

MASTER'S THESIS

MW.EKM – 71.00.000EN

Group EKM -22-2i

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2023

Ministry of Education and Science of Ukraine

Ivano-Frankivsk National Technical University of Oil and Gas

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UDC662.276

MASTER' S THESIS

Title: "Ways to increase of small and medium-sized enterprises development in Congo"

Business Economics

(title of the educational program)

Specialty 051 -Economics

code and name of specialty)



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The work contains the results of our own research.

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Specialty : 051 -Economics

(code and name)

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Head of the Department _____

_____||_____ 2024

TASK
FOR THE STUDENT'S MASTER'S THESIS

NATHAN GERMAIN BALANGA

(Full Name)

1. Title: ""Ways to increase of small and medium-sized enterprises development in Congo""

Supervisor PhD in Economic Sciences, Associate Professor Iryna HOBYR

(прізвище, ім'я, по батькові, науковий ступінь, вчене звання)

approved by order of the higher educational institution No. 664/7 of 11/15/2023

2. The deadline for submission of a thesis by a student is January 8, 2024

3. _____ Output data: _____

4. Content of the settlement and explanatory note (list of issues to be developed) Introduction

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Generalities

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1.4 Role And Importance Of SMEs The fundamental problems of SMEs in DR Congo ...

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6. The date of issue of the task 08.01.2024

CALENDAR PLAN

№	The name of the stage	Deadline	The percentage of completion
1	CHAPTER 1 : THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF THE RESEARCH TOPIC & GENERALITIES	17.10.2023	
2	CHAPTER 2 : ANALYSIS OF THE INDICATORS OF SMALL AND MEDIUM-SIZED ENTERPRISES IN DRC AND INTERPRETATION OF DATA	25.10.2023	
3	CHAPTER 3 : PROPOSED SOLUTIONS TO THE PROBLEMS OF SMES IN DRC	08.01.2024	
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22			
23	Full completed work and design presentation	08.01.2024	

Student : NATHAN GERMAIN BALANGA _____

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Supervisor : _____ Iryna HOBYR _____ / _____ / _____

(signature)

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					MW-EKM – 71.00.00 EN				
Chan	Page	No. of docum.	Signature	Date					
Developed		NATHAN			<u>"Ways to increase of small and medium-sized enterprises development in Congo"</u>		Lit.	Page	Pages
Checked		IRYNA HOBYR					7		
Reviewer					IFNTUOG EKM-22-2i				

INTRODUCTION

The small and medium-sized enterprise (SME) sector has been identified as an important strategic sector in the overall objectives of the Government of the Democratic Republic of Congo, particularly with the creation of the Ministry of SMEs and CM in previous years. This sector is seen as an enabler of inclusive growth, regional development, job creation and poverty reduction, and plays a crucial role in sustainable development, gender equality and environmental sustainability. The SME sector must contribute to transforming the Democratic Republic of Congo from a backward region to an emerging and prosperous one.

Enterprises compete fiercely for the flow of their products in a market where only well-organized enterprises can afford a good market share these days due to economic globalization and the openness of borders. On the other hand, low organization businesses are urged to marginalize and vanish. SMEs are therefore regarded as having strategic worth due to their significance. It has established himself as the linchpin of the idea that underdeveloped and emerging nations may advance thanks to it.

Such a corporation must raise its performance if it wants to survive. As a result, a study of the current issues and a diagnosis of prospective are crucial for ensuring the viability of SMEs. In fact, it is essential to reconsider the current circumstances of SMEs and to provide avenues for their survival in order to successfully navigate more difficult scenarios.

In this master thesis, the main question will be -What prospects for SMEs in the Democratic Republic of Congo?. We were driven by a desire to comprehend the difficulties faced by small and medium-sized businesses before and throughout the health different crisis in DR Congo, as well as to investigate the future possibilities and ways of development of SMEs.

The main obstacle to the expansion and development of SMEs has been identified as a lack of access to capital. In light of the alarmingly high rate of failure of SMEs in the DRC and their relatively small contribution to GDP, there is an urgent need to study the difficulties faced by SMEs when trying to obtain financing. Ironically, SMEs have the greatest barriers to acquiring external financing despite the important role they play and their clear growth potential.

According to the International Finance Corporation (IFC), in emerging nations, between 55 and 68% of formal SMEs—or 13.8 to 20.4 million businesses—do not receive loans or receive loans that are less than what they requested from the formal banking sector. The DRC is not an exception to this troubling issue, primarily since, in comparison to other African nations, SMEs have not contributed as expected to the expansion of the economy. The World Bank (2019) noted that the SME sector has not demonstrated any signs of virtual expansion during the previous five years.

In addition, just 5,000 of the 6,000 SMEs that were around 25 years ago are still around, whereas large businesses have seen significant expansion. The decrease may be attributed to a number of challenges that such businesses encounter on a daily basis and which prevent them from expanding. In light of the background data provided above, the general goal of this research is to create a greater understanding of the difficulties faced by SMEs in the DRC from the views of the local owners and/or managers. Similar to other studies on SMEs, this one will exclusively focus on issues that are experienced on the demand side.

Understanding the issues these businesses confront will make it easier to find solutions to offer to policymakers, which will help the sector and the nation as a whole flourish. The study will also look at any gender-related barriers to accessing money, since the African Development Bank (2018) noted that despite gender equality being incorporated in the Constitution, there are still significant gender discrepancies in the nation. The DRC's productive potential will be unlocked and strengthened, resulting in economic progress, by addressing both general and gender-

specific impediments to entrepreneurship and leveraging participation of entrepreneurs of all genders.

Based on the aforementioned, the research's goals are to: identify the financing patterns/preferences of businesses operating in the SME sector; look into the major obstacles to accessing finance faced by SMEs in the DRC and the various perceptions regarding finance accessibility; determine whether SMEs owned or managed by women face greater access barriers to financing than those owned or managed by men, and give ways to develop SMEs in DRC.

Numerous studies have been done on the difficulties SMEs, whether in developed or developing nations, encounter when trying to acquire financing. To the best of the researchers' knowledge, however, there is a sizable gap in the literature because so little study has been done and published on the financial issues faced by SMEs in the Democratic Republic of the Congo. Furthermore, none of them have looked at the "perceived gender financial barrier" that exists. As a result, the need for the current research is obvious given that it is the first to be conducted in this situation. Based on that, it is envisaged that this study will be useful to a variety of possible consumers in addition to having theoretical relevance. It fills a known research gap, for instance, and can be important to researchers, students, and experts because they will have knowledge useful for their research. The study's findings will help financing providers and policy makers create new policies that are tailored to the SME sector's actual needs, which will further the sector's development. SME owners can use the study's recommendations to make it easier for them to get financing for their businesses.

SMEs are the backbone of the economy. They make up the largest part of the economic fabric and represent more than 90 percent of all enterprises. They are the main source of employment in all sectors of the economy, as well as in rural and urban areas, and contribute to reducing development disparities. They promote equitable development across the board and provide more opportunities for women and youth participation in the country's economic development. The SME sector is now viewed as a force for "growth and development" as well as "protection and promotion" in the context of globalization.

However, the SME sector in the DRC suffers a variety of institutional, financial, and institutional problems, in addition to having restricted access to markets, technology, and funding. Additionally, there is the issue of entrepreneurship and the managerial capabilities in SMEs. Lack of knowledge, insufficient ability to adhere to norms and certification, and the absence of a supportive governmental and corporate environment all exacerbate these issues. The use of new information and communication technologies (NICT) with online ties to the value chain, as well as strategies for outsourcing and networking, are not among the latest business conduct trends that SMEs are participating in. All of this necessitates that SMEs and the government actively engage in capacity building by taking steps to assure and promote SMEs' participation in supply networks and boost their flexibility and competitiveness, which will ultimately increase the viability of their companies.

Similar to this, SMEs only contribute a small portion of the GNP in the DRC while making up the great bulk of firms there. Too many businesses miss out on chances to move up the productivity value chain, which results in missed potential for wealth creation. SMEs must be at the center of the problem to ensure that profits from production and trade are dispersed fairly and help economically vulnerable people, which is to say a significant portion of the population.

Focusing not only on SMEs' access to markets, inputs, technology, and the full range of services is necessary to achieve economic growth that reduces poverty; it is also necessary to pay attention to the performance of the industries in which a significant number of these SMEs are active. By sustainably connecting numerous micro and small businesses (MPE) in global, national, and local value chains, business development can generate wealth in underdeveloped areas while also addressing the systemic challenges that SMEs must overcome in order to capitalize on market opportunities. SMEs can enhance (or update) their goods and processes by influencing the structures, systems, and connections that constitute the value chain, which will help SMEs become more competitive and reap the benefits of that competitiveness.

The DRC government has acknowledged that this sector is crucial for addressing the new issues surrounding both national and international competitiveness, and that it is crucial to set up mechanisms for intervention and support in order to strengthen and improve this sector. By bolstering and enhancing the business climate, the SME Strategic Framework seeks to support SMEs and help them reach their full potential in the worldwide economy.

Since 2001, as shown in the National Diagnostic of SMEs, important regulatory and legislative reforms have been based on the numerous results mentioned above. This research discusses the method the MinPME must employ to address the issues in the SME sector keeping this framework in mind.

SMEs in the DRC have trouble getting access to funding, technology, and competitive markets. SMEs frequently struggle with management, marketing, compliance with standards, and entrepreneurship. They struggle greatly to deal with the ups and downs of economic volatility. They must employ management methods to control risks, expedite customer payments, retain qualified staff, save costs, diversify into new markets, and enhance corporate governance in order to respond to these restrictions. These, meanwhile, are not always a sufficient reaction and need to be supplemented by suitable policies intended to address these vulnerabilities.

In order to ensure that the negative effects of external or exogenous disruptions originating from regional trading partners have a minimally disruptive impact on the domestic market and the strengthening of the economy, it is essential to have an appropriate national SME strategy framework.

Improved human resources, access to financial and non-financial support, technology and innovation, markets, and internationalization through governmental support measures, complementary activities, and appropriate communication are all necessary for SMEs to be strengthened. According to predictions, SMEs will play a large role in both the regional and global supply chains by the year 2030.

The purpose of the Strategic Action Plan for SME Development is to increase the competitiveness and resilience of SMEs. Additionally, it must permit the SME sector

to contribute to the creation of an inclusive economic growth in the area. Due to the fact that most of the businesses are SMEs (including micro enterprises), the continued development of SMEs aims to promote equitable development as well as strengthen the economy of the DRC, which is heavily dependent on the competitiveness and resilience of SMEs in the nation. It is crucial that DRC policy supports the expansion and development of its SME sector because SMEs are crucial to sustained growth.

At both the national and provincial levels, a cohesive SME strategic framework is required to achieve this. Additionally, it must be accompanied with a thorough and efficient monitoring mechanism to ensure that the institutions, programs, and policies are supportive of the growth of SMEs in the DRC.

The Ministry in charge of SMEs had listed the creation of a Law orientation of SMEs as one of its priorities in order to fill this gap. Prior to achieving this, a Charter had been created; however, it wasn't until July 2022 that the Project was presented to the government, defended, and approved for signature by the Interministerial Commission on Economy and Reconstruction of the Government. The next stage was to sign a decree endorsing this charter, which was never completed but had the benefit of trying to:

- Organize relationships between SMEs and major businesses, particularly in terms of subcontracting and market access;
- Provide the nation with business categorization criteria and a single, clear definition;
- Organize SMEs' access to public markets;
- Develop technology transfer - Offer the SME assistance with training, knowledge, and loan access.

It is vital to consider which of the aforementioned factors is the cause of SMEs' difficulty in obtaining financing. To put it another way, we ask why SMEs in the DRC do not have simple access to banking finance and what can be done to change this for better development ?

For that, our master's thesis consists of three sections, an introduction and conclusions. The first chapter describes the theoretical and methodological foundations of the SMEs in DRC : the second section is analytical, here the analysis of the indicators of the topic will be presented and calculations will be made. And in the third chapter, we will show and propose solutions to the problems the enumerated in the second chapter, in other words , we will give ways to improve those situations in DRC.

1. Theoretical and methodological foundations of the research topic & Generalities

Currently, the Democratic Republic of the Congo is considered to be one of the world's poorest nations. Big enterprise, a byproduct of colonization and the foundation of the nation's economy, is no longer sufficient to ensure the nation's future prosperity. Its contribution to the national income continues to fall short of what the state expects. It is often compelled to downsize and provides fewer and fewer work chances. Therefore, small and medium-sized firms must be given a lot of importance in the modern world. Because several industrialized nations and emerging economies have recently relied heavily on innovative SMEs with great growth potential to boost productivity and retain their competitiveness. Our study is crucial because it informs business owners about how to finance their operations, identifies the challenges they must overcome in obtaining simple financing from financial institutions, and makes some recommendations while outlining potential solutions to increase SMEs' access to financing.

In order to fulfill our goals and verify our theory, we decided on:

- Using the statistical method, we were able to quantify the results of our survey and make them easier to process. We have selected two approaches, which are tools, means, and procedures that enable a researcher to obtain first- or second-hand information on a certain subject, namely:
 - The documentary method enabled us to compile all the literature pertinent to our research;
 - Using the survey method, we were able to gather information from our study's participants and quantify them;
 - With the use of the content analysis technique, we were able to quantify and analyze all of the qualitative data.

❖ *Company financing*

The resolution of a company's financial concerns is crucial for its existence, its prospects for the future, its current and future performances, as well as the

independence of its owners and executives. The corporation therefore has a variety of resources from various sources to finance its demands. In essence, there are three types of financing: financing by own resources, Credit Financing , and other nontraditional funding methods.

*a. **Financing By Own Resources** : Equity may have internal or external sources. The company's internal resources are derived from the surpluses produced by all of its operations during the exercise. The resources brought by shareholders are represented by the δ (*) external resources, which are the contributions made by the company's founders at its founding or by later shareholders during capital expansions. It displays the company's capability or competence to guarantee the reinvestment of the funds entrusted to it. It is the only thing that makes it possible to create independent, reliable financing that can hide money that will be used to repay loans that have been taken out. As such, it serves as the base upon which a workable funding strategy can be established. The constraints of self-financing must be mentioned at the height of all these considerations: First, the necessities for the development of the activity cannot be met by self-financing alone. The company could miss out on valuable investments if it just relied on the opportunities provided by self-financing, thus alternative financing options must be taken into account. Second, it is tempting to think that self-financing is cost-free. While the potential cost is, in principle, difficult to calculate, the explicit cost is, in fact, \$0. The company's reinvested funds may have been employed in places other than the financial market.*

*b. **Credit Financing**: Equity capital frequently proves insufficient for a company's funding requirements, both at the time of the company's founding and throughout its evolution. In this situation, external funding sources—that is, sources other than partners, shareholders, or self-financing—must be used. This is due to a number of factors, but let's focus on a few: Debt most importantly enables you to take advantage of interest deductibility at*

the corporate level. This tax gain is not insignificant, and because of the leverage effect it creates, stock can be more profitable; A firm can transfer certain risks to creditors through debt for the benefit of its shareholders; debt significantly lowers the chance of losing control of the business. We make a distinction between bond loans and undivided loans at this level.

*c. **Alternative Methods Of Financing: Credit-Lease (Leasing) :** The leasing contract is a rental contract, relating to movable or immovable property, accompanied by a purchase option at a price fixed in advance. The main characteristic of leasing is that; whatever the form considered, the user of the asset under a leasing contract is not the owner and the contract provides for an irrevocable period of use of the asset. The time that separates*

1.1 Definition of SMEs

From what we read , sincere acknowledgement is required of the fact that small and medium-sized enterprises have many different characteristics and issues. As a result, it is not always simple to come up with a description of the SME idea , depending on the authors and the nation. And the reason for this is because the parameters used to define the area under consideration continue to be closely related to the level of development attained by these nations or the development of the economic sectors under discussion. As a result, businesses that are categorized as small or medium in economically developed nations may paradoxically be categorized as medium or even large in less developed nations.

