

Strengthening SME development in the DRC through diaspora investment

A policy note and recommendations

MAKALA



E-BLOC
BANK
MAKILA

MainMon

Daredare

Supported by:

Funded by:



Strengthening SME development in the DRC through diaspora investment:

A policy note and recommendations

Joevas Asare

We would like to extend our sincere thanks to all those who contributed insights, inputs, consultations, and reviews that informed this report. This includes the team members of the ABC-DRC BRIDGE Programme, the SMEs and private sector leaders in the DRC, and the diaspora mentors and investors who generously shared their expertise and perspectives.

We also extend our appreciation to the wider ecosystem of partners and stakeholders who will continue to carry this work forward, enabling diaspora participation to act as a catalyst for private sector growth and SME development in the DRC.

Contents	Page
1. Background and objectives	3
2. Methodology	3
3. Current policy landscape <ul style="list-style-type: none">a. Core policy pillarsb. Literature and evidence basec. Other enabling environment considerationsd. Qualitative insights into the SME enabling environmente. Diaspora investment	7
4. Strategic pathways forward (Recommendations)	21
Box 1 – The difference between remittances and diaspora investment	6
Box 2 – Direct Diaspora Investment (DDI) Index (AFFORD)	7
Annex 1: About DRC-ABC BRIDGE Programme, AFFORD and MDF	26

1. Background and objectives

This policy note is designed primarily for policymakers and the SME ecosystem in the Democratic Republic of Congo (DRC) and United Kingdom (UK). However, the insights and recommendations are also relevant to the wider development finance ecosystem, including development partners, financial institutions, private sector actors, and diaspora stakeholders—each of whom has a role to play in strengthening the environment for SME growth in the DRC.

The scope of the note focuses first on the SME sector and the broader policy landscape shaping SME development. It then examines diaspora investment as a strategic enabler for advancing SME growth. Importantly, this report takes SME development as the starting point, positioning diaspora investment as a key catalyst that can help unlock progress across the sector.

The intended success of this policy note is twofold. First, it aims to consolidate key insights into a clear set of priority recommendations for policymakers. Second, it seeks to support the wider ecosystem to better harness diaspora investment as a practical and scalable catalyst for SME development in the DRC.

This policy note is an output of the DRC-ABC BRIDGE Programme, a UK funded initiative led by AFFORD and MDF (further details are provided in Annex 1). The programme provides hands-on support to 20 SMEs in the DRC through incubation and acceleration workstreams, complemented by diaspora engagement to strengthen investment readiness, growth potential, and long-term sustainability. Beyond supporting participating SMEs, the programme is designed to generate learning that can inform pathways for broader SME sector development. This policy note contributes to that objective by translating programme insights into policy-relevant recommendations to strengthen the enabling environment for SME growth and diaspora participation.

The remainder of this policy note is structured into three core sections: (i) methodology, (ii) the current policy landscape, and (iii) strategic pathways forward.

2. Methodology

This policy note is not intended to be prescriptive. Rather, it is designed to provide a baseline for dialogue that can lead to practical and actionable reforms. The approach taken prioritises synthesis of existing evidence, desk-based research, and qualitative discussions with DRC-ABC BRIDGE programme participants and stakeholders, to paint a picture of the current policy landscape and catalytic ways forward.

The methodology draws on three core sources:

- Synthesis of existing reports: This involved reviewing and consolidating relevant research on both the SME enabling environment in the DRC and the role of diaspora participation in SME development. The aim was to identify recurring barriers, policy

gaps, and opportunities highlighted across the literature.

- ***Desk-based research:*** Online sources were used to map the current SME policy and institutional landscape, identify comparable regional and international approaches, and capture emerging practices relevant to the DRC context.
- ***Qualitative discussions:*** The report draws on insights from SMEs and diaspora participating in the DRC-ABC BRIDGE programme cohort, as well as wider stakeholder engagement through existing networks and social capital. These discussions were conducted through a combination of group sessions and one-to-one dialogue, using an open discussion format. The objective was to understand the lived experience of SMEs and diaspora operating in the DRC and to validate how policy and institutional realities translate into day-to-day business constraints. The discussions focussed on five key questions, which were not prescriptive, but used as guidance to frame the dialogue:
 - a) *What has been your personal experience working with government systems (registration, tax, licensing)?*
 - b) *In your own experience, how has diaspora involvement (if any) supported or influenced your business journey?*
 - c) *When have formal SME regulations worked well — or did not work as expected — in practice?*
 - d) *How confident do you feel in your understanding of SME regulations, policies and government support that affect your business?*
 - e) *Based on your experience, what specific changes would most improve the environment for your venture?*

The recommendations do not aim to propose a “perfect” enabling environment. Instead, they focus on catalytic actions that are realistic within the DRC context and that can unlock measurable improvements for SMEs. Recommendations are informed by a combination of existing research, practitioner insights, technical expertise, and learning through the programme.

