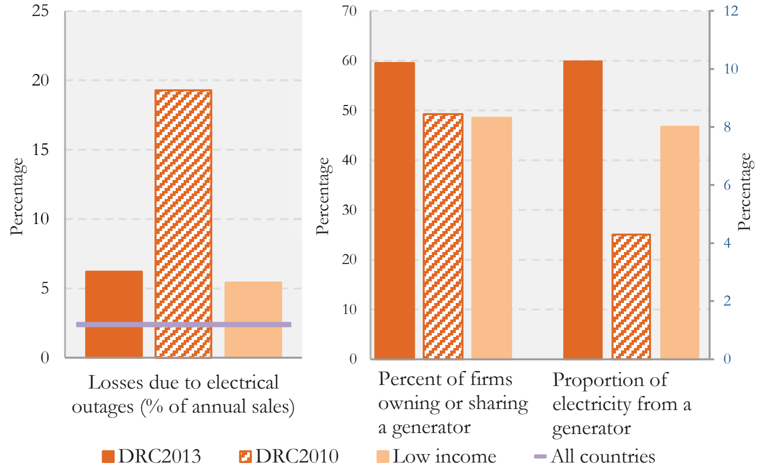
DRC firms face high levels of corruption, as high as in 2010 and higher than other low income countries

Firms in DRC face a constraining factor of the business environment: corruption. Bribery Incidence, defined as the percentage of firms facing at least one bribe payment request when engaging in six different transactions for public services, permits, or taxes, is significantly higher than the averages for firms in lower income countries and all countries with ES data. The same pattern is observed with Bribery Depth, which measures the pervasiveness of corruption by computing the percentage of transactions in which bribes were requested or expected. Bribery Depth in DRC is much higher compared to other countries.



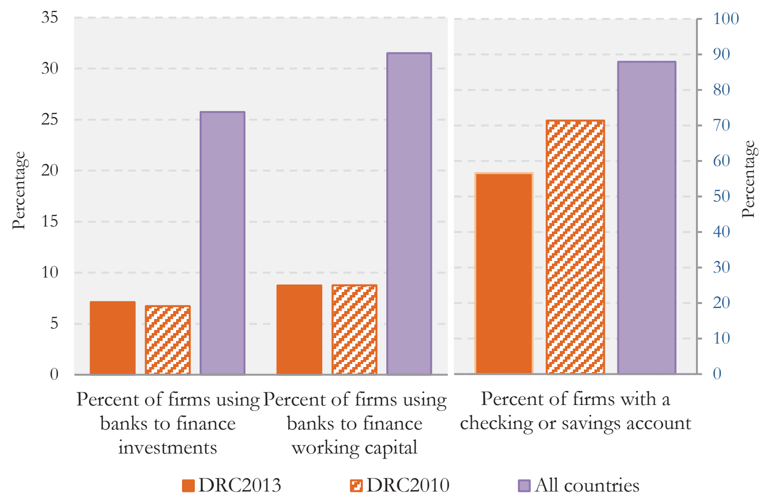
Firms in DRC use generators to compensate for the inadequate provision of electricity

The private sector in DRC reports a sharp decrease in losses due to electricity outages as a percentage of total annual sales compared to 2010. However these losses are still higher than the global average and the average for low income countries. Firms in DRC use generators to compensate for the inadequate provision of electricity. Almost 60% of firms own or share a generator and 10% of electricity is from generators; these averages are higher than in 2010 and higher than the averages for the global and low income groups. This is most likely the reason why, despite lower losses from power outages, more firms report electricity to be the biggest obstacle in the business environment.



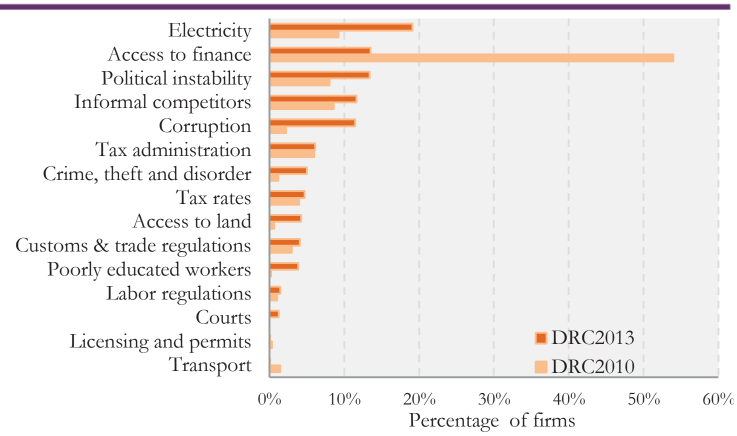
Firms in DRC use financial services at a low level, with no improvement compared to 2010

Firms in DRC use financial services at a low level, with no improvement compared to 2010. Only 7% and 9% of firms use banks to finance investment or working capital respectively. These averages are significantly lower than the averages for all countries. DRC firms' limited access to financial services is also confirmed when looking at deposits (as opposed to credit). The percent of firms with a checking or saving account dropped from 71% to 57% between 2010 and 2013, remarkably below the global average of 88%. Accordingly, firms in DRC report access to finance as the second biggest obstacle to their operations.



The private sector in DRC considers electricity as the biggest business environment obstacle

Out of 15 areas of the business environment, the private sector in DRC is more likely to cite electricity as the biggest obstacle to their daily operation, followed by access to finance, political instability, practice of informal competitors, and corruption. All of these are reported as the biggest obstacle by a similar percentage of firms (from 11% to 14%). Compared to three years ago, fewer firms complain about access to finance as the biggest obstacle and also there is not a particular obstacle disproportionally cited by firms as being the most severe.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org