Find different thoughts and definitions of SMEs according to different thinkers:

According to Gingembre Léon , SMEs are those whose owners invest their own money in their companies, use excellent management and operating procedures, and maintain ongoing, direct communication with their employees.

According to Pierre André Julien and Bernard Morel : the management's personality; a speedy decision-making process; an easy-to-use information system; Information technology and the pursuit of a secure environment.

As a result, the issue with the definition of SMEs is serious and should not be disregarded. However, both qualitative and quantitative factors are typically taken into account.

The most frequently utilized qualitative criteria include things like the number of employees, turnover, total net assets, and added value, among others. Sometimes, we can add to these criteria, the level of technology of the company and even the qualification of the employees.

An SME is described as a business that operates in the primary, manufacturing, and services sectors and whose responsibility functions typically involve one, two, or three people who are typically the only owners of the capital.

1.2

Legal Form of an SME in DRC

There are two main legal forms that an SME can take:

- Either the individual form;
- Or the form of a company.

1.2.1 Sole proprietorship

A sole proprietorship is a business that only belongs to the person who started it. It is not a distinct creature in relation to its originator and lacks a moral (legal) personality as such.

1.2.2 The company

The company is the agreement between two or more people to pool specific goods with the goal of sharing any potential profits while accepting joint responsibility for any potential losses. As a result, the term "company" also refers to the legal body established by the partnership agreement, whose assets are made up of the

contributions made by each partner. Because of this, the corporation is a separate legal entity from the partners and has a legal identity.

1.3 The size of an SME

From this point of view, it is appropriate to indicate the number of employees and the turnover according to Marchesnay:

An SME typically employs fewer than 500 people. The lowest criterion, however, is (100 to 300 employees) in several nations. Following uncertainty among nations over the standard to be applied for classifying SMEs, the following universal norm was adopted:

Table 1. Showing type of business in DRC

Business types	Number of employees
Microbusiness	1 to 4 employees
Very small business	5 to 19 employees
Small business	20 to 99 employees
Medium business	100 to 500 employees.

Table 2. Showing SMEs defined under the 2022 Charter.

COMPANIES			
Designation	Micro Enterprise or Very Small Enterprise (VSE)	Small business	Medium Enterprise
Effective	between 1 and 5 employees	between 6 and 50 employees	Between 51 and 200 employees
Annual turnover excluding tax	between 1 to 10,000 USD	between 10,001 and 50,000 USD	between 50,001 and 400,000 USD
Necessary investments	from 10,001 to 50,000 USD	from 10,001 to 150,000 USD	from 150,001 to 350,000 USD
Management mode	Concentrate	Concentrate	+/- open to decentralization
CRAFTSMANSHIP			
	Single job	Artisan Croissant	Emerging artisan
Effective	1 job	1 to 5 permanent employees	6 to 10 employees
Annual turnover excluding tax	between 1 to 10,000 USD	between 10,001 to 30,000 USD	Between 30,001 and 50,000 USD
Necessary investments	≥ 5000 USD	From 5001 to 10,000 USD	From 10,000 to 50,000 USD
Management mode	Concentrate	Concentrate	Concentrate

1.4 Congolese SME characteristics

One of the fundamental features of our economy, which is built on an employment policy that can accommodate growth, is that the majority of the population seeks refuge in the unorganized sector. a sizable portion of the unemployed and a fair pay structure.

On the one hand, we've compiled the traits that can be seen in SMEs from the Democratic Republic of the Congo and those that can be seen in SMEs generally.

- The property: There is frequently confusion of inheritances, with the patron frequently being a single man or his family, specifically the immediate parents.
- There is accountability: the owner is the only decision-maker in the business;
- There is a specific goal for wealth: pursuing personal remuneration plays a significant role.
- Flexibility: It enables him to adjust to environmental changes in investments made without reference to a comprehensive plan but rather on the basis of daily decisions, as and when the necessary liquidities appear automatically.
- Limited autonomy: Many PME evolved into under-traitance situations that were heavily dependent on the banking system and financing.

1.5 Role And Importance Of SMEs

The contribution of SMEs to the nation is substantial and varied. SMEs have an impact on all facets of social life, although certain consequences are difficult to quantify due to their complexity as the burden of all its manifestations. Others, though, can be measured through changes in spending patterns. Congolese SMEs, like those of all other nations, play a significant role in the expansion of the labor market and the growth of various industries.

The ability of SMEs to absorb unemployment by generating jobs makes them an economic engine that pays back the capital invested through the realization of a production. They have a significant impact on the state's ability to collect taxes and other fees that taxpayers owe. The following sentences must analyze the significance of SMEs in the political, economic, social, and fiscal spheres.

1.5.1 On The Political Plan

The existence of SMEs encourages the emergence of a new generation of national entrepreneurs who may establish their businesses, strengthen the economy, and adjust to the demands of the nation.

1.5.2 On The Economic Plan

On an economic level, SMEs can ensure the use of specific goods that are frequently imports that harm the national economy after significant progress distribution, but which also cause the importing country to experience a balance of payments deficit, which then results in a currency outflow to exporting nations. So, let's remember that SMEs are crucial to the health of any economy and act as its skeleton or pivotal point. Given their small size, monitoring target tracking is simple to accomplish, which is another intriguing advantage they offer. By using debt to finance activities, it is simple to improve its financial status because the amount to borrow depends on how much cash flow is needed.

The construction of an activity like agriculture for the food trade, the integration of artisanal sectors, for a manufacturing company, etc. by the SME has a positive impact on the development of national resources. They make up the tertiary or development sector and help to raise the gross domestic product. The development of SMEs encourages the industrial structure's diversification while also assisting in the exploitation of beneficial resources and, as a result, hiding the workforce's training. Import exchange is frequently the only option when the demand for a certain commodity only permits the manufacture of modest quantities. SMEs thus make it easier to replace imports with locally produced goods.

1.5.3 On The Social Plan

The development of SMEs is seen as a means of addressing unemployment, and it is unquestionably a reflection of the resilience and adaptability of the Congolese people. SMEs are where many people find their real sources of support. Through their access to labor revenue, SMEs support the distribution of wealth among various societal groups. SMEs are therefore the hubs for workforce development.

1.5.4 On The Tax Level

A state must impose taxes and maintain unwavering oversight of the SME industry. Because SMEs grow significantly in the informal economy, they are not subject to public power. Because the unfloué sector of the state fund helps to the economic and social development of our nation, the extension of the tax base therefore strives to tax all SMEs at the financial point of life.

1.6 The fundamental problems of SMEs in DR Congo

Congolese business owners have a strong incentive to comprehend the fundamental methods of funding their operations, whether it is through the utilization of loans, their own money, or a combination of the two. It is crucial to the expansion of their companies. However, it might be challenging for SMEs (small and medium-sized firms) in the DRC to acquire capital, particularly if they invest in sectors where the potential to make enough money to pay back a loan and its interest is still developing. Looking closer, we see **four fundamental problems**:

- a. Local banks are hesitant to offer loans with terms longer than three years because they view SMEs as high-risk ventures. The Covid-19 outbreak has made banks less willing than ever to take risks, and they have tightened their funding requirements even further. However, it can turn out that ordering and installation delays are extremely lengthy for long-term capital purchases that

are as expensive as machine tools, for example. As a result, it will take longer than three years to pay back the loan and interest.

- b. SMEs frequently lack the guarantees that banks need to lower the risk of non-repayment.
- c. SMEs also lack the experience and knowledge required to secure finance; frequently, they are unaware of how banks or investment funds assess businesses. With this information, they might better position themselves to fulfill the requirements demanded by creditors.
- d. International investors, who serve as a substitute for local banks, are reluctant to fund SMEs with operations in the DRC. To appropriately choose SMEs that give the best return on investment, a local presence is crucial. Additionally, operating costs in the DRC are extremely high for investors. It is true that opening local branches is challenging due to the uncertainties surrounding numerous regulations and the high tax burden (direct taxation and para-taxation). SMEs typically rely on their own accrued profits to make investments. This implies a slower growth rate, which is ultimately detrimental to the expansion of the economy as a whole.

1.7 SMEs In Relation To Economic Development From Dr Congo

The significance of small and medium-sized businesses, microfinance, and crafts in a nation's growth cannot be shown at this time. It is evident that SMEs serve as the cornerstone of the economies of many stunning nations around the world. Since the dynamism of the latter influences how national economies evolve, more and more nations throughout the globe are pinning their hopes for improvement and development on small and medium-sized businesses. In fact, the PE Tites and medium-sized companies allow, among other things, economists to experiment with cheap and adapted technologies, utilise local resources, and perform labor-intensive tasks because of their ability to be flexible. Small and medium-sized businesses are already a significant component of the private sector in the Democratic Republic of the Congo and

are anticipated to support the growth of a local middle class. PE To ensure that the activities of production and distribution of products and services, as well as financial services, are accessible to everybody, small and medium-sized firms are founded in a variety of ways, including individually, militarily, as members, and by settling in nearly all economic sectors. Jobs, income distributions, and capital providers are all being produced by them, which is a determinant in economic development. However, because of the lack of effective support from the government and development cooperation partners for the benefit of the Small and Average Congolese Business Sector, which has been frozen since 1992 with the withdrawal of structural cooperation from the Democratic Republic of Congo, these small and medium-sized enterprises (in the broad sense) do not benefit from the necessary supervision to their harmonious development.

The powerful, modest outcomes of the great company's colonial-era strategies are what best explains the interest in small and medium-sized businesses. This hasn't changed to accommodate the various crises that have jolted the nation in the face of hopes and aims for progress in terms of both output and job creation. Additionally, because to their extroverted nature, big businesses have been unable to meet the fundamental demands of the economy . Refocusing efforts on supporting small and medium-sized businesses that are capable of:

- ✓ Make sure the Congolese economy is integrated (industrial sectors, subcontracting);
- ✓ Adopt and employ new technologies (industrial, tromechanical units, etc.);
- ✓ Stabilize the population and stop the rural migration (agricultural activities); and inspire a new generation of businesspeople.

Small and medium -sized enterprises therefore constitute, not only in the fact of enrichment of the popular masses of emergence of a Congolese middle class and economic integration, but also a factor of increase and diversification of national production. The creation of a small and medium -sized business is a fashionable

practice in developing countries in general and in the Democratic Republic of Congo in particular, the conjuncture clearly highlights the need for constant renewal of the economic tissue. The SME has emerged as a key driver of economic growth and a key link in the major production unit since the middle of the 1970s. Small and medium-sized businesses are strategically important. An important development component is the diversity of their activities and the way they are organized and run. These ubiquitous businesses engage in all phases of economic life (production, distribution, and consumption), as well as a wide range of activities in a variety of industries, such as agriculture, construction, or cooperation, for which the owner is required to take direct responsibility for the crucial financial and administrative management tasks. Regarding the law of the Democratic Republic of the Congo, it alludes to a group of businesses that engage in small trade. Small trade should be understood to include the sale or offer of any foodstuffs, items, or current consumption items to the buyer, whether at the seller's home, from door to door, in a specific location, or even on open or public markets, unless the escape or the state placed on a public highway counts as an extension of a store.

Small and medium-sized businesses are fully dependent on the company's culture to exist, thrive, and expand, yet because they are privately held or family businesses, they frequently face management issues. Most small and ordinary businesses have a limited number of employees, which suggests a very central, informal human resources management system and a poorly developed people function. The Congolese are looking for new and quick solutions in the context of crisis that is in use in the Democratic Republic of the Congo.

Many Congolese are motivated by this situation to accept any lucrative employment that enables them to participate in the two ends of the month. The development of the subsistence microbusiness is a component of this viewpoint. Based on Congolese inventiveness, the micro-enterprise emerges as one of the potential beginning places for endogenous development. In the Democratic Republic of the Congo, the growth of particularly informal micro-enterprises is a complex phenomenon with a distinct

meaning than in the West or elsewhere. Due to the breakdown of the formal sector, the people of the Democratic Republic of Congo manage the informal sector.

However, a voluntary policy of promoting and viability of small economic units must be set up. The Congolese people live in a cultural solidarity which is badly agreed with the capitalist Logique, based on certain individualism. In the Democratic Republic of Congo, the surplus of the micro-enterprise must be shared between family members. To ensure the real growth of the informal micro-enterprise and its transition to the formal circuit, the Congolese must do without ancestral culture based on solidarity and the sharing of the surplus of the informal economic initiative.

Small and medium-sized firms are crucial to the development and modernization processes in both industrialized and developing nations. This is the case with the USA, Japan, and some Western European nations like France, Germany, and Great Britain that provide small and medium-sized businesses special attention and support. More than 3,730 impacted businesses affiliated with the Office for the Promotion of Small and Medium Congolese Businesses (OPEC) run operations on the territory of the Democratic Republic of the Congo. Over 90% of jobs are held by small and midsize businesses, which also tend to have positions with more creativity. Most importantly, it enables the utilization of regional resources, aids in the mobilization of national funds, and plays a role in the decentralization of the economy and the stabilization of the output. Private businesses can easily access growth and encourage the growth of the economic system. Because a committee of studies was established in 1969 to develop oversight institutions in support of national private initiative, governmental authority therefore demonstrated some interest in small and medium-sized firms. The promotion of industry (FPI) was established in 1989 with the goal of promoting SMEs, and 2005 was designated as a national year of microfinance. These three laws were published by this commission for the promotion of SMEs: law n 73-010 of January 5, 1973, creating creation and OPEC, ordinance n 78-221 of May 5, 1978, and law n 73-012 of January 5, 1973, creating guarantee funds for credits granted to Congolese SMEs.

1.8 Assessment of PME's contributions and limitations

The general understanding of SMEs is that they are compact economic entities. However, each nation follows a line of demarcation above which they are categorized as small or medium. There are various factors that affect this line, but the two that matter most are turnover and the quantity of personnel. When a SME employs few people, it typically means that the personnel function is underdeveloped and that human resources are managed in a very centralized, informal manner. Any business that uses local resources, employs two to one hundred people, provides jobs in the formal or unofficial sectors, and is primarily decentralized qualifies as a small to medium-sized enterprise (SME). As dictated by the realities of the situation, the concept of a SME can be separated into two categories: formal and informal. Because all businesses in the Democratic Republic of the Congo develop along the same economic branches, it is very difficult to distinguish between organized and unstructured, formal and non-formal industry. The main difference is that the law only requires formal SMEs to create entities that are created in accordance with the law. Such a SME benefits from legal safeguards and guarantees, such as stability, supervision, potential financing access, and other benefits offered by the investment code, etc. Let's assume that, in the small and medium-sized business sector. Formal businesses (SMEs), sound accounting, frequently under public power supervision. They have received official recognition from both the tax system and the government.

The municipalities of Lemba and Matete contribute to the economic growth of the Democratic Republic of the Congo in terms of the evaluation of small and medium-sized formal enterprises. Additionally, by moving through various rentals and locations in the town, like a hair salon, bakery, shop, communication house, restaurant, cold room, etc., they act like formal SMEs. First and foremost, it is accountable for renting a space or a home, paying taxes, and other fees that our State imposes on them, including those for the DGRAD (General Directorate of Administrative, Judicial, Domanial Revenues and Participations) , DGI (General management of taxes) , culture and the arts, economic affairs, DGRK (General

Directorate of Kinshasa Recipes) , and municipal fees. The DGRK is now connected to the municipality for these taxes, including: rental income tax (IRL) and property tax (IF). Taxes are paid in the commune.

The Ministry of Culture and Art in turn passes for taxes with regard to advertising panels; the economic affair for the exploitation of the economy. As for the DGRAD and the DGI, it is always the tax, and these taxes are paid with great difficulty after the sale of the rate of the day . The SMEs in this industry and any unplanned economic activity that primarily evades administrative regulation in accordance with the legal requirements not identified in new statistics rarely profit from state-sponsored marketing initiatives. As a result, we observe that they are not officially acknowledged by the nation's competent and legal authorities, and that they are completely ignorant of the fundamentals of management, social and tax law, and accounting.