Two definitions underpin this policy note:

- ***SME Sector:*** For the purposes of this report, the SME sector refers to the broad operational environment for small and medium-sized enterprises in the DRC. The analysis is sector-agnostic and does not focus on a single industry, but is concerned primarily with the green economy and its parallels.

We consider SMEs as formally registered entities that are profit-making (or aiming to become profit-making), contribute to employment and wider development outcomes, and often align with SDG priorities through their work. These businesses typically operate in the “missing middle”¹: they are often too large for microfinance yet too small—or perceived as too risky—for traditional commercial lending and large-scale DFI investment.

¹ World Bank. (2024). *What’s happening in the missing middle? Lessons from the World Bank Group’s experience with SMEs*. Washington, DC: World Bank. Available at: <https://openknowledge.worldbank.org/entities/publication/a0d7bc31-df7e-566a-995f-5589fb29398e>

While the size and maturity of SMEs in this category varies significantly, they represent a large share of the private sector and are frequently positioned at the pre-seed and seed stages of investment readiness.

- ***Diaspora Investment:*** This report adopts a Global African diaspora framing aligned with the African Union definition². While the programme has a particular focus on UK-based diaspora with interest in the DRC, the analysis also considers the role of the wider African diaspora, where relevant, particularly in relation to direct diaspora investment of money, time and skills. Diaspora investment is therefore defined broadly to include:
 - Technical assistance, including skills transfer, mentoring, advisory support, and professional networks; and
 - Capital investment, including both direct capital deployment into SMEs (direct diaspora investment) and active participation as entrepreneurs, returnees, and business founders themselves operating in the DRC.

In terms of the anchor frameworks - the approach we take to assess the SME sector in the DRC is informed by international best practices. While it is outside the scope of this policy note to develop a new measurement framework, or conduct detailed indicator analysis, we instead draw on established global benchmarking and frameworks as a baseline reference point for understanding the enabling environment in DRC.

The key frameworks referenced include:

- **World Bank – Business Enabling Environment (BEE)**³: The BEE is one of the most recognised global benchmarking approaches for assessing business enabling environments and is increasingly used as a reference by governments and ecosystem actors. It replaces the World Bank’s former Doing Business Index⁴ and focuses on regulatory quality and implementation, public service delivery to businesses, and the efficiency, transparency, and predictability of the regulatory environment.
- **OECD – SME Policy Index**⁵: The OECD SME Policy Index is a widely used framework for assessing the strength and effectiveness of SME policy. It is particularly valuable for its focus on institutional capacity and policy implementation. It covers areas including access to finance, innovation and skills, business development services, internationalisation, and green and inclusive SME policy.

² The African Union defines the African Diaspora as consisting of people of African origin living outside the continent, irrespective of their citizenship and nationality, who are willing to contribute to the development of the continent and the building of the African Union.

³ World Bank. (n.d.). *Business enabling environment (BEE)*. World Bank. <https://ppp.worldbank.org/library/business-enabling-environment-bee>

⁴ World Bank. (2020). *Doing business 2020: Comparing business regulation in 190 economies*. World Bank. <https://archive.doingbusiness.org/en/reports/global-reports/doing-business-2020>

⁵ OECD, European Commission, European Bank for Reconstruction and Development, & European Training Foundation. (2020). *SME policy index: Eastern partner countries 2020 – Assessing the implementation of the Small Business Act for Europe*. OECD Publishing. https://www.oecd.org/en/publications/sme-policy-index_24136883.html

- **UNCTAD – Entrepreneurship Policy Framework (EPF)**⁶: UNCTAD’s EPF provides a structured approach to assessing how well a country supports entrepreneurship and SME creation. It covers areas such as national entrepreneurship strategies, skills and entrepreneurship education, access to finance, and technology and innovation.
- **World Economic Forum – Global Competitiveness Index (GCI)**⁷: While broader than SME policy, the GCI includes several cross-cutting system-level indicators that shape SME performance. It supports analysis of constraints such as institutional quality, infrastructure, macroeconomic stability, financial system development, and skills.

In terms of the framework for diaspora investment - compared to SME enabling environment assessment, internationally recognised frameworks for measuring diaspora contributions remain limited. The global evidence base on diaspora engagement - particularly in relation to private sector development and investment - is still emerging.

The closest relevant reference point is the framework for distinguishing the differences between remittances and diaspora investment (box 1) and AFFORD’s Direct Diaspora Investment Index (see box 2). Therefore, rather than applying a standalone measurement framework for diaspora investment, we draw primarily on programme learning and stakeholder insights to identify practical pathways for strengthening diaspora investment. This is complemented by relevant literature and comparative examples, where available.

