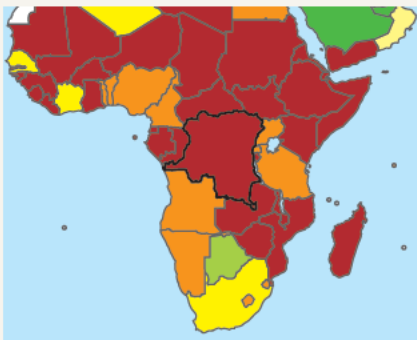


Basic facts (2023)

Population: 100million

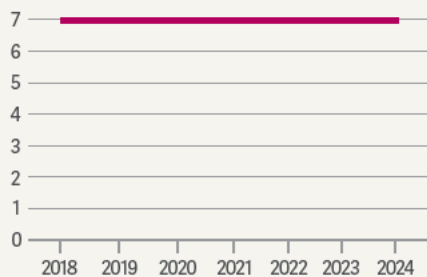
GDP, nominal: USD 67,2 billion

GDP/capita: USD 673



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

- + Low public debt
- + Limited need for external financing

Weaknesses

- Low foreign currency reserves and a dollarized banking sector
- Very weak institutions
- Extremely challenging business environment

Background

The Congolese economy is primarily driven by the mining industry, which fuels growth and accounts for approximately 80 percent of export revenues. Dependence on commodity prices makes growth and inflation generally volatile, as evident during the commodity price downturns of 2016 and 2020. The dollarized economy limits the central bank's ability to stimulate the economy through monetary policy and its capacity to support the banking sector during a systemic crisis. At the same time, the DRC is a key exporter of minerals increasingly in demand for the green transition, such as copper and cobalt. Over the past decade, the economy has grown by an average of nearly six percent per year.

Given the low-income levels and rapidly growing population, this is, nevertheless, a moderate growth rate. In real terms, GDP per capita growth has been a more modest 1.8 percent annually over the same period. With a GDP per capita of just over USD 600, the DRC remains one of the world's poorest countries.

Politically, the DRC continues to experience turbulence. In late 2023, Felix Tshisekedi was re-elected as president in an election conducted largely without political unrest. However, in May 2024, a coup attempt against the president was thwarted when Congolese American Christian Malanga and a group of approximately 50 individuals managed to penetrate the presidential palace. Corruption is high in the country, and its institutions rank among the weakest globally.

Economic growth is largely concentrated in Katanga, Kinshasa, and Bas-Congo, creating grounds for conflict in provinces excluded from the expanding economy. Several low-intensity conflicts are ongoing in the DRC, particularly in Ituri and Kivu, where approximately 100 armed groups are active. The rebel group M23 is one of the most well-known, though it accounts for only a small portion of the total deadly violence.

The central government has so far failed to resolve these conflicts, which neighbouring countries Uganda and Rwanda are deeply involved in. Katanga Province in southeastern DRC also has a history of conflicts, but it is now one of the country's most stable areas and accounts for a significant share of economic activity.

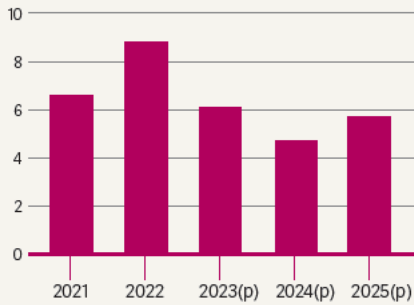
The DRC ranks among the five most vulnerable countries in the world to climate change, according to the University of Notre Dame's ND-GAIN index (184/187 in 2022). Low-income levels, a large agricultural sector, and extremely limited resources for preventive measures contribute to this vulnerability. The economic consequences risk becoming significant, particularly affecting public finances and agricultural productivity.

Ongoing challenges for Tshisekedi

The Congolese economy continues to grow, bolstered by relatively high commodity prices and an expanding mining sector. In 2024, the third concentrator at the Kamoa-Kakula mine was brought online, enabling production to increase to 400,000–600,000 tonnes of copper concentrate per

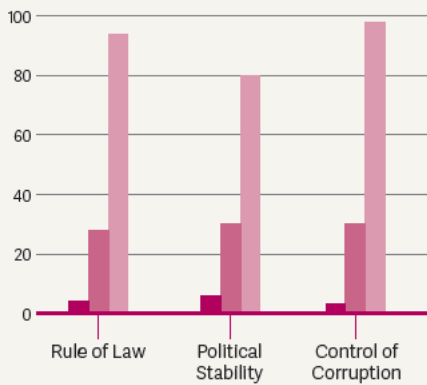
Congo, Democratic Republic

Real GDP growth (constant prices, % per annum)



Source: IMFWEQ, Macrobond

Business environment



■ Congo, Democratic Republic
■ Africa south of the Sahara
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Swedish export to Congo, Democratic Republic

	MSEK
2023	591
2022	292
2021	157
2020	160
2019	186

Source: SCB

EKN:s exposure

	MSEK
Guarantees	985
Offers	1

year. This makes Kamoakakula the largest copper producer in Africa and one of the largest in the world. Over the coming years, the economy is expected to continue growing at just over five percent annually. Inflation surged in 2023–2024 but is likely to decline over the coming year. The IMF's forecast for 2025 projects inflation at 8.5 percent, compared with just over 17 percent in 2024.