However, in the Democratic Republic of the Congo, the majority of SMEs are unregistered. The goal is for informal SMEs to develop into formal, organized businesses. As the word "informal" suggests, the municipalities of Lemba and Matete are businesses that were not established in accordance with the requirements of the law. According to statistics and research, there are more informal SMEs than formal SMEs in the communes of Lemba and Matete. They are also regarded as non-responsible SMEs, free to move however they like at any moment with no interference from the state authority.

The Congolese state had planned to patent the active SMEs of the informal sector; the town hall was in charge of this, but it has since been put on hold for the 2007–2008 fiscal year. To address the informal SME at the level of the towns of Lemba and Matete in this. In order to have them pay the anticipated and essential taxes, rather than having these enterprises operate covertly, the Congolese state must conduct the censuses and clogging.

We will push the Congolese government to take specific action against informal SMEs because even a little amount of their involvement can artificially stunt the country's progress. Despite the benefits associated with SMEs, this category of

business has ongoing legal, institutional, legal, financial, psychological, legal, social, cultural, and technological challenges in the Democratic Republic of the Congo. To put it simply:

- Lack of an official definition of SMEs;
- Insufficient OPEC operational resources;
- a lack of coordination in SMEs' actions;
- SMEs' ignorance of legal texts;
- administrative and police harassment;
- an abundance of tax laws and texts;
- SMEs' deficiencies in banking guarantees;
- inappropriate use of technology; an unskilled workforce;
- Inadequate legal and financial incentives for private investment;
- Management and technological missteps;
- a lack of rules governing the subcontractor;
- The challenges of public procurement and obtaining money

It should be mentioned that the Law No. 73/011 of January 5, 1973, as amended by Law No. 21/73612, established the Office for the Promotion of Small and Middle Congolese Enterprises (OPEC). This new institution's mission will be to oversee and put into practice throughout the Democratic Republic of Congo all studies, initiatives, or interventions that can help:

- The improvement of these businesses' production and efficiency;
- the development of industrial, craft, or Congolese commercial;
- And the collective organization of the many activity branches involved.

In terms of its objectives, OPEC's aim is to conduct any research, develop, and put into action any plans that are likely to encourage the growth or establishment of small- and medium-sized firms in the Democratic Republic of the Congo, to increase productivity and efficiency, to encourage group organization, and to secure the country's defense. In order to fulfill its purpose, OPEC offers 267,050 small and medium-sized businesses four primary categories of services:

- Management assistance refers to the variety of services the office offers to small and medium-sized businesses to help them better organize themselves and achieve their operating balances;
- Technical assistance refers to the variety of services the office offers to small and medium-sized businesses to help them better organize themselves and achieve their operating balances;
- Financial assistance: this includes finding sources of funding for small and medium-sized Congolese firms as well as preparing financing files that national promoters can present to credit organizations and financial institutions.

The office plans to train and develop business leaders in the coming years as part of its general mission of technical supervision of small and medium-sized businesses, with a view to achieving the following goals: Improving the technical organization and management of SMEs, particularly in the area of small industries and services. Increase the production and performance of SMEs in the creation of jobs, the organization of exchange circuits, and the production of goods and services; Contribute to strengthening economic integration, sectoral balance, and regional balance through production, the growth of inter-company relationships, cooperation, and subcontracting.

Finally, in order for OPEC to intervene, SMEs must fulfill a number of requirements, including:

- Each company that interacts with OPEC must be identified and have an educational number;
- In order to better evaluate its actions, OPEC must first thoroughly understand the company by creating an initial synoptic sheet,
- Which will include information on the following in particular: The number of staff; Turnover; The degree of organization and integration.

Any business expecting assistance from OPEC must be affiliated with it. Regular visits are free with membership. the assurance reserve. The purpose of OPEC is to

assist and accompany, directly or indirectly, the development of a network of small and medium-sized businesses centered around large corporations. This will increase the efficiency of these corporations, familiarize the Congolese with the fundamentals of good management, foster job growth, and boost technological proficiency.

For the benefit of Congolese citizens, SME has taken the place of PME as the primary source of subsistence. It pays taxes and other state fees, as well as helps to create jobs. Its development and execution don't need a lot of money, but they do need the right local resources, which are more affordable. Through SMEs, the majority of industrialized nations today have attained a very admirable degree of economic and social development. Additionally, a huge number of young Asian nations (including Taiwan, Singapore, Hong Kong, Japan, South Korea, and China) are progressively edging their way out of the "third world" thanks to the promotion of these.

The impact of small and medium-sized businesses (SMEs) on economic growth demonstrates that good production, adequate consumption, an increase in exports of goods and services, and a fair distribution of national income are all elements of a sound economy. All of this would benefit taxes in some way. The Democratic Republic of the Congo's economy no longer fits the description given above. Therefore, SMEs can contribute to the improvement of the following areas: production, consumption, and exports; taxation; and the fight against inflation.

SMEs are currently the focus of the attention of the entire government due to the vital role they play in the development of modern States. In the Democratic Republic of the Congo, the issue of revitalizing SMEs is extremely pressing because the country's fundamental infrastructure and social fabric have deteriorated as a result of the socio-political unrest that has shaken the nation. Despite this challenging macroeconomic climate, several SMEs have adjusted and are establishing themselves as a viable alternative for the economic and social growth of the Democratic Republic of Congo, namely the battle against poverty.

On a societal level, it is important to underline that the problem of urban unemployment is exacerbated by the rise of the industrial sector in both developing and established nations. The strong rise of the metropolitan agglomeration, rural emigration, and a high rate of natural growth are undoubtedly the causes of this impotence. With a negative growth rate of 11.4%, Kinshasa's modern sector employment has drastically decreased recently, and huge mining and agricultural enterprises' output has also decreased dramatically. Although there is no reliable estimate of Kinshasa's unemployment, some believe that it is as high as 70% of the city's working population.

Despite their strategic importance in promoting economic growth and job creation, Congolese SMEs have not yet received significant support, either individually or collectively, despite the numerous challenges they face.

Despite the obstacles that prevent SMEs from genuinely flourishing regularly, we have some solutions to offer our State so that they can take them into consideration:

- On a financial level, the State can also provide agents working to develop SMEs with credits.
- On a legal level, there should be a law that organizes SMEs.
- On a tax level, the State can exempt or reduce the rate of taxes and duties on SMEs, so that these SMEs do not have the difficulty of paying taxes and everything would be for the benefit of the state. The State can also grant credits to agents for the development of SMEs.

That the Congolese government may support SMEs and supervise small and medium-sized enterprises. Therefore, it would also be vital to appeal to investors outside of the local community so that they can invest in the SME sector. This will allow the Congolese State to support the development of SMEs and leave the door open to all those who wish to participate in or encourage SMEs.

We will talk more about these in next chapters.

1.9 Conclusion

We are now at the conclusion of our first chapter, which was concerned with the impact small and medium-sized enterprises have on the economic growth of the Democratic Republic of the Congo. In tackling this issue, our goal was to attempt to demonstrate how important the small- and medium-sized company sector is to the economy of the Democratic Republic of the Congo. However, it has been noted that the aforementioned industry is growing increasingly delicate. We are aware of the size and complexity of the issue that our study attempts to solve. However, we worked hard to reach the objective, which effectively dealt with the issue that the majority of small and medium-sized Congolese enterprises face. In fact, the initial section of the paper focused on generalities relating to small and medium-sized firms (SMEs). We emphasized that SMEs are crucial to the nation's economic development and explain why there has been an increase in jobs and a decrease in unemployment. Small and medium-sized enterprises (SMEs) in the Democratic Republic of the Congo appear to be more informal than formal in this regard, likely as a result of the harassment they experience from taxation, which was the subject of the second portion of the discussion. Finally, we can conclude that the significance of their influences is significant because the impact of small and medium-sized businesses on economic development is likely to boost job creation and automatically constitute one of the sources of income and the driving force behind the development of the DRC. As for us, everyone is aware that everyone normally needs to contribute to the advancement of their nation. Small and medium-sized businesses (SMEs) help the Democratic Republic of the Congo thrive economically by creating more jobs, paying taxes, lowering unemployment rates, and lowering the poverty rate.

2. Analysis of the indicators of small and medium-sized enterprises in DRC and interpretation of data

The national economic environment remains dominated by a weak formalized and dynamic economic fabric coupled with a high proportion of the informal sector. To encourage private initiatives and guarantee a gradual migration of actors from the informal sector to the formal sector, the State created by law n°16-2017 of March 30, 2017, a public establishment of an administrative nature called Agence Congolaise Pour la Création of Companies (ACPCE) (which means Congolese Agency for the Creation of Companies) .

This agency is a one-stop shop placed under the supervision of the Minister responsible for SMEs. As such, it is responsible in particular for: - welcoming, informing and guiding any natural or legal person on the administrative formalities relating to the creation of businesses as well as the extension, modification and transfer of activities; - receive and process declaration files concerning the formalities indicated in the previous paragraph; - deliver documents certifying the creation of the company, as well as all other documents necessary for the exercise of commercial activities in accordance with the regulatory legislative texts in force; - create and maintain the national company file.

With regard to the fourth attribution of the ACPCE, it must constitute, process and regularly publish data and information on companies. However, it must be noted that only statistics relating in particular to business creations have been compiled by the ACPCE. The other statistics (various modifications, Temporary Authorization to Practice and cancellation) were not compiled by the agency.

Also, the reconstructed and usable data only concerned the period from 2015 to 2021. For the preparation of this business statistics bulletin, only the creation data produced by the six ACPCE agencies were used. However, it should be noted that for the years 2015 and 2016 biases were identified in the departments of Kinshasa and Lubumbashi.

Thus, the main objective of this section is to analyze the evolution of the profile of companies created in the Republic of Congo for the period from 2015 to 2021.

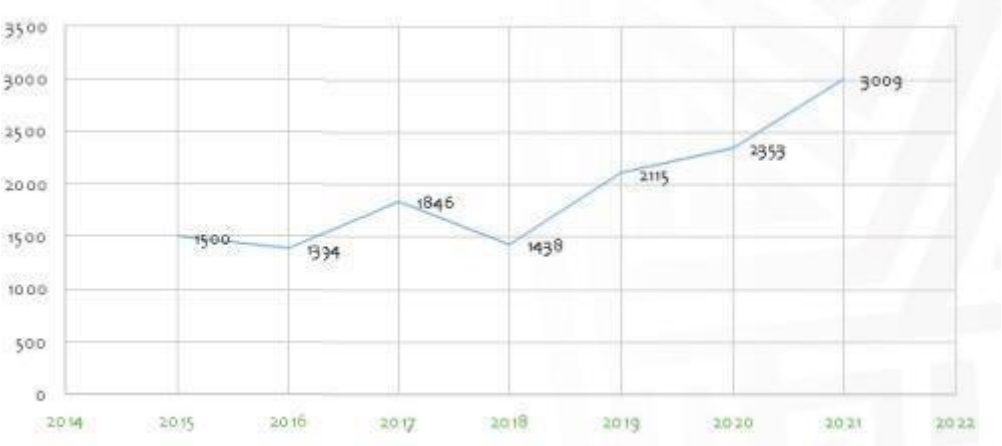
2.1 Characteristics of SMEs created from 2015 to 2021 in DRC

A. Evolution of the number of SMEs created from 2015 to 2021

On this basis, it appears that the volume of activity declarations has recorded a positive development since 2015. In fact, the number of companies created annually increased from 1,500 to 3,009 between 2015 and 2021, an increase of approximately 100%, during the period.

Thus, in terms of stock, there were 13,655 companies created through the ACPCE from 2015 to 2021.

Fig 1 : Evolution of SMEs creation by year (2015-2021)



✓ Evolution of businesses created by department from 2015 to 2021

Looking at the table below, the creation of SMEs in Congo has seen significant growth. The departments of Kinshasa and Lubumbashi remain the departments which account for approximately 90% of the SMEs created during the period. The average number of SMEs created during the period

under review was set at around 1,951. Kinshasa and Lubumbashi respectively recorded an average creation of 910 SMEs and 877 SMEs.

Table 3. Evolution of SMEs creation by department in % (2015-2021)

City or Department	Year							Proportion 2015-2021	Average number
	2015	2016	2017	2018	2019	2020	2021		
Katanga	0.40	0.14	0.49	0.28	0.57	0.38	0.50	0.42	8.14
Kisangani	0.00	0.00	0.00	0.21	2.27	1.57	1.26	0.92	31.50
Sud-Kivu	0.00	0.00	0.11	0.00	0.00	0.25	0.37	0.14	6.33
Nord-Kivu	2.13	2.73	2.00	4.94	2.70	1.70	1.63	2.37	46.29
Maniema	0.27	0.00	0.00	0.63	0.57	0.51	1.03	0.50	13.60
Bas-Congo	0.00	0.14	0.16	0.14	0.43	0.08	0.37	0.21	4.83
Kasai Oriental	2.40	1.36	0.49	2.85	2.27	0.64	1.10	1.47	28.71
Kasai Occidental	0.13	0.29	0.00	0.14	0.09	0.08	0.03	0.10	2.17
Equateur	6.40	3.23	2.00	1.88	1.56	1.40	0.80	2.16	42.14
Bandundu	0.00	0.00	0.05	0.07	0.00	0.00	0.00	0.01	1.00
Kinshasa	16	84.65	46.59	54.31	43.64	43.99	44.87	46.64	909.86
Lubumbashi	72.27	7.46	48.10	34.56	45.91	49.30	47.79	44.98	877.43
Not declared	0.00	0.00	0.00	0.00	0.00	0.08	0.27	0.07	5.00
Total	100	100	100	100	100	100	100	100	1950.71

✓ **Evolution of SMEs created by sector of activity from 2015 to 2021**

Regarding the sectors of activity, the tertiary sector is the one which recorded the most business creation during the period. However, the average share of registered companies in this sector was 81%, with a slight decrease of one and a half (1.5) percentage points between 2015 (82.5%) and 2021 (80.2%). The secondary sector also recorded a slight decline of around one percentage point between 2015 (16.4%) and 2021 (15.7%). This sector constitutes the second sector for business creation after the tertiary sector. The share of businesses created in the primary sector, for its part, recorded an increase of 2.6 percentage points between 2015 and 2016. Despite this development, this sector remains the last sector of activity in terms of weight of businesses created.