Box 1: The difference between remittances and diaspora investment⁸

Diaspora finance generally takes two primary forms: i) Remittances – interpersonal financial transfers from migrants to individuals or households in their countries of origin; and ii) Diaspora investment – asset-producing financial instruments through which diaspora members and their descendants can invest in enterprises, property, or institutions in their home countries.

While remittances have been widely documented—with annual global flows now surpassing both Official Development Assistance (ODA) and Foreign Direct Investment (FDI) in many developing countries—diaspora investment represents a distinctly different type of financial engagement. The key distinctions between diaspora investment and remittances include:

1. Monetary value flows:
 - Diaspora investment is a two-way exchange, where capital is provided with the expectation of a return—financial or developmental—creating reciprocal value between investor and recipient.
 - Remittances are one-way transfers, typically sent from an individual abroad to support family or household consumption.
2. Legal identities:

⁶ United Nations Conference on Trade and Development (UNCTAD). (2012). *Entrepreneurship policy framework and implementation guidance*. United Nations.

<https://unctad.org/topic/enterprise-development/entrepreneurship-policy-hub>

⁷ Schwab, K. (Ed.). (2019). *The global competitiveness report 2019*. World Economic Forum.

https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

⁸ Gelb, S. (2021). *Diaspora finance for development: From remittances to investment*. ODI Global.

- Diaspora investment involves distinct legal and financial identities: the investor receives an asset or financial instrument that yields future returns, producing balance-sheet changes for both parties.
 - Remittances do not create such legal or financial differentiation; they are non-contractual transfers with no obligation or expectation of return.
3. Type of Recipient
- Diaspora investment can flow to business enterprises, cooperatives, government entities, or development projects, supporting productive sectors rather than immediate consumption.
 - Remittances are directed primarily to households or individuals.
4. Nature of Relationships
- Diaspora investment can be impersonal or institutional, with linkages taking multiple forms—many-to-one, one-to-many, or many-to-many.
 - Remittances rely on personal, one-to-one relationships between sender and receiver.

In short, while remittances play a crucial role as an informal safety net, diaspora investment is inherently developmental and wealth-creating, serving as a pathway for channelling diaspora resources into long-term economic growth.

Box 2: Direct Diaspora Investment (DDI) Index (AFFORD)⁹

The AFFORD Direct Diaspora Investment (DDI) Index, launched for The Gambia on 13 February 2026 at the African Union Summit, represents a pioneering framework for measuring and analysing diaspora investment flows. The Index introduces a clear and operational definition of Diaspora Direct Investment (DDI), referring to cross-border investments where diaspora exercise control or significant influence over the enterprises.

The DDI Index is designed to address a critical gap in development finance: while remittances are widely tracked and understood, diaspora investment remains largely unmeasured and underutilised. By providing a structured methodology, the Index enables governments, development partners, and researchers to better capture, classify, and analyse different forms of diaspora investment.

The framework categorises DDI into multiple channels, including FDI-linked investments, co-financed projects, incentive-linked investments, network-driven investments, real estate, private arrangements, informal investments, in-kind contributions, and remittance-linked business financing. This comprehensive typology reflects the diverse ways in which diaspora communities contribute to economic development beyond traditional remittance flows.

As a policy tool, the DDI Index supports comparative analysis across countries and helps identify barriers, trends, and opportunities for scaling diaspora investment. It also provides an evidence base to inform policy interventions, including improving investment climates, strengthening diaspora engagement, and designing blended finance mechanisms.

Ultimately, the AFFORD DDI Index positions diaspora investment as a strategic pillar of development finance, with the potential to unlock new capital flows, support SME growth, and drive sustainable economic transformation across African economies.

⁹ The Office of The Vice President, Republic of The Gambia.
<https://ovp.gov.gm/gambia-launches-groundbreaking-diaspora-direct-investment-index-at-au-summit/n>

3. Current policy landscape

This section provides a broad overview of the current SME policy landscape in the DRC. It draws on indicators aligned with the international frameworks referenced in Section 2, alongside relevant literature and stakeholder insights. The section begins with the SME enabling environment, before turning to specific considerations relating to diaspora investment.

Before outlining the policy landscape, it is important to recognise the role SMEs play in the DRC economy.

SMEs in the DRC are a critical driver of employment and income generation, contributing to both formal and informal job creation. However, the formal sector represents only about 0.7% of all firms in the DRC, with large numbers (potentially millions) of informal SMEs.¹⁰ They play a vital role in sustaining local economies, particularly in areas where large corporate supply chains do not consistently reach communities. In many contexts across the DRC, SMEs fill essential gaps by providing “last mile” services such as food distribution, basic consumer goods, mobile money services, construction materials, and local transport, making it an important engine for national growth.