In the summer of 2024, the DRC completed the sixth and final review of its three-year IMF programme, which has had a stabilising effect on the economy. The programme has been particularly beneficial for the balance of payments, with foreign reserves rising to cover just over two months of imports from a previously critically low level. During the programme period, vital foreign direct investment in the mining sector was maintained, which also contributed to the foreign reserve. Tshisekedi has instructed his cabinet to seek a new programme from 2024.

However, the IMF programmes are unlikely to yield significant results regarding the long-term, much-needed structural reforms. High levels of corruption and a low appetite for reform mean that efforts to diversify the economy and strengthen public finances are progressing slowly. Despite an enormous need for public investment in infrastructure, healthcare, and education, the Congolese national budget remains one of the smallest in the world on a per capita basis.

National savings and investment rates are very low, at approximately ten percent of GDP, which implies weak long-term growth prospects outside the mining sector. The lack of domestic and foreign financing means public debt will fall below ten percent in the coming year, which is an extremely low level. Unlike many other African economies, the DRC's problem is not over-borrowing for infrastructure investments but rather the opposite.

Domestic political turbulence continues to contribute to the challenging investment climate and the state's difficulties in securing domestic and external financing.

The May coup attempt was swiftly averted, but it serves as a reminder of the persistently high turbulence in the DRC's domestic politics. That a small group of armed men could quickly enter what should be the country's most secure building also highlights the possibility that a larger, more organised coup could be successful.

The situation in the eastern parts of the country remains difficult, and diplomatic tensions with Rwanda are still high. At the DRC's request, the UN peacekeeping mission MONUSCO is being phased out ahead of schedule, with a gradual withdrawal starting in 2024. In South Kivu, the withdrawal is nearly complete, while it has been temporarily paused in North Kivu and Ituri due to escalating violence in these areas. Early in 2024, fighting between government forces and the rebel group M23 intensified, leading to approximately one million more internally displaced people, according to the UN. A humanitarian ceasefire was signed in June but has been poorly upheld.

The situation still risks developing into an open conflict with Rwanda, which could also draw in Uganda, given its strong interests in eastern DRC. This would be devastating for the economies of the region. Additionally, eastern Congo is the epicentre of an outbreak of a new variant of the viral disease Mpox, with approximately 600 reported deaths in 2024, worsening the humanitarian situation in that part of the country. The DRC received an initial vaccine

Congo, Democratic Republic

shipment in September, but distribution challenges mean the outbreak risks escalating despite this.

Business environment

The business environment in the DRC is generally very weak. Underdeveloped infrastructure, frequent power outages, and armed conflicts in parts of the country pose major challenges. Institutional capacity is very low, with extensive and unpredictable bureaucracy and underpaid officials, which contributes to corruption within the state apparatus.

Legal security in the country suffers from significant deficiencies, and property rights protection is weak. Courts risk being influenced by those in power and by corruption, limiting companies' ability to receive fair treatment in court. Due to weak institutions and political fluctuations, the conditions for mining companies to operate in the country and to transfer revenues abroad can change rapidly. In 2018, mining legislation was revised, introducing increased fees for mining companies to boost state revenue.

Since 2020, a subcontracting law requires that all subcontractors to Congolese companies must be registered in the DRC and owned by more than 50 percent Congolese citizens. This poses challenges for international companies, as finding qualified and reliable local partners can be difficult.

The weak and non-transparent banking system also presents obstacles to international transfers. The DRC is under special monitoring by the Financial Action Task Force (FATF) due to deficiencies in oversight regarding money laundering and terrorist financing, which can make it challenging to find a receiving bank for transfers from the DRC.

Relatively low labour costs, high mineral grades, and new deposits offer potential advantages for companies choosing to establish themselves in the country's mining industry.

EKN's policy

The DRC remains in country risk category 7 with a restrictive country policy. EKN is closed to sovereign risks and sub-sovereign risks. For such transactions, a letter of credit is required. For bank risks, a letter of credit (confirmed or unconfirmed) is also required. For corporate risks, the counterparty must have its own hard currency earnings or be able to rely on external support. Additionally, elevated premium rates are applied.

EKN's commitment and experience

EKN's guarantee exposure to the Democratic Republic of Congo is limited. Over the past five years, EKN has guaranteed an average of three transactions per year. Current exposure consists almost entirely of a transaction within the copper mining industry, with mining transactions generally dominating. Aside from a significant delay in 2020, payment experience has been positive in recent years. The current delay of SEK 1.6 million pertains to a small transaction with an exporter of mining equipment. No outstanding claims are present.