Fig 2. Evolution of businesses created by sector of activity in % (2015-2021)

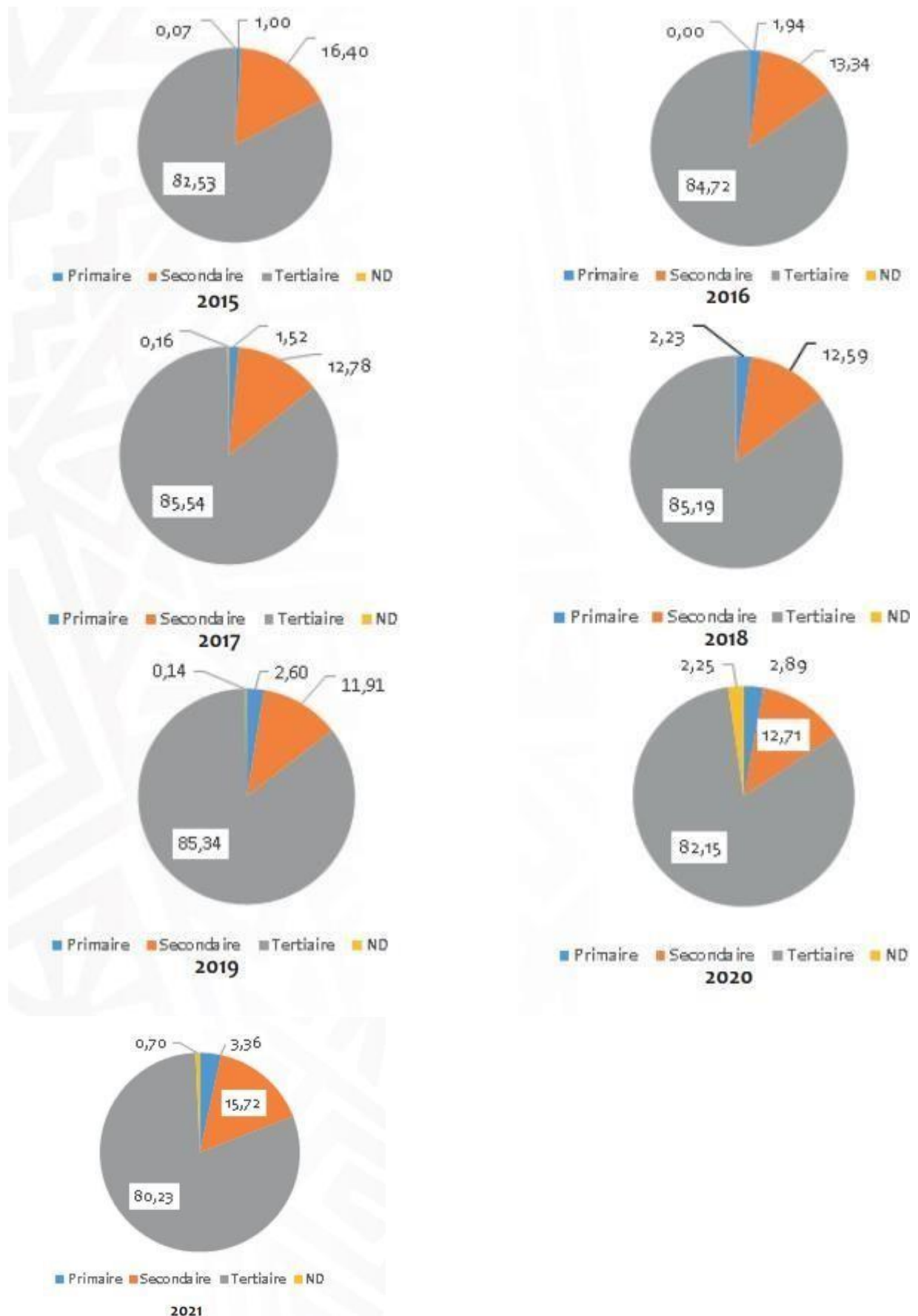


Table 4 Evolution of SMEs created according to legal form in % (2015-2021)

Legal status		2015	2016	2017	2018	2019	2020	2021	Proportion 2015-2021
Individual business	Congolese Individual Business	64.90	56.31	61.16	58.97	65.33	62.76	52.26	60.94
	Foreign Individual Business	11.00	17.93	13.92	16.13	12.15	11.31	13.11	13.34
	Under total	75.93	74.25	75.08	75.10	77.68	74.06	70.37	74.29
Companies of people	society of/with limited responsibility	13.93	13.06	12.89	12.38	9.27	11.69	12.95	12.21
	society of/with limited responsibility Branch	0.07	0.00	0.05	0.00	0.09	0.13	0.07	0.07
	Single Shareholder Limited Liability Company	7.13	8.90	8.72	9.53	9.55	9.82	12.41	9.78
	Economic Interest Grouping	0.20	0.14	0.05	0.07	0.09	0.17	0.10	0.12
	General partnership	0.00	0.07	0.00	0.00	0.05	0.00	0.00	0.01
	Non-trading property company	0.93	1.22	0.76	0.42	0.052	0.77	0.63	0.73
	Professional non-trading companies	0.00	0.00	0.00	0.00	0.00	0.13	0.10	0.04
	Cooperative Society	0.00	0.00	0.00	0.00	0.05	0.00	0.17	0.04
	Under total	22.27	23.39	22.48	22.59	19.62	22.70	26.43	23.00
	Societies of capital	Public limited companies	0.93	1.51	1.35	1.32	1.37	1.49	1.30
Public limited companies Branch		0.00	0.00	0.00	0.00	0.00	0.09	0.20	0.06
Simplified joint stock company		0.33	0.29	0.76	0.49	0.71	0.098	0.93	0.70

	One-person limited company	0.27	0.50	0.16	0.35	0.38	0.43	0.43	0.37
	single-member simplified joint stock company	0.27	0.07	0.16	0.35	0.24	0.26	0.30	0.24
	Under total	1.80	2.37	2.44	2.50	2.70	3.23	3.17	2.70
	Not declared(ND)	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.01
	Total	100	100	100	100	100	100	100	100

✓ **SMEs created by branch of activity according to sector (2015-2021)**

We will see later that the primary sector is the one with the lowest weight (2.39%) between the different sectors of activity. This sector has two branches of activity: the -Agriculture, Livestock and Fishing|| branch which recorded 92.5% of creations in the sector compared to 7.5% for the benefit of the -Silviculture, logging|| branch.

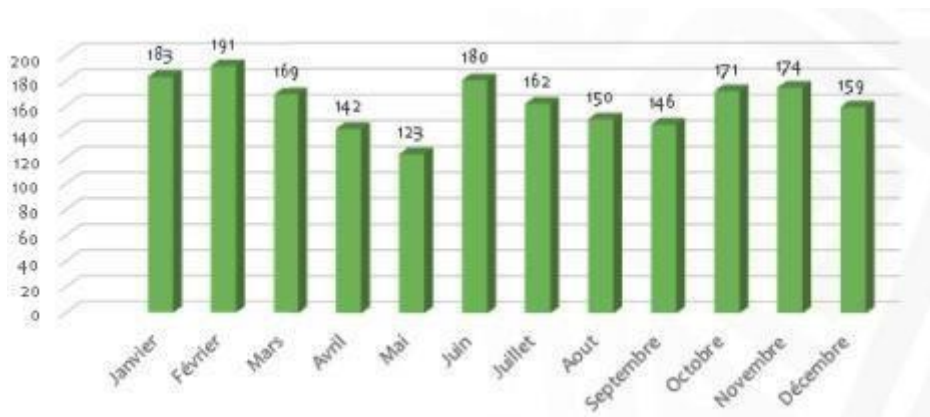
However, it is worth noting the strong growth in the primary sector between 2015 and 2021. Business creations in branches of activity in the secondary sector represented on average 13.72% of business creations created during of the period under review. The -Construction|| and -Other manufacturing industries|| branches are those that stand out with respectively 7.43% and 3.05% of businesses created.

Finally, for the tertiary sector which is the sector with the most businesses created, i.e. 83.30%. The -Commerce||, -Business Services|| and -Information and Communication|| branches are those which stand out with 48.74%, 7.12% and 5.34% respectively.

✓ **Average number of businesses created per month from 2015 to 2021**

During the period 2015 - 2021, the months recording the maximum declaration of business creation are: January, February, June, October and November. The months of April and May are those which record the minimum of creation.

Fig 3 Distribution of the average volume of SMEs created per month (2015-2021)



✓ **SMEs created by age group of promoters from 2015 to 2021**

Over the period from 2015 to 2021, people whose age group is between 36 and 44 years old represent those who created the most SMEs in Congo with a proportion of 26%. Monitoring young people aged 27-35 (24%). However, those under 27 only created 3.6% of businesses while those over 54 created 13% of businesses. During the same period, the average age of business promoters was around 42 years old.

Table 5 Evolution of SMEs created by age group of promoters in % (2015-2021)

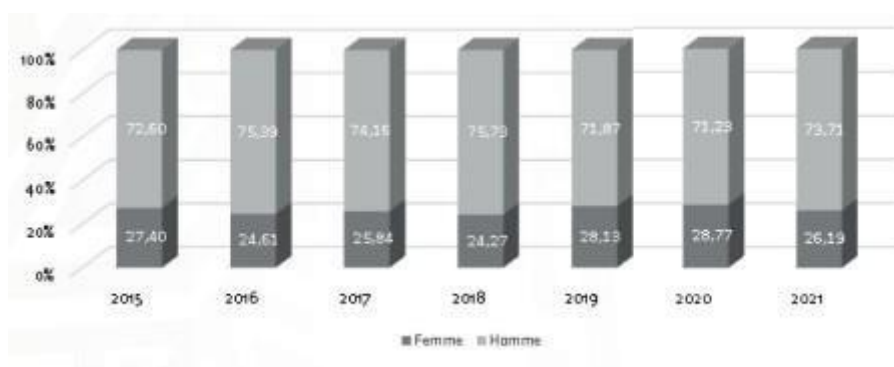
age range	Year							Proportion 2015-2021
	2015	2016	2017	2018	2019	2020	2021	
18-26 years old	0.13	1.36	0.81	3.34	4.11	5.14	6.71	3.62
27-35 years old	2.27	22.02	12.08	25.87	30.21	30.77	31.07	23.68
36-44 years old	7.27	32.50	18.26	31.78	31.11	28.18	29.84	26.18
45-53 years old	4.47	20.37	11.21	18.85	18.82	18.70	17.91	16.16
54-62 years old	2.07	9.97	5.80	12.87	9.69	9.18	8.81	8.41
63 years and over	1.67	6.60	3.68	7.16	5.86	4.63	3.86	4.66
ND	82.13	7.17	48.16	0.14	0.19	3.40	1.79	17.29
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

B . Analysis of the gender dimension of SMEs created (2015-2021)

✓ Evolution of SMEs created by gender of promoter (2015-2021)

The male sex dominates in the creation of SMEs in Congo. This trend is relatively stable over the period.

Fig 4 Evolution of SMEs created by gender of promoter (2015-2021)



Dark gray: Male, Light gray: Female

✓ SMEs created by branch of activity according to the sex of the promoter (2015-2021)

Of all the SMEs created in the country, certain branches of activity largely dominate among both men and women. Among these dominant branches, we have commerce which occupies first place representing 48.74% of businesses overall including 67.86% of economic units owned by men compared to 32.14% by women, followed by construction representing 7.43% of businesses created overall, including 88.67% of economic units owned by men compared to 11.33% by women.

Table 6 Distribution of SMEs created by branch of activity according to the sex of the promoter in % (2015-2021)

Industry	Sex		ND	Proportion 2015-2021
	Women	Man		
Artistic, sporting and recreational activities	42.68	57.32	0,00	1.20
Extractive activities	8.33	91.67	0,00	0.97
Financial and insurance activities	33.40	66.60	0,00	3.95
Real estate activities	25.41	74.59	0,00	1.35
Activities for human health and social action	28.36	71.64	0,00	0.98
Specialized, scientific and technical activities	17.94	82.06	0,00	5.18
Agriculture, Livestock, fishing	21.19	78.81	0,00	2.21
Sanitation, waste treatment and depollution	16.09	83.91	0,00	0.64
Other service activities n.e.c.	33.54	66.46	0,00	2.36
Other manufacturing industries	12.23	87.77	0,00	3.05
Trade	32.14	67.86	0,00	48.74
Construction	11.33	88.67	0,00	7.43
Education	19.25	80.75	0,00	1.18
Accommodation and catering	38.07	61.93	0,00	3.35
Food industry	24.86	75.14	0,00	1.27
Information and communication	15.09	84.91	0,00	5.34
Water production and distribution	25.00	75.00	0,00	0.21
Production and distribution of electricity and gas	0,00	100.00	0,00	0.15
Business services	24.90	75.10	0,00	7.12
Forestry, logging	4.17	95.83	0,00	0.18
Transport and Storage	14.61	85.39	0,00	2.56
ND	20.99	75.31	3.70	0.59
Total	26.66	73.32	0.02	100.00

✓ **SMEs created by legal form by gender of promoter (2015-2021)**

Regarding the legal form and the sex of the promoter, it appears that among women, individual businesses and partnerships are the most declared legal forms with 30% and 18% of businesses created. Partnerships and capital companies are the legal forms most declared among men with 82% and 88% of businesses created.

Table 7 . Distribution of SMEs created by legal form according to the sex of the promoter in % (2015-2021)

Legal status		Sex		Total
		Female	Male	
Individual business	Congolese Individual Business	34.04	65.96	100
	Foreign Individual Business	11.32	88.68	100
	Under total	29.26	70.4	100
Companies of people	society of/with limited responsibility	15.91	84.09	100
	society of/with limited responsibility Branch	11.11	88.89	
	Single Shareholder Limited Liability Company	19.64	80.36	100
	Economic Interest Grouping	6.25	93.75	100
	General partnership	50.00	50.00	100
	Non-trading property company	30.30	69.70	100
	Professional non-trading companies	16.67	83.33	100
	Cooperative Society	0.00	100	100
	Under total	17.88	82.12	100
Societies of capital	Public limited companies	9.34	90.66	100
	Public limited companies Branch	0.00	100	100
	Simplified joint stock company	15.63	84.38	100
	One-person limited company	18.18	81.82	100

	single-member simplified joint stock company	10.00					90.00				100
	Under total	11.65					88.35				100
	Not declared(ND)	0.00					100				100
	Total	100	100	100	100	100	100	100	100	100	

✓ SMEs created by department according to the sex of the promoter from 2015 to 2021

The results of the table below show that out of all the SMEs created in Congo, the departments of Pool, Kinshasa and Lubumbashi are those where women are the most represented in the creation of companies with respective proportions of 29.41%, 28.14% and 26.86%. However, generally speaking, men remain the most involved.

Table 8 Distribution of companies created by department according to the sex of the promoter in % (2015-2021)

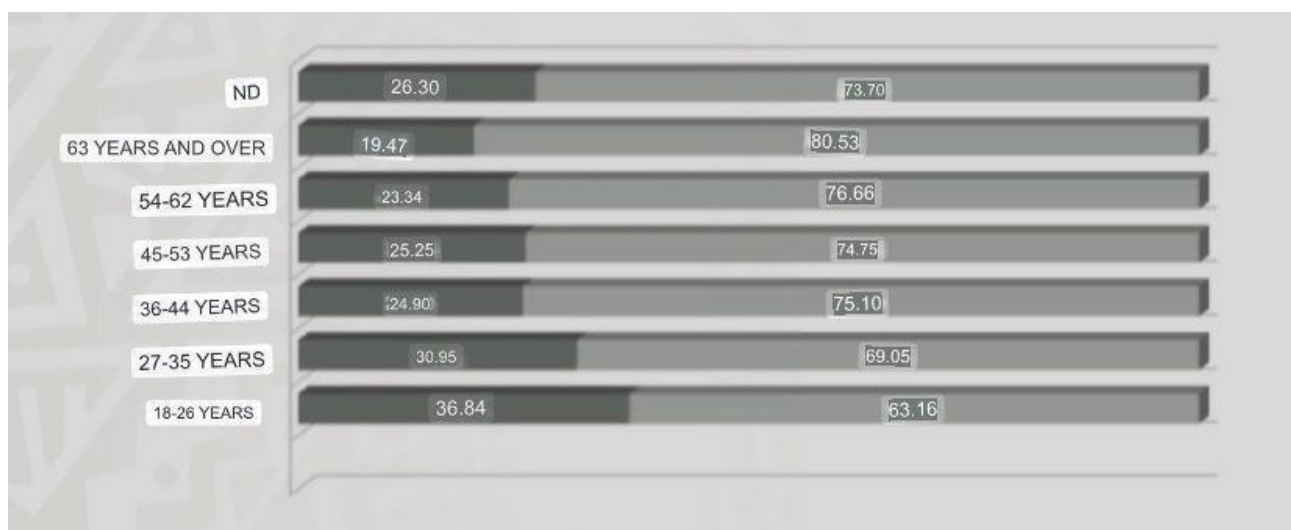
City or Department	Sex		Not declared (ND)	Total
	Female	Male		
Katanga	17.54	82.46	0	100
Kisangani	20.63	79.37	0	100
Sud-Kivu	26.32	73.68	0	100
Nord-Kivu	18.83	81.17	0	100
Maniema	29.41	70.59	0	100
Bas-Congo	3.45	96.55	0	100
Kasai Oriental	18.41	81.59	0	100

Kasai Occidental	23.08	76.92	0	100
Equateur	11.53	88.47	0	100
Bandundu	0	100	0	100
Kinshasa	28.14	71.86	0	100
Lubumbashi	26.86	73.09	0.05	100
Not declared	10	90	0	100
Total	26.66	73.32	0.02	100

✓ **Businesses created by age group according to the sex of the promoter from 2015 to 2021**

Of all the SMEs created, women remain the least involved regardless of the age group. However, a decrease in the proportion of women business creators with increasing age was noted.