Moreover, SMEs in the DRC are key drivers of innovation in the marketplace—particularly in areas such as the green economy, value addition, and trade. Driven by advances in technology and their contextual understanding of local challenges, SMEs are increasingly well positioned to develop practical solutions to pressing economic and social needs. Now more than ever, due to technological advancement, SMEs have the potential to play an even greater role as engines of economic development and growth in the DRC.

The SME sector - underpinned by entrepreneurship, also represents one of the most significant pathways to financial independence for groups that are often underserved by the formal economy. This includes young people, women, displaced populations, individuals without university education, and those facing barriers to formal employment.

In addition, SMEs are central to economic diversification beyond the extractives sector. While the DRC is globally recognised for mining and mineral exports (including cobalt and copper), Congolese SMEs are increasingly contributing to diversification through growth in sectors such as agribusiness and food processing, light manufacturing, local technology, and service-based industries.

Overall, SMEs, both informal and formally registered, constitute the backbone of the DRC’s real economy. However, despite their central role in employment and local economic resilience, SMEs continue to face significant structural constraints that limit their growth, productivity, and ability to scale. Key barriers include:

- *Limited access to finance*, particularly for early-stage and growth-stage SMEs
Weak and unreliable infrastructure, including electricity, transport, and digital connectivity

¹⁰ World Bank. (2024). *Democratic Republic of Congo: SME development and growth project (PADFIP) – Implementation completion and results report*. World Bank.

- *Complex bureaucracy and high administrative burdens*, often compounded by informal fees and parafiscal charges
- *Macroeconomic volatility*, including currency instability and inflation, which increases operational risk and uncertainty
- *Limited availability of business support services*, including advisory support, market access systems, and investment readiness infrastructure

a. Core policy pillars

We apply the three core pillars outlined in the World Bank's B-READY 2025 methodology—(i) Regulatory Framework, (ii) Public Services, and (iii) Operational Efficiency—to structure our assessment of the SME enabling environment. These pillars provide a baseline benchmark against which we synthesise findings from existing literature and triangulate insights from qualitative key informant interviews.

i. Pillar 1 - The regulatory framework

As defined in the World Bank's Business Ready (B-READY) 2025 methodology, the regulatory framework refers to the laws and regulations that firms must follow to enter, operate, and exit the market. This includes rules and procedures related to business registration, licensing, labour regulations, dispute resolution, and business closure. It also considers the extent to which regulatory systems promote transparency, fair competition, and the protection of property rights.

According to the World Bank's B-READY 2025 assessment¹¹, the DRC achieved a score of 63.31 out of 100, indicating a moderate regulatory framework. This suggests that, on paper, the DRC's formal rules and regulations are broadly comparable to those of peer countries.

However, it is important to note that this measurement largely reflects the *de jure* environment (i.e., regulations as written), rather than the *de facto* reality of implementation and enforcement. As a result, relatively well-designed regulations may not translate into meaningful ease of doing business for SMEs in practice. This points to a persistent gap between the formal regulatory framework and real-world application—one of the defining features of the SME enabling environment in the DRC.

In terms of the formal regulatory architecture governing the SME ecosystem in the DRC, several key legal and policy instruments are particularly relevant. These include:

- **Ordonnance-loi n° 22/030 du 8 septembre 2022 relative à la promotion de l'entrepreneuriat et des startups (2022)¹²**: This is the most recent and comprehensive legal instrument addressing entrepreneurship, startups, and SMEs in the DRC. It establishes a legal regime and supporting framework for:
 - The creation and promotion of entrepreneurship, startups, and SMEs

¹¹ World Bank. (2025). *Business ready 2025: Measuring the business and investment climate worldwide*. World Bank.

¹² Présidence de la République démocratique du Congo. (2022). *Ordonnance-loi n° 22/030 du 8 septembre 2022 relative à la promotion de l'entrepreneuriat et des startups en République démocratique du Congo*. <https://www.leganet.cd/Legislation/Droit%20economique/Societes/OL.22.30.08.09.2022.html>

- Access to finance, including innovative financing mechanisms
- Standards for public–private partnerships (PPPs)
- Training, incubation, and business support structures
- Accreditation processes and associated benefits
- **Charte des Petites, Moyennes Entreprises et de l’Artisanat (2009)**¹³: This charter provides foundational definitions and guiding principles for SME and artisan development. It outlines:
 - Definitions and classifications of SMEs
 - Core principles guiding SME development
 - Institutional roles and relationships between SMEs and relevant government bodies
- **Arrêté Ministériel n°006/CAB/MIN-PME/01/BLN/2018**¹⁴: This ministerial decree provides operational criteria and procedures for SME certification. It establishes a standardised approach for recognising enterprises as SMEs, supporting the implementation of SME eligibility requirements within government programmes and formal certification processes.
- **Investment Code (2022)**¹⁵: While not SME-specific, the Investment Code is highly relevant to the SME ecosystem. It outlines investment incentives, customs and tax benefits for qualifying projects (including SMEs), and protections for private investors. It therefore influences the overall environment for SME growth, investment readiness, and investor confidence.

