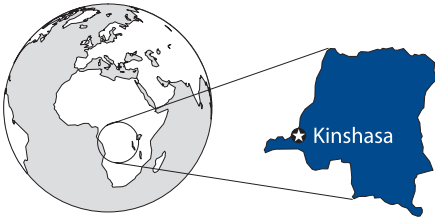


# DEMOCRATIC REPUBLIC OF CONGO



World Rank: **172**

Regional Rank: **44**

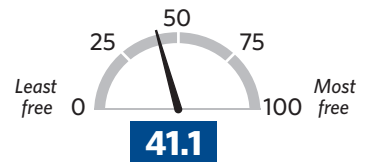
The Democratic Republic of Congo (DRC) has an economic freedom score of 41.1, making it the 172nd freest economy in the 2012 *Index*. Its overall score is 0.4 point higher than last year, reflecting marginal increases in its scores for monetary freedom and investment freedom. The DRC is ranked 44th out of 46 countries in the Sub-Saharan Africa region, and its score is far below the regional average.

Economic development in the DRC remains hampered by a long period of instability and violence that has severely eroded the foundations of economic freedom. Marginal enforcement of property rights and the weak rule of law have driven many people and enterprises into the informal sector, which accounts for more than 80 percent of economic activity. Poor economic management, worsened by repeated political crises, has severely constrained economic freedom and exacerbated persistent poverty.

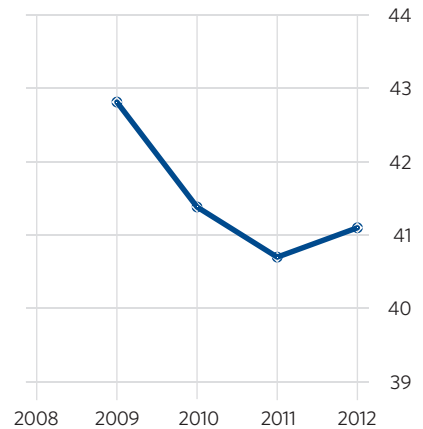
Entrepreneurial activity is constrained by an uncertain and underdeveloped regulatory environment and the absence of any effective institutional support for or facilitation of private-sector development. The government's inability to provide even basic public goods further limits economic opportunity.

**BACKGROUND:** Laurent Kabila, who had seized power in 1997, was assassinated in 2001. His son, Joseph, then assumed power and in 2006 won the first multi-party election in 40 years. Rebel groups remain active in the eastern region bordering Burundi, Rwanda, Sudan, and Uganda. It is believed that Lord's Resistance Army leader Joseph Kony is hiding in the DRC. His army abducts children and uses them as child soldiers and has promoted the rape of women as a reward. The DRC's immense natural resources, including copper, cobalt, and diamonds, have fueled conflict rather than development. Political unrest has led foreign businesses to limit their operations, and corruption and mismanagement are disincentives to activity in the formal sector. Infrastructure is virtually non-existent in many areas.

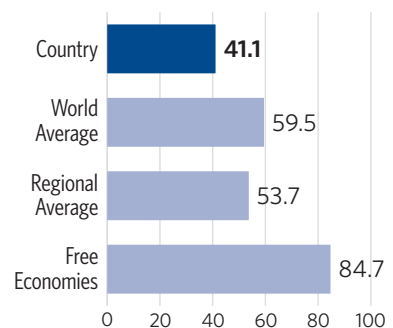
## Economic Freedom Score



## Freedom Trend



## Country Comparisons



## Quick Facts

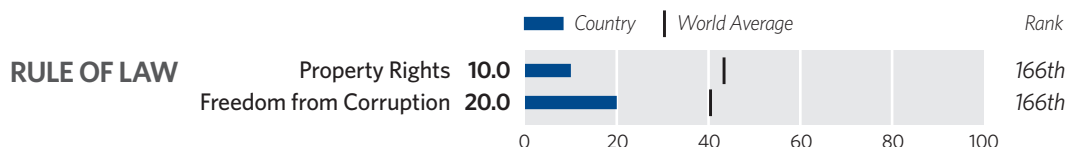
**Population:** 70.5 million  
**GDP (PPP):** \$23.1 billion  
 7.2% growth in 2010  
 5-year compound annual growth 5.6%  
 \$328 per capita  
**Unemployment:** n/a  
**Inflation (CPI):** 23.5%  
**FDI Inflow:** \$2.9 billion  
**Public Debt:** 124.3% of GDP

### How Do We Measure Economic Freedom?

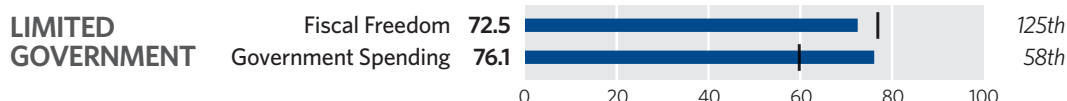
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2010 data unless otherwise noted.  
 Data compiled as of September 2011.

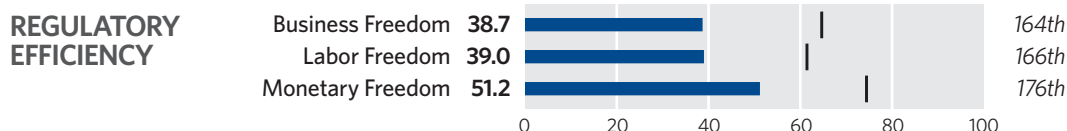
THE TEN ECONOMIC FREEDOMS



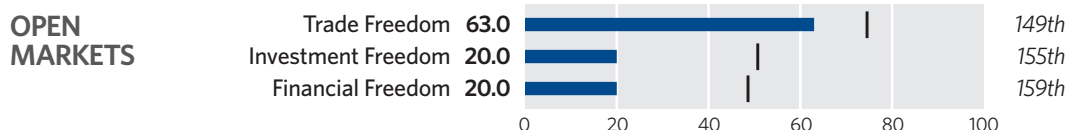
Despite a recently adopted constitution, protection of property rights remains dependent on a dysfunctional public administration. Application of the complex legal code is selective. Human rights abuses, fighting, and banditry deter economic activity and foreign businesses. During more than 30 years of rule, the Mobutu regime created a culture of corruption that has been difficult to root out of the private and public environments.



The top income tax rate is 30 percent, and the top corporate tax rate is 40 percent. Other taxes include a rental tax and a tax on vehicles, with the overall tax burden amounting to 15.9 percent of total domestic income. Taxation remains arbitrary across the country. Government spending has increased to 28.2 percent of total domestic output, with a budget deficit of over 5 percent and public debt corresponding to 124.3 percent of GDP in 2009.



Reform measures in recent years have streamlined the procedures to establish a business, but business start-ups remain discouraged by other institutional deficiencies such as pervasive corruption and very limited access to credit. The agricultural sector is the largest source of employment, and formal-sector employment is negligible. Inflation has been high, and prices are still controlled and regulated by the government.



The trade weighted tariff rate is quite high at 11 percent, with other non-tariff restrictions further constraining dynamic growth in trade. The investment regime, hampered by government controls, is poor and lacks transparency. Financial intermediation remains minimal, although more commercial banks opened in 2009 along with some new branches. Credit to the private sector is equivalent to less than 5 percent of GDP.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.8	Business Freedom	+0.9	Trade Freedom	0
Freedom from Corruption	+1.0	Government Spending	-8.4	Labor Freedom	+1.7	Investment Freedom	+5.0
				Monetary Freedom	+4.5	Financial Freedom	0