Fig 5 . Distribution of businesses created by age group according to the sex of the promoter in % (2015-2021)



Dark gray: Male, Light gray: Female

Table 9 . Distribution of businesses created by branch of activity according to sector in % (2015-2021)

Activity area	Industry	Year							Proportion 2015-2021	Average number
		2015	2016	2017	2018	2019	2020	2021		
Primary	Agriculture, Livestock, fishing	0.93	1.72	1.30	2.09	2.36	2.76	3.16	2.21	43.14
	Forestry, logging	0.07	0.22	0.22	0.14	0.24	0.13	0.20	0.18	3.43
	Under total	1.00	1.94	1.52	2.23	2.60	2.89	3.36	2.39	46.57
Secondary	Extractive activities	0.67	0.36	0.70	0.56	0.99	1.32	1.48	0.97	18.86
	Sanitation, waste treatment and depollution	1.53	0.22	0.70	0.35	0.38	0.72	0.60	0.64	12.43
	Other manufacturing industries	3.27	2.73	2.82	3.13	2.51	2.68	3.89	3.05	59.57
	Construction	9.93	8.97	7.10	6.88	6.57	6.20	7.81	7.43	145.00
	Food industry	0.67	1.00	1.08	1.48	1.04	1.36	1.79	1.27	24.71
	Water production and distribution	0.33	0.00	0.22	0.21	0.28	0.21	0.17	0.21	4.67
	Production and distribution of electricity and gas	0.00	0.07	0.16	0.21	0.14	0.21	0.20	0.15	3.50
	Under total	16.40	13.34	12.78	12.59	11.91	12.71	15.72	13.72	267.57
	ND	0.07	0.00	0.16	0.00	0.14	0.25	0.70	0.59	16.20
Tertiary	Artistic, sporting and recreational activities	1.00	0.72	0.92	1.74	1.47	1.23	1.23	1.20	23.43
	Financial and insurance activities	0.73	0.65	0.81	1.67	11.96	5.40	3.32	3.95	77.00
	Real estate activities	1.27	1.65	1.14	1.39	0.99	1.36	1.63	1.35	26.43
	Activities for human health and social action	0.80	0.14	0.81	0.90	1.47	1.53	0.83	0.98	19.14
	Specialized, scientific and technical activities	6.20	4.88	5.31	6.88	3.78	5.40	4.75	5.18	101.14
	Other service activities n.e.c.	2.60	1.79	2.87	1.81	2.88	2.17	2.23	2.36	46.00
	Trade	48.27	57.96	53.47	52.23	43.22	45.86	46.26	48.74	950.71
	Education	1.20	1.15	0.65	1.11	1.89	1.06	1.18	1.18	23.00
	Accommodation and catering	3.83	1.79	3.52	1.74	3.17	3.44	4.49	3.35	65.29
	Information and communication	3.80	5.60	5.47	5.63	5.72	6.03	4.95	5.34	104.14
	Business services	9.27	6.24	8.18	6.88	6.76	6.59	6.58	7.12	138.86
	Transport and Storage	3.47	2.15	2.38	3.20	2.03	2.08	2.82	2.56	49.86
	Under total	82.53	84.72	85.54	85.19	85.34	82.15	80.23	83.30	1625.00
	ND	0.07	0.00	0.16	0.00	0.14	0.25	0.70	0.59	16.20
Total		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1950.71

Source : ACPCE

Table 10. Table 11: Distribution of businesses created by department according to age group in % (2015-2021)

Department	18-26 years old		27-35 years old		36-44 years old		45-53 years old		54-62 years old		63 years and over		ND		Total
	Women	Man	Women	Man	Women	Man	Women	Man	Femme	Man	Women	Man	Women	Man	
katanga	50.00	50.00	14.29	85.71	35.71	64.29	0,00	100.00	16.67	83.33	0,00	100.00	11.76	88.24	100.00
Kisangani	0,00	100.00	27.99	72.41	22.58	77.42	24.24	75.76	5.88	94.12	16.67	83.33	0,00	0,00	100.00
South Kivu	0,00	0,00	33,33	66.67	0,00	100.00	40.00	60.00	0,00	100.00	25.00	75.00	50.00	50.00	100.00
North Kivu	20.00	80.00	32.00	68.00	12.94	87.06	20.29	79.71	20.97	79.03	11.90	88.10	9.09	90.91	100.00
Maniema	0,00	100.00	57.14	42.86	15.00	85.00	38.46	61.54	15.38	84.62	0,00	100.00	66.67	33,33	100.00
Lower Congo	0,00	100.00	0,00	100.00	0,00	100.00	20.00	80.00	0,00	100.00	0,00	100.00	0,00	0,00	100.00
Kasai-Orien	75.00	25.00	14.55	85.45	14.49	85.51	21.62	78.38	28.00	72.00	9.09	90.91	0,00	0,00	100.00
Kasai Occi	0,00	100.00	66.67	33,33	16.67	83.33	0,00	100.00	0,00	0,00	0,00	100.00	0,00	0,00	100.00
Ecuador	16.67	83.33	16.67	83.33	12.26	87.74	8.54	91.46	11,11	88.89	0,00	100.00	12.50	87.50	100.00
Bandundu	0,00	0,00	0,00	0,00	0,00	100.00	0,00	100.00	0,00	0,00	0,00	0,00	0,00	0,00	100.00
Kinshasa	37.72	62.28	29.36	70.64	25.99	74.01	28.08	71.92	27.60	72.40	25.50	74.50	33.11	66.89	100.00
Lubumbashi	37.84	62.16	34.50	65.50	26.02	73.98	23.38	76.62	19.21	80.79	12.81	87.19	26.08	73.92	100.00
ND	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	10.00	90.00	100.00
Total	1.33	2.28	7.33	16.35	6.52	19.66	4.08	12.08	1.96	6.44	0.91	3.76	4.55	12.74	100.00

Source : ACPCE

2.2 The characteristics of Congolese SMEs

In the Republic of Congo, the legislator defines the SME as any legal enterprise Congolese constituted in individual, cooperative or shareholder form whose capital may be of private, mixed or public origin, satisfying the following criteria (1986):

- Registration in the commercial register;
- opening a bank account;
- keeping accounts in accordance with the accounting plan in force in the Republic of Congo;
- Employment of 5 to 19 employees registered with social security for small businesses and between 20 and 99 employees registered with social security for medium-sized businesses

❖ General characteristics

In Africa, the private sector is mainly made up of informal micro-enterprises which coexist with large groups (case of the oil sector with SMEs as subcontractors, etc.). The small size of the majority of companies is explained both by the recent emergence of the private sector and by the existence of legal and financial obstacles to the accumulation of capital.

In the Republic of Congo, particularly in Kinshasa and Lubumbashi, the implementation of structural adjustment policies in the second half of the 1980s and

the liberalization of the economy in 1991, will contribute to the emergence of SMEs. According to studies by the SME Development Agency (ADPME) (1993), there were 660 SMEs in 1991. Statistics from the employers' union in the formal and informal sector, including SMEs, bring this number to 14,081. This figure will be confirmed to the Ministry of Planning through the National Center for Statistics and Economic Studies (CNSEE, 2001). In 2005, the African Economic Outlook reports from the African Development Bank (AfDB) and the Development Center of the Organization for Economic Co-operation and Development (OECD) noted that in Congo, more than 80% of companies employ less than five (5) people.

The causes of this development are multiple: the failure of the planned economy, the painful remedies of the structural adjustment policies of the 1980s and 1990s, a profound tendency in society towards the rebirth of individual values, the emergence of the market and the rejection of the philosophy of the economic behemoths initiated in the era of state control of the economy for three decades. Almost thirty years after the market economy, Congolese SMEs exhibit the following characteristics:

- Weakness of social capital which is reduced to the starting capital;
- Confusion of the assets of the owner-manager and that of the company;
- Weakness of working capital;
- Hiring problem. Hiring policies pay little attention to the qualification of the workforce. Family feelings and pressures come before any consideration;
- Many of them do not keep accounts.

❖ Special characteristics

They relate to the internal organizational problems of each production unit and to the origins of SME promoters.

➤ **From an organizational point of view**

SMEs have the following structures:

- simple structure;
- adhocracy;
- professional bureaucracy

In the simple structure, the boss, true and sole conductor, single-handedly dominates a centralized and poorly differentiated company, with risks linked to paternalism. In adhocracy, roles are not very differentiated in the company, and everyone is likely to do everything. In the professional bureaucracy, an intermediate situation between the first two, the operators are very specialized, trained and possess, due to their skills, a strong informal power.

➤ **Category of owner managers**

Promoters of SMEs can be grouped into two categories:

- Those that have received educational training and fit easily into the institutional environment;
- And those with little educational training and difficulty adapting to the institutional environment.

These creators of SMEs come from the following origins:

- Craftsmen and workers with a certain technical training but lacking skills in management and organization of production;
- Traders who seek to produce to replace imported goods and who control commercial networks;
- Graduates who have theoretical skills but lack practical experience in business;
- Politicians and civil servants delegate their power to a technician as part of the management of SMEs

❖ **Nature of goods and sector of activity**

The goods and services that SME entrepreneurs intend to produce in the cities of Kinshasa and Lubumbashi are only valid for the domestic market. Exporting is almost not an option for some. Finally, overall we note the convergence of owner-managers towards a single sector of activity, in particular the tertiary sector. The spirit of innovation is lacking. Starting activities in this sector can be achieved with limited financial resources. The capital tied up is not important. Barriers to entry and exit are negligible.

2.3 Structure of SMEs in Democratic Republic of Congo

In the Democratic Republic of the Congo (DRC), small and medium-sized enterprises (SMEs) have a varied organizational structure that mirrors the nation's economic environment. In the DRC, SMEs are frequently identified by their ownership structure, size, and industry of business.

- **Size:** SMEs in the Democratic Republic of the Congo range in size from micro-enterprises with a few workers to larger companies that could have a dozen or more staff. Because they encounter difficulties in growing, most SMEs in the DRC are probably tiny or micro-sized.
- **Ownership:** Individuals, families, or groups of businesspeople can own SMEs in the Democratic Republic of the Congo. The resilience of these businesses overall and their decision-making procedures may be impacted by their ownership arrangements.
- **Sectorial Diversity:** SMEs in the Democratic Republic of the Congo (DRC) are involved in a range of industries, including manufacturing, services, trade, and agriculture. A major industry in the nation because of its natural riches and lush land is agriculture. Services and trade are also quite important in the SME environment.

- **Challenges:** SMEs in the DRC often face challenges such as limited access to finance, inadequate infrastructure and regulatory constraints. These factors can have an impact on the growth and sustainability of these businesses.
- **Informality:** A sizeable percentage of SMEs in the Democratic Republic of the Congo work in the unorganized sector, which can offer both opportunities and difficulties. Legal safeguards and restricted access to official financial services are two problems that informal enterprises frequently encounter.

Taking into account these elements in light of the DRC's economic and regulatory landscape is essential to comprehending the structure of SMEs there. Furthermore, SMEs need to be supported and formalized in order to promote entrepreneurship and economic growth in the area.

2.4 types of economic activity of SMEs in democratic republic of Congo

In the Democratic Republic of the Congo (DRC), small and medium-sized enterprises (SMEs) are involved in a wide range of economic activities in several sectors. The following are a few typical business ventures carried out by SMEs in the DRC:

❖ Agriculture

Crop cultivation and livestock farming are two of the many agricultural-related SMEs in the Democratic Republic of the Congo. Agribusiness operations, cash crops, or staple crops may be the main focus of agricultural SMEs.

In the Democratic Republic of the Congo (DRC), small and medium-sized enterprises (SMEs) rely heavily on agriculture for their economic operations. A substantial portion of the nation's SMEs are engaged in agriculture, which boosts the national economy. The following are some significant facets of agriculture in the DRC as a SME sector:

- ***Crop Cultivation:*** a wide range of crops, including staples like plantains, maize, and cassava, are grown by SMEs. Some small and medium-sized agricultural enterprises also cultivate cash crops like cocoa, coffee, and palm oil.
- ***Livestock Farming:*** A few SMEs concentrate on livestock farming, which involves the raising of cattle, goats, and poultry. Both a source of income and a contribution to food security can come from livestock farming.
- ***Agribusiness:*** Processing and value-adding of agricultural products are aspects of agribusiness activities. SMEs may engage in agro-processing activities such as oil extraction, milling, and other food processing-related activities.
- ***Market Gardening:*** Market gardening is a possible activity for SMEs, where they grow fruits and vegetables for nearby markets. This can bring in money for SMEs and give communities access to fresh produce.
- ***Challenges:*** SMEs in the DRC's agriculture sector confront a number of difficulties, such as restricted financial resources, poor infrastructure, and problems getting access to markets. Aside from security issues, political unrest in some areas can also have an impact on agriculture.
- ***Cooperative Models:*** Certain agricultural SMEs function through cooperative models, which enable small-scale farmers to combine their resources and carry out agricultural operations as a group.
- ***Government Initiatives:*** The DRC's government may carry out programs to assist SMEs in the agriculture industry, such as by building infrastructure, offering subsidies, and offering extension services.
- ***Sustainable Agriculture Practices:*** A few agricultural SMEs may switch to sustainable farming methods, emphasizing the preservation of the environment and encouraging ethical farming.
- ***Access to Markets:*** For agricultural SMEs in the Democratic Republic of the Congo to grow and be sustainable, better access to domestic and foreign markets is essential.

- **Capacity Building:** Programs aimed at increasing capacity, such as education and training, can improve the abilities and know-how of those working for agricultural SMEs.

Similar to SMEs in other industries, agricultural SMEs in the Democratic Republic of the Congo (DRC) gain from focused assistance, financial resources, and a favorable business climate in order to prosper and advance the nation's economy.

❖ **Trade and Commerce**

The majority of SMEs in the DRC operate retail and wholesale enterprises. Small and medium-sized enterprises (SMEs) participate in trade by importing and exporting goods and enhancing national commerce.

Trade and commerce are significant economic activities for Small and Medium Enterprises (SMEs) in the Democratic Republic of Congo (DRC). The trade sector encompasses a wide range of businesses involved in buying and selling goods and services, contributing to the country's commercial activities. Here are some key aspects of trade and commerce as SMEs in the DRC:

- **Retail Businesses:** Retail enterprises run by numerous SMEs in the DRC include specialized shops, grocery stores, and small boutiques. These companies provide necessities to the communities they serve by offering goods and services.
- **Wholesale Trade:** Some SMEs work in the wholesale market, supplying retailers and other businesses with goods in large quantities. A key position in the supply chain and distribution is held by wholesale traders.
- **Import and Export:** Importing and exporting goods is a part of doing business for SMEs abroad. This can involve exporting domestic goods to foreign markets or importing goods for regional distribution.