While a detailed review of each regulation is outside the scope of this note, several additional legal frameworks and policies that also shape SME growth and development in the DRC, which are worth noting, include:

- **OHADA Uniform Acts (Business Law Framework)**¹⁶: Regional business laws governing corporate governance, commercial contracts, and formal business operations.
- **Subcontracting Law (2017)**¹⁷: A framework that can strengthen SME access to larger markets by supporting participation in the supply chains of larger firms.

¹³ République démocratique du Congo, Ministère des Petites et Moyennes Entreprises et Artisanat. (2009). *Charte des petites et moyennes entreprises et de l’artisanat en République démocratique du Congo*. <https://www.leganet.cd/Doctrine.textes/Decon/Charte.pme.2009.pdf>

¹⁴ Ministère des Petites et Moyennes Entreprises. (2018). *Arrêté ministériel n°006/CAB/MIN-PME/01/BLN/2018 du 14 septembre 2017 portant création d’un guichet de certification des PME en République démocratique du Congo*. <https://legalrdc.com/wp-content/uploads/2023/04/Arrete-Ministeriel-PME-du-19.09.2018-regles-sous-traitance.pdf>

¹⁵ République démocratique du Congo. (2002). *Loi n° 004/2002 du 21 février 2002 portant code des investissements*. <https://practiceguides.chambers.com/practice-guides/comparison/975/16562/26060-26061-26062-26063-26064-26065-26066-26067-26068>

¹⁶ MJ Group. (2023). *Understanding the OHADA business law framework in the DRC*. <https://mjgroup.africa/understanding-the-ohada-business-law-framework-in-the-drc/>

¹⁷ Autorité de Régulation de la Sous-traitance dans le Secteur Privé (ARSP). (n.d.). *Subcontracting in the private sector in the Democratic Republic of Congo*. <https://arsp.cd/en/accueil-english/>

- **Labour Code / Employment Law¹⁸**: Governs employment conditions and labour compliance requirements, directly shaping SME operational costs and workforce management.
- **Public–Private Partnership (PPP) Law (2018)¹⁹**: Establishes governance structures for infrastructure and investment partnerships that SMEs may engage with directly or indirectly.
- In 2019, the DRC also developed a National SME Development Strategy²⁰, linked to the World Bank’s Small and Medium Enterprise Development and Growth Project. The strategy aims to strengthen SME growth and job creation, with a particular focus on expanding entrepreneurship and employment opportunities for youth and women in selected urban centres, including Kinshasa, Lubumbashi, Matadi, and Goma.
- In addition, the DRC established a dedicated SME-focused ministry in 2018: the Ministry of Entrepreneurship and Small and Medium-sized Enterprises. The creation of this institution provides a formal anchor for SME policy direction and coordination, and reflects a government commitment to positioning SMEs as a priority sector within national development planning.

It is important to also note that government policy on SME development in the DRC is typically articulated through a combination of legal instruments, and institutional programmes, rather than being consolidated into a single comprehensive “white paper” of the kind seen in many other countries.

ii. Pillar 2 - Public services

This pillar refers to the provision of public services that support businesses in DRC to operate and comply with regulatory requirements. Unlike Pillar 1, which focuses on the laws and regulations governing business activity - Pillar 2 examines the extent to which governments provide the systems, institutions, and infrastructure that enable firms to navigate and comply with those rules in practice.

This includes indicators such as the availability and functionality of online systems for permits and licensing, digital tax platforms, and infrastructure and administrative capacity at borders to facilitate trade. Critically, this pillar assesses how these services are implemented and delivered, rather than whether they simply exist on paper.

Strong public service provision reduces the administrative burden on SMEs, improves compliance, and enables firms to focus on productivity and growth. In many contexts, this pillar includes the presence and effectiveness of enabling systems such as credit bureaus,

¹⁸ République démocratique du Congo. (2002). *Loi n° 015/2002 du 16 octobre 2002 portant Code du travail*.

<https://practiceguides.chambers.com/practice-guides/comparison/975/16562/26060-26061-26062-26063-26064-26065-26066-26067-26068>

¹⁹ République démocratique du Congo. (2018). *Loi n° 18/016 du 9 juillet 2018 relative aux partenariats public-privé*. <https://ppp.worldbank.org/library/ppp-laws-concession-laws-congo-democratic-republic>

²⁰ World Bank. (2019). *Scaling up ecosystems for small businesses in the Democratic Republic of Congo: Analysis based on data from Kinshasa, Lubumbashi, Matadi, and Goma*. World Bank. <https://documents1.worldbank.org/curated/en/817691584000898009/pdf/Scaling-Up-Ecosystems-for-Small-Businesses-in-the-Democratic-Republic-of-Congo-Analysis-Based-on-Data-from-Kinshasa-Lubumbashi-Matadi-and-Goma.pdf>

efficient tax administration, and digital government platforms - all factors that contribute to wider economic growth and job creation.

However, the World Bank's B-READY assessment indicates that the DRC performs poorly in this area, with a score of 26.5 out of 100. This highlights a significant gap in the availability, quality, and reliability of public services that support business activity. Strengthening this pillar will require improved government systems for regulatory compliance, stronger institutional capacity, and investment in the infrastructure that enables firms to operate effectively.

Without addressing this public service deficit, SMEs in the DRC will continue to face persistent barriers to compliance, formalisation, and sustainable growth.

iii. Pillar 3 - Operational efficiency

This pillar captures how easily firms can comply with regulations and effectively use public services in practice. It reflects the real-world experience of businesses, including how long it takes to obtain permits, connect to utilities, access government services, participate in public procurement, and rely on systems such as digital payments.

Operational efficiency is a critical determinant of SME growth. In environments where public services are reliable and administrative processes are efficient, SMEs face lower compliance burdens, experience fewer delays, and are more likely to invest, expand, and create jobs. Conversely, weak operational efficiency can undermine even relatively well-designed regulations by creating friction, uncertainty, and additional costs for firms.

The World Bank's B-READY assessment scores the DRC at 46.67 out of 100 for operational efficiency, indicating a relatively weak performance. This suggests that SMEs in the DRC face significant practical barriers in their day-to-day operations, particularly in their ability to comply with rules and access public services efficiently.

Without addressing this operational efficiency gap, there is a risk that institutional inefficiencies will continue to prevent firms from benefiting fully from the regulatory framework. Strengthening operational efficiency will require improved institutional capability to implement regulations consistently, alongside streamlined processes and greater digitisation of services. In addition, clearer communication and awareness campaigns can support uptake and compliance—helping SMEs not only meet regulatory requirements, but also access services that enable growth and job creation.

b. Literature and evidence base

With regards to pillars 2 and 3 - existing literature reinforces the disconnect found between the de jure regulatory framework (laws as written) and de facto compliance and implementation in practice. Several key reports highlight this dynamic and reinforce the messages in this policy note, including:

1. **IFC — Democratic Republic of Congo Country Private Sector Diagnostic (2022)**²¹: This diagnostic assesses governance, business environment constraints, tax systems, and regulatory issues shaping the private sector in the DRC. Key findings include:
 - a. **Policy uncertainty and fragmented implementation reduce investor confidence**: Even where modern legal frameworks exist in the DRC, such as the Mining Code and PPP laws, implementation is often inconsistent, and policy signals are reported to be unclear. This weakens business planning and discourages long-term investment decisions by SMEs.
 - b. **Governance and regulatory weaknesses undermine private sector development**: The report also highlights persistent challenges in the DRC including ambiguous property rights, fragmented regulatory oversight, and inconsistent commercial justice. These factors increase operational risk and reduce predictability for SMEs, limiting growth and deterring investment.
 - c. **Infrastructure and regulatory bottlenecks increase costs and reduce competitiveness**: It was also reported that weak infrastructure and regulatory constraints in enabling sectors such as transport, energy, and digital services significantly raise operating costs for SMEs in the DRC. The report also highlights that inefficient border compliance processes make it complex and costly to import, export, and operate across regions.
2. **World Bank - DRC Regulatory Environment Analysis (2018)**²²: This report emphasises that while the DRC has made progress in developing and reforming elements of its regulatory framework, implementation remains inconsistent. The report highlights that the regulatory burden faced by firms is often driven not by the absence of laws, but by the gap between regulations on paper and how they are enforced in practice. Key findings include:
 - a. **Legal reforms exist, but enforcement remains weak**: The report notes that the DRC has introduced several reforms, including measures aimed at strengthening the economic participation of women and supporting female entrepreneurship. However, weak implementation and limited enforcement capacity continue to constrain the intended impact of such reforms and remain an obstacle to private sector development.
 - b. **Early-stage concessional funding can help address market gaps**: The report suggests that grants and early-stage concessional financing can play a catalytic role in supporting SMEs in a context where the enabling environment remains constrained by institutional and market failures.
 - c. **Political and governance risks undermine SME confidence and investment**: The report highlights that political uncertainty and governance risks, including election-related instability and inconsistent institutional decision-making have contributed to regulatory unpredictability. This

²¹ International Finance Corporation. (2022). *Creating markets in the Democratic Republic of Congo: Country private sector diagnostic*. World Bank Group.