- **Cross-Border Trade:** The Democratic Republic of Congo's geographic location makes cross-border trade with its neighbor's commonplace. SMEs may be engaged in cross-border goods import and export.
- **Market Stalls and Informal Trade:** In the DRC, informal commerce is commonplace and includes street vendors and market stalls. Numerous SMEs participate in the local economy by operating in unofficial markets.
- **Supply Chain Services:** Supply chain services, such as distribution, logistics, and transportation, are offered by certain SMEs. The effective flow of goods throughout the nation depends on these services.
- **Challenges:** Infrastructure limitations, regulatory barriers, and restricted access to capital are some of the difficulties that SMEs in the trade and commerce sector must overcome. The absence of legal recognition and restricted access to official financial services can pose challenges for informal traders.
- **E-commerce:** Some SMEs in the DRC are looking into e-commerce opportunities as a result of technological advancements, which will enable online buying and selling.
- **Government Support:** Initiatives from the government to help SMEs in the trade sector may include efforts to simplify regulatory procedures, training courses, and financial support.
- **Market Access:** The development of SMEs in the trade and commerce sector depends on expanding their access to domestic and foreign markets.

In conclusion, trade and commerce are vibrant industries for SMEs in the Democratic Republic of the Congo (DRC), offering job opportunities, fostering economic expansion, and enabling the flow of goods and services both domestically and internationally.

❖ **Services**

SMEs focused on providing services can be found in a variety of industries, such as consulting, hospitality, and transportation. Small hotels, transportation companies, and consulting firms offering specialized services are a few examples of this.

In the Democratic Republic of the Congo (DRC), services are a major component of small and medium-sized enterprises' (SMEs') economic operations. Numerous activities fall under the broad category of services, and SMEs in this industry support the nation's overall economic growth. In the DRC, services as SMEs involve the following crucial elements:

- **Hospitality and Tourism:** Small hotels, guesthouses, and restaurants that serve both domestic and foreign tourists are examples of SMEs in the hospitality sector. Services linked to tourism, like travel agencies and tour operators, might also be included in this group.
- **Transportation and Logistics:** Transportation-related SMEs offer services like delivery, trucking, and taxicab operations. Logistics firms may provide services pertaining to the distribution and transportation of goods.
- **Consulting and Professional Services:** Services in fields like legal, accounting, marketing, and business consulting are offered by professionals and small consulting firms. These services are essential to other SMEs' expansion and development across a range of industries.
- **Healthcare Services:** Small clinics, pharmacies, and healthcare-related services are examples of SMEs in the healthcare industry. Local communities benefit from the presence of these businesses.
- **Education and Training:** Private schools, tutoring, and vocational training are just a few of the services offered by SMEs in the education sector. Programs for skill development may be provided by training facilities to improve workforce capabilities.
- **Information Technology (IT) Services:** Software development, IT consulting, and tech support are among the IT services that some SMEs specialize in. Technological advancement and digital innovation are facilitated by the IT sector.
- **Financial Services:** Individuals and small businesses can obtain financial services from small financial service providers, such as microfinance

institutions. These services assist SMEs in expanding and promote financial inclusion.

- Entertainment and Recreation: Cultural performances, recreational facilities, and event management are examples of SMEs in the entertainment sector. The community's social and cultural life is enhanced by these services.
- Cleaning and Maintenance Services: Janitorial services, landscaping, and building maintenance are among the services offered by SMEs in the cleaning and maintenance industry. These companies help maintain both residential and commercial properties.
- Telecommunications: Internet cafes, mobile phone services, and communication solutions are just a few of the services that SMEs in the telecom industry may provide.

SMEs in the DRC's services sector may face difficulties due to competition, financing availability, and regulatory restrictions. The development and sustainability of service-oriented SMEs in the nation can be favorably impacted by government assistance, availability of training programs, and initiatives to enhance the business environment.

❖ Manufacturing and Processing

A small number of SMEs operate in the DRC's manufacturing and processing sectors. This could involve producing goods for regional markets or processing agricultural products on a small scale.

In the Democratic Republic of the Congo (DRC), small and medium-sized enterprises (SMEs) engage in manufacturing and processing operations that add value to raw materials and generate job opportunities. The following are important facets of processing and manufacturing for SMEs in the DRC:

- **Small-Scale Processing** : SMEs in the DRC may engage in small-scale processing activities, adding value to agricultural products such as cocoa, coffee, palm oil, and other commodities. Processing operations may include milling, oil extraction, and basic manufacturing.
- **Local Manufacturing**: Some SMEs are involved in local manufacturing, producing goods for domestic markets. Products may range from food and beverages to simple manufactured goods.
- **Artisanal and Craftsmanship**: SMEs in the DRC may operate in artisanal and craftsmanship sectors, producing handmade products, traditional crafts, and art. This includes textiles, pottery, and other artisanal products.
- **Construction Materials**: SMEs may be involved in the production of construction materials, such as bricks, concrete blocks, and other building components. These businesses play a role in supporting the construction sector.
- **Furniture Manufacturing**: Some SMEs focus on manufacturing furniture and related products, catering to local markets and businesses. This sector contributes to both residential and commercial needs.
- **Textile and Garment Industry**: SMEs may engage in textile manufacturing and garment production, creating clothing and other textile products. This sector provides employment and supports the local fashion industry.
- **Metalworking and Welding**: SMEs involved in metalworking and welding produce a variety of metal products, including tools, equipment, and components. Metal fabrication services may also be offered.
- **Processing of Natural Resources**: Given the country's rich natural resources, some SMEs may engage in processing minerals or other raw materials. This includes small-scale mining operations and processing plants.
- **Technology and Electronics Assembly**: SMEs may participate in the assembly of electronic components or the production of simple technology products. This sector contributes to technological advancements.
- **Challenges**: Manufacturing and processing SMEs in the DRC may face challenges such as limited access to finance, inadequate infrastructure, and

regulatory constraints. Power supply issues and logistical challenges can impact the efficiency of manufacturing operations.

- **Government Initiatives:** Government support through initiatives, incentives, and policies can positively influence the growth of manufacturing SMEs. Support for technology adoption and access to markets is crucial for these businesses.

Improving infrastructure, facilitating access to finance, and promoting a conducive business environment are essential for the sustainable growth of manufacturing and processing SMEs in the DRC.

❖ **Mining and Natural Resources**

Owing to the wealth of natural resources in the nation, some SMEs work in mining or related industries. Small-scale mining operations and companies that aid in the extraction and processing of minerals are included in this industry.

In the Democratic Republic of Congo (DRC), Small and Medium Enterprises (SMEs) play a role in the mining and natural resources sector, which is crucial to the country's economy due to its rich abundance of minerals and natural resources. Here are key aspects of SMEs involved in mining and natural resources in the DRC:

- **Artisanal and Small-Scale Mining (ASM):** Many SMEs in the DRC operate in the artisanal and small-scale mining sector, extracting minerals such as gold, tin, tantalum, tungsten, and cobalt. ASM activities are often characterized by manual labor and rudimentary tools, and they play a significant role in the mining landscape.
- **Mineral Processing:** SMEs may be involved in mineral processing activities, adding value to raw ore by separating and refining minerals. Processing may include crushing, milling, and concentration of minerals.
- **Supply Chain Services:** SMEs in the DRC provide various services along the mining supply chain, including transportation, logistics, and equipment rental. These services are essential for supporting the overall mining operations.

- Environmental and Safety Services: Some SMEs focus on providing environmental and safety services to mining operations, ensuring compliance with regulations and sustainable practices.
- Equipment Manufacturing and Maintenance: SMEs may engage in the manufacturing and maintenance of mining equipment, including spare parts and components. This supports the efficiency and reliability of mining operations.
- Local Community Engagement: SMEs involved in mining often engage with local communities, providing employment opportunities and contributing to community development initiatives.
- Challenges: SMEs in the mining sector face challenges such as access to finance, adherence to environmental and safety standards, and regulatory compliance. Price volatility of minerals in the global market can impact the profitability of mining activities.
- Government Regulations and Initiatives: The government of the DRC may implement regulations and initiatives to formalize and regulate artisanal mining, addressing issues of child labor and environmental impact. Regulatory frameworks aim to promote responsible mining practices.
- Conflict-Free Certification: In the context of minerals like tantalum, tin, and tungsten, SMEs may participate in processes related to conflict-free certification, ensuring responsible sourcing.

International Partnerships: Some SMEs in the mining sector may engage in partnerships with international companies, contributing to technology transfer and knowledge exchange.

It's important to note that while the mining sector presents economic opportunities, there are also social and environmental challenges associated with mining activities. Efforts to promote sustainable and responsible mining practices, along with addressing social and environmental concerns, are crucial for the long-term viability of SMEs in the mining and natural resources sector in the DRC.

❖ Construction

SMEs in the construction industry engage in a range of tasks, such as developing infrastructure, constructing buildings, and providing related services.

In the Democratic Republic of Congo (DRC), Small and Medium Enterprises (SMEs) engaged in the construction sector play a vital role in the country's infrastructure development, housing, and economic growth. Here are key aspects of construction as SMEs in the DRC:

- **Building Construction:** SMEs in the construction sector are involved in building construction, including residential, commercial, and industrial structures. These SMEs may undertake projects such as housing developments, office buildings, and warehouses.
- **Infrastructure Development:** Construction SMEs contribute to the development of critical infrastructure, including roads, bridges, dams, and utilities. Infrastructure projects are essential for economic development and improving the quality of life for residents.
- **Renovation and Rehabilitation:** Some construction SMEs specialize in renovation and rehabilitation projects, restoring and upgrading existing structures. Renovation work may include historical buildings, public facilities, and private residences.
- **Road Construction and Maintenance:** SMEs may be involved in road construction and maintenance projects, contributing to the country's transportation infrastructure. This includes the construction of new roads and the rehabilitation of existing ones.
- **Construction Materials Production:** Some SMEs focus on the production of construction materials, such as bricks, concrete blocks, and other building components. This vertical integration supports the supply chain for construction projects.
- **Residential Housing:** Construction SMEs contribute to the development of residential housing projects, catering to the housing needs of the

population. This includes both affordable housing and higher-end residential developments.

- **Engineering and Design Services:** SMEs may offer engineering and design services, providing expertise in project planning, architecture, and structural engineering. These services are essential for ensuring the quality and safety of construction projects.
- **Local Employment and Skills Development:** Construction SMEs provide employment opportunities to the local workforce, contributing to skills development and capacity building. Training programs may be implemented to enhance the skills of workers in the construction industry.
- **Waste Management in Construction:** Some SMEs focus on waste management within the construction sector, ensuring proper disposal and recycling of construction waste. This contributes to sustainable construction practices.
- **Challenges:** Construction SMEs in the DRC face challenges such as access to finance, regulatory constraints, and the need for skilled labor. Infrastructure challenges, including limited access to reliable power and transportation, can impact construction activities.
- **Government Support:** Government initiatives to support the construction sector may include infrastructure investment, streamlined regulatory processes, and financial assistance programs.

The construction sector, through the activities of SMEs, plays a pivotal role in shaping the physical and economic landscape of the Democratic Republic of Congo. Sustainable and inclusive development strategies, coupled with supportive government policies, are essential for the continued growth of construction SMEs in the country.

❖ **Technology and Innovation**

Software development, IT services, and other technology-related solutions are offered by a few SMEs in the Democratic Republic of the Congo that work in the technology and innovation sector.

In the Democratic Republic of Congo (DRC), Small and Medium Enterprises (SMEs) involved in the technology and innovation sector contribute to economic growth, digital transformation, and the development of innovative solutions. Here are key aspects of technology and innovation as SMEs in the DRC:

- Information Technology (IT) Services: SMEs may provide a range of IT services, including software development, web design, and IT consulting. These services support businesses in adopting and leveraging technology for improved efficiency.
- Tech Startups: Entrepreneurial SMEs may operate as tech startups, developing and offering innovative products and services. These startups contribute to fostering a culture of innovation and entrepreneurship in the country.
- E-commerce Platforms: Some SMEs in the DRC may operate e-commerce platforms, facilitating online buying and selling of goods and services. E-commerce contributes to expanding market reach and improving accessibility.
- Digital Marketing: SMEs may specialize in digital marketing services, helping businesses establish an online presence, reach their target audience, and promote products or services.
- Mobile App Development: SMEs may focus on developing mobile applications to address specific needs or challenges in sectors such as finance, healthcare, and education. Mobile apps can provide innovative solutions that leverage technology to enhance various aspects of daily life.
- Telecommunications Services: SMEs may offer telecommunications services, including internet cafes, mobile phone services, and communication solutions. Improving access to reliable and affordable communication services is essential for connectivity.
- Data Analytics and Business Intelligence: SMEs specializing in data analytics and business intelligence provide insights to businesses through the analysis of data. This can support informed decision-making and strategy formulation.

- **Technology Training and Education:** SMEs may offer training and educational services to individuals and businesses to enhance digital literacy and technology skills. These programs contribute to building a skilled workforce.
- **Cybersecurity Services:** SMEs may focus on providing cybersecurity services to protect businesses and individuals from online threats. Ensuring the security of digital assets is crucial in the age of increasing cyber threats.
- **Renewable Energy Tech:** Some SMEs may explore technology solutions related to renewable energy, contributing to sustainable development and addressing energy challenges.
- **Challenges:** Technology and innovation SMEs in the DRC face challenges such as limited access to finance, infrastructure constraints, and the need for a supportive regulatory environment. Addressing digital divides and ensuring equitable access to technology are ongoing challenges.
- **Government Support:** Government support in the form of policies, incentives, and infrastructure development can foster the growth of technology and innovation SMEs. Collaboration between the government, private sector, and educational institutions is crucial for creating an enabling ecosystem.

Technology and innovation play a pivotal role in driving economic transformation and addressing societal challenges. The growth of SMEs in the technology sector contributes to positioning the DRC as a player in the global digital economy.

❖ Textiles and Handicrafts

The textile, handicraft, and traditional arts and crafts industries are small businesses that add to the cultural and economic landscape.

It's crucial to remember that the kinds of economic activity can change depending on the area, the available resources, and consumer demand. In addition, infrastructure, regulatory restrictions, and financial availability are major issues that SMEs in the DRC frequently deal with. These issues can have an impact on the kinds of economic activities that SMEs choose to engage in.

Small and Medium Enterprises (SMEs) in the Democratic Republic of Congo (DRC) engaged in textiles and handicrafts contribute to both the cultural richness of the country and its economic landscape. Here are key aspects of textiles and handicrafts as SMEs in the DRC:

- **Textile Production:** SMEs in the DRC may be involved in textile production, including the weaving and manufacturing of fabrics. Traditional weaving methods and the use of local materials may be employed in textile production.
- **Clothing and Apparel Manufacturing:** SMEs may focus on the production of clothing and apparel, creating a variety of garments using traditional or modern designs. This sector provides employment opportunities and contributes to the local fashion industry.
- **Traditional Handicrafts:** Many SMEs in the DRC specialize in traditional handicrafts, creating products such as baskets, pottery, beadwork, and wooden carvings. These handicrafts are often reflective of the cultural heritage and artistic traditions of the region.
- **Artisanal Jewelry:** SMEs may engage in the production of artisanal jewelry, incorporating local materials and traditional crafting techniques. Artisanal jewelry is often valued for its uniqueness and cultural significance.
- **Market Presence:** Textiles and handicraft SMEs may sell their products in local markets, as well as through partnerships with retailers and online platforms. Local markets and tourism play a role in supporting the sales of these products.
- **Cultural Preservation:** SMEs involved in textiles and handicrafts contribute to the preservation of cultural traditions and skills passed down through generations. These businesses play a role in maintaining and promoting cultural identity.
- **Community Empowerment:** SMEs in textiles and handicrafts can empower local communities by providing income-generating opportunities for artisans. Skills development programs may be implemented to enhance the capabilities of local craftsmen and women.