<https://www.ifc.org/content/dam/ifc/doc/mgrt/cpsd-democratic-republic-of-congo-en.pdf>

²² World Bank. (2018). *Project appraisal document on a proposed credit in the amount of US\$100 million to the Democratic Republic of Congo for a Democratic Republic of Congo – SME development and growth project (P160806)*. World Bank Group.

<https://documents1.worldbank.org/curated/en/741111531107037545/pdf/DRC-SME-PAD-06122018.pdf>

negatively affects SME operations and investment decisions by increasing uncertainty and perceived risk.

- d. **Market failures and regulatory gaps require targeted government intervention:** The report also highlights that market forces alone are insufficient to address key constraints to SME development in the DRC. This reinforces the need for government intervention to correct market failures and reduce structural barriers. Without effective policy support, SMEs continue to struggle to access growth opportunities and integrate into value chains, particularly in high-potential sectors such as mining. As a result, many SMEs face persistently high barriers to entry and scale, underscoring the importance of a more coordinated enabling environment.
3. **Revisiting Small and Medium Enterprise Development Challenges in DRC (2025)²³:** This report provides academic evidence linking regulatory and institutional constraints to SME performance in the DRC. It highlights how the enabling environment, particularly the design and implementation of regulations, directly shapes SME formalisation, access to support, and growth outcomes. The key findings include:
 - a. **Bureaucracy and complex procedures limit SME access to support:** The report identifies administrative complexity and bureaucratic processes as recurring barriers preventing SMEs from accessing government support programmes. This is compounded by weak governance and limited rule of law, which contributes to a perception among SMEs that government institutions are ineffective or unnecessary. As a result, many firms remain informal. The report emphasises the importance of rebuilding trust between SMEs and the state by strengthening institutional credibility, predictability, and enforcement.
 - b. **Overly complex sector regulations can push firms into informality:** The report notes that over-complex laws, particularly in sectors such as ICT, can incentivise SMEs (including digital operators) to remain informal. This in turn limits their ability to fully benefit from formal digital systems, including government platforms and formal financial services.
 - c. **Improving accessibility and quality of SME support services:** The report highlights practical steps the government can take to improve SME support effectiveness, including making information on support programmes more accessible (including through digital channels such as social media), improving training for frontline government staff, simplifying administrative systems, and reducing compliance burdens on SMEs.

c. Other enabling environment considerations

In addition to the three core pillars outlined above, the World Bank B-READY framework includes several topical areas that provide further nuance on the SME enabling environment.

²³ Mbuya, J.-M. (2025). *Revisiting small and medium enterprise development challenges in the Democratic Republic of Congo: The relevance of government support, financial access, ICT adoption, and management competency*. *The Business & Management Review*, 16(2).
https://cberuk.com/cdn/conference_proceedings/2025-09-28-12-56-40-PM.pdf

While these topic areas underpin the pillar-level scores, this policy note highlights a select set that are most relevant in the DRC context. Key considerations include:

- **International Trade:** International trade is the DRC's strongest performing topic area in the World Bank B-READY 2025 assessment, with a score of 60.97. This suggests that, relative to other dimensions, the systems and regulations affecting trade may be comparatively more enabling - though SMEs still face practical barriers depending on scale, location, and capacity.
- **Institutions:** Institutional performance is reported as one of the DRC's weakest areas, undermining SME confidence and reducing incentives to invest and scale. This is reflected in particularly low scores across key institutional indicators such as business insolvency (27.59), market competition (33.85), and dispute resolution (39.86). Weak performance in these areas increases uncertainty for SMEs and investors, and limits the predictability required for business growth.
- **Taxation:** is a prominent friction point for SMEs in the DRC. Under the World Bank's B-READY 2025 framework, the DRC scores 38.39 on taxation, indicating weak performance and significant barriers for firms. This suggests that many SMEs face persistent challenges in navigating the tax system, particularly due to complexity, administrative burden, and limited predictability—factors that discourage formalisation and constrain SME growth.

Evidence also indicates that SMEs face high and unpredictable costs as a result of overlapping taxes, unclear parafiscal levies, and multiple regulatory fees (IFC, 2022). These burdens increase uncertainty, raise the cost of doing business, and reduce the incentives for SMEs to formalise, invest, and scale.

Strengthening the taxation environment in the DRC will require improved governance, transparency, and regulatory consistency to ensure SMEs have a more predictable and understandable tax obligation. This is not only essential for SME growth, but also for strengthening public revenue mobilisation over time, as improved trust and compliance can broaden the tax base.

The IFC (2022) also highlights that increasing transparency and predictability—through clearer tax codes, streamlined licensing procedures, and simplified levy structures, can reduce uncertainty and lower the cost of compliance for SMEs. Simplifying the tax and levy regime would also help reduce overlapping charges and improve administration, enabling SMEs to operate with greater fiscal clarity.