- **Tourism and Souvenirs:** Handicraft SMEs often cater to the tourism sector by producing souvenirs that represent the culture and artistic heritage of the DRC. This contributes to the tourism economy and showcases the country's unique identity.
- **Export Opportunities:** SMEs in textiles and handicrafts may explore export opportunities, reaching international markets and promoting cultural exchange. Exporting products can contribute to foreign exchange earnings.
- **Challenges:** SMEs in textiles and handicrafts face challenges such as limited access to markets, competition from mass-produced goods, and the need for capacity building. Addressing these challenges can help these businesses thrive and compete in a global market.
- **Government Support:** Government support through initiatives, training programs, and market access facilitation can enhance the growth of SMEs in textiles and handicrafts. Policies that promote the recognition and protection of traditional artistic expressions can be beneficial.

SMEs in textiles and handicrafts not only contribute to economic development but also play a vital role in preserving and showcasing the cultural heritage of the Democratic Republic of Congo. Supportive measures, both from the government and the community, can help strengthen and sustain these businesses.

C. Formal and informal SMEs

Table 12 formal SMEs vs informal SMEs

Formal SMEs	Informal Sector SMEs:
<p>Registration and Compliance: Formal SMEs are typically registered with the appropriate government authorities and comply with legal requirements, such as taxation and labor regulations.</p>	<p>Unregistered and Unregulated: Informal SMEs often operate without formal registration, and they may not comply with all legal and regulatory requirements.</p>
<p>Access to Formal Finance: These enterprises often have better access to formal financial institutions, including banks and financial markets, for loans and capital.</p>	<p>Limited Access to Formal Finance: These enterprises may face challenges in accessing formal financial services, relying more on informal sources of funding.</p>

<p>Institutional Support: Formal SMEs may benefit from institutional support and government programs designed to foster their growth, such as access to training, grants, and other support mechanisms.</p>	<p>Limited Institutional Support: Informal sector SMEs may have limited access to government support programs, training, and resources available to formal businesses.</p>
<p>Market Recognition: Being part of the formal sector can enhance the credibility and market recognition of SMEs, potentially leading to better business opportunities.</p>	<p>Lower Market Visibility: Being in the informal sector can result in lower market visibility and limited access to larger markets, potentially impacting growth opportunities.</p>
<p>Employment Practices: Formal SMEs are more likely to adhere to formal employment practices, including contracts, benefits, and occupational safety standards.</p>	<p>Flexible Employment Practices: Informal SMEs may have more flexible employment practices, often hiring workers on a temporary or casual basis.</p>

2.5 Conclusion

This chapter was focused on the analysis of the indicators of small and medium-sized enterprises in DRC and interpretation of data, we analyzed the indicators of small and medium-sized enterprises, we also showed the number of small and medium enterprises in Congo, and showed their structure. We tried to collect information on the number of employed workers involved in small and medium-sized businesses in Congo. It was also worth showing what types of economic activity these enterprises perform.

The importance of small and medium-sized businesses on the African continent no longer needs to be demonstrated. SMEs in Africa represent around 90% of businesses; i.e. 60% and 80% of jobs; and contribute up to 40% of GDP.

Aware of its contributions to its economic development, the Republic of Congo has made significant progress in the process of supporting and facilitating the creation of small and medium-sized businesses. It should be noted that Law No. 46-2014 of November 3, 2014 relating to measures for the promotion and development of very small and medium-sized enterprises in the Republic of Congo defines a small and medium-sized enterprise (SME) as any enterprise producing goods and/or services.

merchants, which permanently employs between 10 and 100 employees and which achieves an annual turnover excluding tax from 25 million and not exceeding 2 billion FCFA.

In this way, it becomes simple and quick to create a company or declare the activity carried out or to be carried out by a third party for its registration.

This support was evident in the establishment of a one-stop shop. This one-stop shop designed to overcome the administrative slowness that existed before, brings together the tax services for the establishment of the NIU, thus giving a tax identity to the company or activity carried out, the social security services for affiliation of companies (CNSS number) whose objective is to ensure social security to the workers of the company, the services of the National Institute of Statistics (INS) For the delivery of the SCIEN/SCIET attributing to the company a registration number, and finally the registry of the commercial court for the issuance of the RCCM which constitutes the birth certificate of a company

For a little over two decades, Congo has undertaken a series of incentive reforms to improve the formal private framework. Faced with such progress, it is entirely legitimate to take a multifunctional look at the current state of SMEs in Congo.

3 Proposed solutions to the problems of SMEs in DRC

The goal of this Mater thesis, in the context of Congo's economic diversification, is to support the growth of the private sector—the sector serving as the vector of this diversification—by enhancing SMEs' access to bank financing and suggesting initiatives that are better suited to a global multi-donor initiative. Since large businesses have greater access to financing, SMEs were selected as the target. The bigger businesses acknowledge that they have no trouble raising capital, and their bank grade attests to the high demand for these kinds of clients.

We assessed the issues impeding access at the SMEs level and determined potential solutions. These issues consist of several elements typical of the current corporate environment. These, however, are not the topic of this paper because they have been covered in a number of ongoing investigations. We would want to concentrate on the core issue, which is financing accessibility. Additionally, we discuss plans that, while intended, had not been carried out, which helped to create the situation in which finance has been all but blocked. Given this impasse, our goal is to try "to gradually bring the commercial banks around to fulfilling their core mission" by sending them applications that are of high quality and developed by reputable developers. In cases where that is insufficient, risk sharing will be an option.

We have proposed a set of arrangements to do this while also accounting for other ongoing projects. These seek to share the remaining risk and significantly reduce risk. The specific objectives of these recommendations are to: (i) train and oversee the business developer; (ii) establish the credibility of technical and market data utilized in profitability studies; and (iii) establish a guarantee fund that partially absorbs risk. The main courses of action that will be taken have been delineated.

However, supplementary instruments are needed for the above-described mechanisms to function, and these tools require an appropriate and strong institutional anchoring. Linking up with some donors' ongoing programs would be required at this point (particularly the World Bank). In terms of the procedures suggested, the partnership

with these donors should aid in establishing a more comprehensive organic structure with coordinated steering of complementary functions integrating projects from various backgrounds and generating synergy. An integrated multi-donor arrangement based on the idea of a "Maison de l'Entreprise" (Business Promotion Center) would result from this. The suggested arrangements are important to this plan, but they also gain from extra resources and related procedures. Additionally, they are a component of a larger system that needs to be managed well.

In order to effectively address the difficulties Small and Medium-sized Enterprises (SMEs) in the Democratic Republic of Congo (DRC) confront, a multifaceted strategy that takes into account the social, legal, and economic facets of the business environment is needed. The following are some suggested fixes for typical issues stated in chapter 2 that SMEs in the DRC encounter:

3.1 Obtaining Finance, Development of Infrastructure & Building Capacity

The Congolese economy has been plagued by a severe crisis for over ten years, forcing the closure of the majority of small and medium-sized enterprises. The causes include numerous wars of aggression, political instability, and looting. The financial system in the Congo was weakened as a result of this catastrophe.

The main factor preventing SMEs from growing and developing has been determined to be a lack of access to financing. There is an urgent need to investigate the difficulties faced by SMEs when obtaining financing because of the alarmingly high failure rate of SMEs in the Democratic Republic of the Congo (DRC) and their negligible GDP contribution. Ironically, SMEs are the most restricted when it comes to obtaining outside financing, despite the important role they play and their clear potential for expansion. According to a 2013 IFC research, between 55 and 68% of formal SMEs in emerging economies—roughly 13.8 to 20.4 million firms—do not receive loans or receive less than what is requested by the formal financial sector. This unsettling issue is not unique to the Democratic Republic of the Congo (DRC),

primarily because, in contrast to other African nations, SMEs have not made the anticipated contributions to the expansion of the national economy. The World Bank (2013) claimed that over the previous five years, there has been no indication of virtual development in the SME sector. Furthermore, just 5,000 of the 6,000 SMEs that were in existence 25 years ago are still there, whilst large companies have been experiencing significant development.

The decrease may be attributed to a number of issues that these businesses deal with on a daily basis and that prevent them from expanding. The overall goal of this research is to acquire a better knowledge of the difficulties experienced by SMEs in the Democratic Republic of the Congo (DRC) from the viewpoints of local owners and/or managers, taking into account the background data previously mentioned. The study will solely highlight issues that arise on the demand side, similar to other SMEs-related studies that have been done. Gaining an understanding of the issues these businesses confront will enable policymakers to be presented with solutions, which will advance both the industry and the nation as a whole. In addition, the research will investigate if gender inequality is reflected in the country's wide gender gaps, as stated by the African Development Bank (2013), even though gender equality is guaranteed by the Constitution. In order to unlock and strengthen the DRC's productive potential and promote economic progress, it will be necessary to address both general and gender-specific impediments to entrepreneurship, if any are present. Additionally, leveraging the participation of entrepreneurs of all genders will be beneficial.

It has been established since the 1970s that small and medium-sized enterprises are the primary drivers of national development. They are the primary drivers of economic growth, dynamism, and adaptability in these nations, whether they are developed or emerging and developing economies.

These small and medium-sized enterprises operate in a highly competitive environment, so it is imperative that they receive special attention for their

development and promotion. Businesses must create new items or alter current ones in this uncertain market to meet the demands of their clients and even their most hidden wants. and make investments in fresh production locations to grow their business.

Due to the sensitive circumstances, business owners are compelled to look for the funding they need to bring their ideas to fruition. Brilliant ideas may be shelved en route if SMEs are unable to secure the funding required for their projects, which would be a waste of potential economic progress.

Small and Medium Enterprises in Africa in general and in the Democratic Republic of Congo in particular suffer from limited access to financing which thus constrains their emergence and further development. According to the survey carried out among micro-enterprises in Kinshasa, self-financing and informal credit remain their main sources of financing. These mechanisms are, however, unreliable, unpredictable, limited and therefore do not guarantee the development of these companies due to the modest sums lent and the very short repayment terms.

Notwithstanding the texts' presence, it's crucial to note that, in our nation, small and medium-sized enterprises face significant obstacles in their efforts to grow and simply endure because of a shortage of funding. As a result, financial activity is starting to seriously hinder the growth of small and medium-sized businesses in the DRC.

Given all mentioned above, one could reasonably wonder what makes it so difficult for SMEs to obtain finance. Stated differently, we wonder why SMEs in the DRC find it difficult to obtain bank credit.

Current sources of financing are limited and those that are available do not always offer terms that are suitable for SME's, especially those that need financing for the purchase of assets. The terms that SME's generally require are:

- Flexible on collateral: many SME's cannot meet current collateral requirements (market average is currently 150% of the loan amount, preferably in real estate). Options to use guarantee funds or to be able to pledge shares are not available, nor are there providers willing to take more risk by reducing the collateral percentage
- Long tenures: SME's operating in sectors other than trade cannot repay investments in the short periods currently required in DRC. Short tenures put very high stress on cash flows
- Grace periods: these are crucial in instances where cash flows lag behind investment such as in equipment
- Low interest: viable SME's that generally make healthy returns in USD, should be able to pay the current market rates. Partial grants could help reduce those rates but this is not a priority in our opinion.

The financial system in the Democratic Republic of the Congo (DRC) is not without problems, especially in rural areas. It is challenging for SMEs, particularly those in distant areas, to obtain formal financial services due to the restricted presence of banks. Since they lack adequate financial records and paperwork, a large number of SMEs in the DRC operate in the unofficial sector. These companies find it difficult to get approved for official loans or other financial assistance because of their informality. In the Democratic Republic of Congo, lending institutions frequently have strict collateral requirements. Smaller SMEs in particular could find it difficult to furnish the required collateral, which would hinder their capacity to get funding. Because small businesses are regarded to have a higher risk, banks may be reluctant to lend to them. This risk aversion is exacerbated by incomplete credit history data and unpredictability regarding the profitability of businesses. When applying for loans, SMEs in the DRC sometimes encounter hefty interest rates. The cost of borrowing might be unaffordable, which affects small enterprises' capacity to remain profitable and sustainable. SMEs may find it difficult to establish creditworthiness and establish a credit history if they have trouble obtaining accurate credit information.

Inadequate road and transportation infrastructure can make it difficult for SMEs to reach markets, distribute their products, and run an efficient supply chain. SMEs' operations are impacted by inconsistent and inadequate energy infrastructure, especially those in the manufacturing and processing sectors where a steady power supply is essential. Limited involvement in the digital economy and growth of tech-based SMEs might result from poor access to dependable internet and digital infrastructure. SMEs in the DRC could have trouble getting their employees into training programs. Inadequate chances for skill development might affect competitiveness and productivity.

Here are some proposed solutions:

- Create or improve financial structures and institutions that are tailored to the needs of SMEs.
- Give SME owners training in financial literacy to help them better access and manage their finances.
- Encourage collaborations between microfinance organizations and SMEs.
- To enable the flow of products and services, fundamental infrastructure—such as electricity, transportation, and communication networks—should be improved and invested in.
- Promote public-private collaborations to build infrastructure.
- Offer workshops and training courses to improve the abilities of SME owners and staff.
- Encourage collaborations with academic institutions to provide customized training for the needs of SMEs.

3.2 Simplified Procedures for Regulation, Getting into Markets & Adoption of Technology

The complicated and drawn-out business registration procedure may provide difficulties for SMEs in the DRC. Simplifying this procedure can ease formalization and lessen administrative workloads. SMEs may find it difficult to comply with complex and onerous regulatory requirements, particularly when it comes to licenses, taxes, and other legal needs. Simplifying these procedures can facilitate businesses' ability to function within the law. Due to obstacles in the formalization process, a large number of SMEs are active in the informal economy. SMEs can be better equipped to handle the regulatory environment by having better access to knowledge regarding procedures and regulations.

Inadequate infrastructure for logistics and transportation may make it difficult for SMEs to enter domestic and foreign markets. Enhancing connectivity and lowering the price of market access are two benefits of improving infrastructure. Trade restrictions, such as tariffs and non-tariff barriers, can make it more difficult for SMEs to expand into foreign markets. Market opportunities can be increased by initiatives to lower trade barriers and promote cross-border trade. The capacity of SMEs to customize their goods and services to meet market demands may be hampered by a lack of access to market data, such as demand trends and customer preferences. Market intelligence initiatives have potential benefits. Establishing trade promotion campaigns and export assistance programs can help SMEs enter new markets and grow their clientele.

Due to their limited technological capabilities, especially in mechanical engineering and construction, SMEs in the DRC are doomed to consume more new technologies than they produce, which explains why they find it difficult to compete and break into the export markets for manufactured goods with medium- and high-tech components. In addition, these SMEs lack the resources to participate in R&D programs that could provide them with access to new technologies or connect them with qualified partners. The lack of support programs and technological infrastructure further exacerbates this problem.

How SMEs in the DRC deploy their internal and external resources will determine how well they are able to innovate. The following are examples of internal business factors: the manager's and employees' prior experience-based knowledge and skills; a technically qualified workforce (scientists and engineers) with good "absorption capacity"¹; a "learning-by-doing" type approach, which can take the form of either formally organized internal R&D or an informal technological effort closely linked to production; the establishment of technological monitoring that enables SMEs to stay up to date on the latest innovations in technology and adapt to changing market demands.

Interaction with suppliers, consumers, the general public, professional associations, etc. are examples of external forces. The establishment of regional clusters integrating the various parties involved in a production process (industrial districts, innovative settings, "collective efficiency," "learning regions," or "regional innovation systems") might increase the efficacy of this "learning-by-interacting" process. Technological innovation and company competitiveness can be fostered through positive externalities, market exchanges, and the opportunities for cooperation established by the physical proximity thus created by these networks.

Through local university-business partnerships, companies can enhance their capacity for innovation. Universities' traditional missions of teaching and basic research must give way to a third aim of technology transfer and commercialization. External resources from universities, public research institutes, professional representation organizations, government intermediaries and the private sector can help local enterprises enhance their innovation capabilities through a range of technology transfer and knowledge exchange activities. The belief that the risks and expenses associated with innovation and capacity building are too great is one of the main barriers keeping businesses from moving forward. The absence of a technological environment, such as buildings or technical centers, testing, calibration, and quality

assurance laboratories, is another obstacle to innovation. These installations need large investments, which they are unable to do on their own.

The use of technology by SMEs may be impeded by an inadequate infrastructure of technology, especially dependable internet connectivity. Investing in digital infrastructure can help people adopt technology. Digital literacy issues may arise for SMEs' owners and staff, which could hinder their capacity to use technology to run their businesses. Programs for training can close this gap. For SMEs, a hurdle may be a lack of funding for the purchase and implementation of technology solutions. Programs for financial assistance that are dedicated to promoting the use of technology can be helpful. SMEs may be persuaded to invest in updating their operations by offering incentives for innovation and technology adoption, such as grants or tax breaks. SMEs can develop an innovative culture by exchanging knowledge and forming partnerships through networking and collaboration within the technology sector.

Government organizations, business associations, financial institutions, and development partners must all work together to implement a comprehensive strategy aimed at streamlining regulatory procedures, expanding market access, and encouraging technology usage for SMEs in the DRC. For SMEs in the nation to expand and remain competitive, an environment that lowers obstacles and fosters innovation must be created.

Here some proposed solutions:

- Reduce bureaucracy by streamlining and simplifying the licensing and business registration procedures.
- Establish clear and uniform regulatory procedures to promote an atmosphere that is conducive to business.
- Create and maintain systems that link SMEs with more established markets on a national and worldwide scale.

- Encourage participation in product and service demonstrations at trade shows and exhibits.
- Encourage the use of technology in company operations to boost productivity and edge over competitors.
- Assist SMEs in implementing digital technologies and e-commerce solutions by offering training and assistance.

3.3 Governmental Assistance and Rewards, Collaboration & Networking & Risk Reduction

The DRC government can put in place financial support initiatives like grants, subsidies, or low-interest loans to help SMEs get the money they need for innovation, growth, and development of their businesses. Offering tax breaks or lower tax rates to small and medium-sized enterprises (SMEs) can boost investment, promote entrepreneurship, and enhance the general business climate.

Connecting SMEs with possible customers, suppliers, and partners can be facilitated and organized through trade shows, industry conferences, and business networking events. Encouraging small and medium-sized enterprises to establish and actively participate in industry associations offer a forum for networking, knowledge sharing, and group advocacy for shared objectives. Experienced business owners and SMEs can be connected through government-sponsored mentorship and training programs, which provide direction, understanding, and assistance for the expansion of businesses.

Entrepreneurs from the Democratic Republic of the Congo are highly motivated to comprehend the fundamental processes involved in funding their ventures, be it through loans, personal savings, or a mix of the two. This is essential to their company expanding. But finance is hard to come by for SMEs (small and medium enterprises) in the Democratic Republic of the Congo (DRC), particularly if they

invest in areas where the potential to earn enough revenue to pay back a loan plus interest isn't developing quickly enough.

Upon closer inspection, we identify four core issues: (i) Local banks are hesitant to offer loans longer than three years because they view SMEs as high-risk ventures. Because of the Covid-19 outbreak, banks are less willing than ever to take on risks, and they have further tightened their lending requirements. But, it can turn out that ordering and installation delays are very lengthy for long-term capital investments, such as pricey machine tools. As a result, it will take longer than three years to pay back the loan balance plus interest, (ii) SMEs frequently lack the assurances that banks require to lower the risk of non-repayment; (iii) SMEs also lack the experience and knowledge necessary to secure funding; occasionally, they are unaware of the methods used by banks or investment funds to assess businesses. Armed with this information, they might better position themselves to satisfy the demands made by creditors, (iv) Foreign investors are reluctant to fund SMEs established in the DRC, despite the fact that they provide an alternative to local banks. To appropriately choose SMEs that provide the best return on investment, a local presence is necessary. Moreover, investors must bear extremely high operating costs in the Democratic Republic of the Congo. In fact, opening local branches is challenging due to the ambiguity surrounding multiple regulations and the heavy tax burden (direct taxes and para-taxation). In summary technical risk management is one of the factors that may help professionals in this prospective niche (SMEs/SMI) for the various economies become less risk averse. It is true that banks need to implement effective risk assessment and management systems. With the use of tools (pricing, rating systems, etc.), managers will be able to understand the relative cost of risk in this industry and how to lower it.

Financial institutions can lend to SMEs with less collateral requirements by implementing credit guarantee schemes, which minimize risk for them. Risks related to unanticipated events can be managed by introducing insurance programs designed specifically for small and medium-sized enterprises (SMEs), such as trade credit

insurance or business interruption insurance. Helping small and medium-sized enterprises (SMEs) prepare for and manage their resilience to natural catastrophes, economic downturns, and other unforeseen problems reduces their risk. By assisting SMEs in navigating complicated legal situations, legal and regulatory support can lower their risk of legal problems and disputes.

The DRC's SMEs are encouraged to expand and survive by a supportive environment that includes government assistance, networking events, and risk-reduction tactics. To create an environment that is favorable to the development of small and medium-sized enterprises (SMEs), cooperation between the government, private sector, and pertinent stakeholders is necessary.

Here are some proposed solutions:

- Put in place measures, like tax breaks or subsidies, which are expressly designed to aid in the expansion of SMEs.
- Establish a regulatory framework that is favorable to entrepreneurship.
- Provide SMEs with networking opportunities so they can work together, exchange experiences, and get mentoring.
- Create business clusters and incubators to promote cooperation and innovation.
- Provide tools to help SMEs reduce their risk exposure, like credit guarantee programs.
- Offer insurance plans that are suited to small companies' requirements.

3.4 Initiatives for Social Responsibility, Information on the Market & Sustainable and Environmental Practices.

SMEs in the DRC can take part in community development projects that improve the welfare of nearby communities, such as infrastructure development, healthcare services, and educational activities. Fair employment practices, adherence to labor laws, and the provision of employee training and skill development opportunities all

show social responsibility and advance the socioeconomic advancement of the community. In order to show their commitment to social responsibility, SMEs can embrace ethical business practices such as fair trade standards, responsible sourcing, and transparent supply chain management. Encouraging diversity and inclusivity in the workplace cultivates an inclusive culture that affords people from varied backgrounds equal chances. Taking part in charitable endeavors, such as lending a hand to neighborhood nonprofits, schools, or medical facilities, shows a dedication to social responsibility and the welfare of the community.

SMEs can better design their products or services to meet market demands by conducting comprehensive market research to help them understand client wants, preferences, and market trends. SMEs may strategically position themselves and make well-informed decisions by identifying the strengths and weaknesses of their competitors through the collection of competitor information. By putting in place mechanisms for gathering and evaluating customer feedback, SMEs can gain insightful knowledge that improves their overall competitiveness, customer satisfaction, and product quality. Employing market intelligence services, such as those offered by the public or commercial sectors, helps SMEs remain up to date on changes in the market, changes in regulations, and new opportunities.

Environmental sustainability is enhanced by the adoption of resource-efficient measures, such as waste reduction, energy saving, and appropriate water management. The ecological footprint of SMEs can be decreased by implementing environmentally friendly and sustainable procedures at every stage of the supply chain, from obtaining raw materials to distributing products. Investigating and utilizing renewable energy sources, such as wind or solar energy, can save SMEs money while simultaneously promoting environmental sustainability. Adopting efficient waste management techniques, such as recycling and appropriate disposal, shows a dedication to environmental responsibility. SMEs can improve their credibility by making sure that environmental standards are followed and by obtaining the necessary certifications for eco-friendly and sustainable activities. Eco-labeling,

which indicates a product's adherence to environmentally friendly criteria, promotes sustainable product development and aids in consumer decision-making.

SMEs in the DRC can improve their reputation, overall business resilience, and ability to meet social and environmental sustainability objectives by incorporating market information tactics, sustainable practices, and social responsibility activities. Adopting these practices can help SMEs become more competitive in the market by drawing in environmentally concerned investors and customers.

Here are some proposed solutions:

- Inspire bigger businesses to participate in SMEs-supporting corporate social responsibility (CSR) programs.
- Encourage your community's local businesses to be supported.
- Give SMEs access to timely and reliable market data so they may decide on business wisely.
- Create systems for market information to assist companies in recognizing trends and opportunities.
- Encourage SMEs to adopt ecologically friendly methods in order to lessen their impact on the environment and maintain long-term profitability.
- Promote the implementation of ethical corporate practices.

To implement these ideas and build an ecosystem that promotes the expansion and sustainability of SMEs in the Democratic Republic of the Congo, cooperation between governmental bodies, financial institutions, academic institutions, and the commercial sector is necessary.

The Democratic Republic of the Congo (DRC)'s private sector is dominated by small and medium-sized businesses (SMEs), which have the potential to spur economic growth and provide jobs for the nation. With finance and help from the World Bank Group (WBG), the DRC government prepared a SME Development and Growth

Project to boost employment and entrepreneurial prospects while promoting the growth of SMEs.

In four project locations in the Democratic Republic of the Congo (DRC): Kinshasa, Goma, Lubumbashi, and Matadi, WBG performed a SME ecosystem analysis with support from the Competitive Industries and Innovation Program (CIIP) to better understand the issues that specific segments of SMEs confront. The study used a wide range of techniques and channels for gathering data in order to obtain comprehensive, in-depth, and significant insights on both formal and informal SMEs in the DRC.

The SMEs generally show a trend of favorable revenue growth during the last five years. This rise is attributed to both higher domestic demand and better supplier quality. The main findings and suggestions take into account the requirements of different SME kinds as well as the global experience of policy responses tailored to meet those needs. These include: streamlining and increasing the transparency of the policy environment; addressing institutional and market gaps to encourage private investment in SMEs; fortifying and broadening the pool of potential entrepreneurs; coming up with creative solutions for infrastructure problems; implementing pilot programs to close the skills gap in SMEs at scale; and pursuing integration into national markets and value chains. The SME Growth and Development Project will benefit from the recommendations made during the multi-stakeholder discussions concerning the SME ecosystem. However, the recommendations can also be used more widely and provide guidance for the creation of new laws and policies.

3.5 Conclusion

SME finance in DRC is currently at an impasse: o Most financial institutions operating in DRC mention that they have funds available but complain of a lack of -goodll SME's to invest in o At the same time SME's that require funding, especially for investments, complain that there are no viable funding options available to them.

This is particularly acute in the USD 100k-1m bracket o Most SME's are ill equipped/prepared to attract financing. As a result, they are being refused loans o Local and international investors (PE funds, DFI's) that could possibly assist SME's with capacity building currently focus on larger (>USD 1-2m) ticket sizes 11 As a result, smaller SME's that could, with the right support, become interesting companies to invest in later (by funds and/or DFI's) are not being served. For them, being able to access USD 100k-1m is crucial in order to grow and become eligible for the larger deals that international investors offer. These SME's are faced with 2 problems: 1. There are no financing options that support especially investments in assets (which require longer maturities and possibly grace periods in order to be applicable for them) 2. Even if financing options would be available most SME's would need technical and managerial assistance to become investment ready .

Whilst there are numerous studies on the financing and other challenges of SMEs in developed countries and some developing countries, extremely little information is available on this topic in the DRC. This study used data from a sample of SMEs in the DRC to fill this gap, thus investigated two main concerns. Firstly, the research aimed at finding out the challenges of SMEs in accessing finance. The evidence gathered has proved that the majority of SMEs (52.3%) failed to secure formal finance mainly due to a lack of collateral. Therefore, the financing patterns are dominated by personal savings of the individual owning the SME. There is also a strong belief from such findings that many people with sound business ideas but with no personal savings are -giving up|| simply because of the difficulties of raising finance. Another possible reason for inaccessibility to finance could be the fact that a considerable number of firms do not keep records, thus they are unable to prove to lending institutions that they are financially stable. Such findings demonstrate that SME operators contribute partly to their exclusion to finance. A critical observation in this study is that firms do not follow the normal growth cycle (early start-up stage – growth and expansion – maturity) as a considerable number of firms (48.6%) function to sustain family basic needs, while only 11% of the sample is able to grow. This is because apart from the financial challenges, the Congolese government has failed to offer an appealing business environment to the private sector. SMEs do

encounter not only other non-financial constraints such as heavy taxation composed of a multitude of different taxes, lack of adequate infrastructure causing tremendous losses and inability to expand activities to rural areas, but also the lack of financial governmental assistance. The second objective of the study was to find out if female entrepreneurs face gender-related discrimination in accessing external finance. The motive of questioning the gender barrier is because the literature has not revealed clear findings. Further, because the Congolese population is mostly women dominated, but there is an imbalance in entrepreneurship, the study ought to understand the disproportion emanating from inaccessibility to finance. The reassuring fact from the findings is that, though access to finance is constraining in the DRC, there is no evidence to conclude that women are discriminated on the basis of their gender and other things being on the same grounds, when both sexes apply, they are granted finance or challenged equally. This suggests that perception of not considering the women entrepreneur segment viable has changed.

4. General Conclusion

This master thesis was about talking and proposing ways of development of SMEs in DRC Congo. We had 3 main chapters in this thesis , the first chapter describes the theoretical and methodological foundations of the research topic where we had to define SMEs in different ways , talk about it legal forms which is sole proprietorship and company , it size and characteristic ,it role and importance on the political-economical-social-tax level; , it fundamental problems ,it relation to the economic development . The second chapter is analytical, here the analysis of the indicators of the topic was presented and calculations were made. We took data from 2015 to 2021 according to the sector of activity, to the legal form, to the sector, to the age group of promoters, by gender of promoter, to the sex of promoter, to the gender of promoter . We also talked about the structure and type of SMEs , where we mentioned some main type like : agriculture , trade and commerce , services , manufacturing and processing , mining and natural resources , construction , textiles and handicrafts , we also highlighted formal and informal SMEs in all it forms . And in the third chapter, we have to show and propose solutions to the problems that we have found in the second chapter, that is, how to improve the situation. We proposed : (i) Obtaining Finance, Development of Infrastructure & Building Capacity , (ii) Simplified Procedures for Regulation, Getting into Markets & Adoption of Technology , (iii) Governmental Assistance and Rewards, Collaboration & Networking & Risk Reduction , (iv) Initiatives for Social Responsibility, Information on the Market & Sustainable and Environmental Practices.

In conclusion, SMEs continue to face a plethora of challenges that impede their ability to grow and develop, despite their critical role in the GDP and employment market. One of the biggest obstacles is the absence of sufficient support, along with the expense and difficulty of obtaining financing. There is still more work to be done in this SME market, even with the significant advancements the African banking sector has lately made.

Interest rates for SMIs should rise in value as a result of the Central Bank of West African States', credit institutions', and the Technical and Financial Partners' regional financial market. Investment funds devoted to funding SMEs are in the same boat.

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6. List of abbreviations

ANAPI : National Agency for the Promotion of Investments

AFEC: Association of Women Traders

ASSOF : Association of Women Entrepreneurs

SSA : Sub-Saharan Africa

AfDB : African Development Bank

BM : World Bank

ECCAS : Economic Community of Central African States

CDF : Congolese franc

COPEMECO : Confederation of Small and Medium Enterprises of Congo

COREF : Steering Committee for Public Finance Reform

DGDA : General Directorate of Customs and Assizes

DGI : Directorate General of Taxes

DGRAD : General Directorate of Administrative and State Revenue

GPRSP : Growth and Poverty Reduction Strategy Paper

CSP : Country Strategy Document

TVET : Technical Education and Vocational Training

FEC: Congolese Business Federation

FENAPEC : National Federation of Artisans and Small and Medium Enterprises of
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8. Bibliographic reference

Subject matter is Ways of development small and medium enterprises in DR Congo.

It includes 3 parts:

1. Explanatory part
2. Graphic part

1. Explanatory note contains : 91 pages

- Tables : 10 tables
- Figures : 5 figures
- References : 20 references and 0 annexes

2. Graphic part consists : Presentation in power point