Finally, taxation challenges are also closely linked to wider issues of corruption and weak institutional governance. Addressing this burden therefore requires not only technical reforms, but also stronger accountability mechanisms and transparent systems that can rebuild confidence across the SME ecosystem.

- **Financial Services:** The DRC scores 49.22 for financial services under the World Bank's B-READY framework, reinforcing a widely acknowledged constraint across the SME ecosystem - limited access to finance and formal credit. This score aligns

with qualitative evidence from programme consultations, where many SMEs reported persistent challenges in accessing affordable capital, building credit histories, and engaging effectively with formal financial institutions.

The IFC (2022) diagnostic highlights that many financial sector constraints are driven by regulatory and institutional gaps. The report emphasises that the financial system in the DRC remains underdeveloped, with limited credit access and weak regulatory frameworks supporting practical channels that SMEs increasingly rely on, including mobile and digital finance. These gaps contribute to high costs of finance and limited availability of suitable products for SMEs. The World Bank (2018) similarly notes that constraints in access to finance are particularly acute for youth- and women-led SMEs, who often face additional barriers within the financial system.

Across the literature and qualitative consultations, there is a consistent finding that improving access to finance requires both expanded availability of credit and broader strengthening of the financial sector enabling framework. This includes strengthening credit information systems, improving regulatory frameworks for digital financial services, and encouraging market-based financing mechanisms that better serve smaller firms.

In addition, consultations highlighted the importance of expanding innovative financing mechanisms, including crowdfunding, strengthening business angel networks, and leveraging diaspora networks to connect diaspora investors with investment-ready SMEs.

d. Qualitative insights into the SME enabling environment

As part of this research, SMEs, diaspora mentors and programme stakeholders were asked about their awareness and understanding of the regulations governing the SME landscape in the DRC as well as their experiences of government systems, institutions, and infrastructure, including the extent to which these enable them to navigate regulations, comply with processes, and grow their ventures. Participants were also asked what could be strengthened to improve alignment between formal procedures as written and how they function in practice. The following summarises the qualitative feedback gathered through these discussions:

- **Administrative systems and business registration experiences:** Many SMEs reported varied experiences with administrative systems and business registration processes:
 - In most cases, the one-stop shop system for business registration was viewed as functional. However, outcomes depended heavily on having someone familiar with the process to guide applicants through it. Some entrepreneurs reported completing registration within hours when assisted by someone knowledgeable. Without such assistance, however, applications were often delayed, with files remaining pending for extended periods.
 - Entrepreneurs in eastern regions reported significant administrative barriers. In several cases, one-stop shop offices were reportedly closed or inaccessible, forcing entrepreneurs to travel long distances to access

services. Even when local offices existed, documentation often required validation in Kinshasa, leading to delays of several weeks. These regional disparities also raised security concerns, as travel for administrative procedures posed both financial costs and personal safety risks.

- Across multiple regions, entrepreneurs reported delays in obtaining tax identification numbers, with some processes taking several months to complete.
- Participants also noted that official prices for administrative procedures are not clearly published, contributing to confusion and opportunities for informal payments. Some SMEs reported being approached by consultancy firms claiming connections with officials within institutions, who pressured businesses to pay facilitation fees to accelerate approvals.
- **Tax system challenges:** Consultations also highlighted significant challenges related to the tax system, which many SMEs described as complex and fragmented, with multiple authorities involved in tax collection. Key concerns included:
 - Limited transparency and accountability in tax collection processes, alongside concerns about potential corruption.
 - Instances of incorrect tax assessments or arbitrary adjustments, creating financial uncertainty for SMEs.
 - Pressure from tax officials and concerns that failure to comply with informal expectations could lead to additional scrutiny or tax reassessments.
 - Tax exemption programmes were recognised as beneficial in reducing financial burdens for SMEs, enabling businesses to maintain employment and scale operations. However, concerns were raised about the limited duration of these programmes. Some participants suggested that such initiatives should be extended based on business performance and impact rather than fixed timeframes, to avoid creating sustainability challenges once support expires.
- **Customs and import barriers:** SMEs also highlighted significant challenges related to customs and import procedures, particularly when importing agricultural machinery, seeds, and other production inputs. These processes were described as slow, administratively complex, and costly. Although certain imports are officially exempt from duties, participants reported that border authorities do not always apply these exemptions consistently. Multiple inspections, additional fees, and logistical requirements were said to increase costs and delays, negatively affecting SME operations.
- **Governance and regulatory awareness:** Consultations suggested that while many stakeholders believe that relevant laws and regulations exist, they are often poorly implemented in practice. As a result, many SMEs reported limited awareness of the regulatory framework and instead rely heavily on personal networks or informal intermediaries to navigate administrative systems. This creates additional risks, as participants reported situations where artificial administrative barriers were introduced, encouraging informal payments due to a lack of clarity around rights, regulations, and procedures.
- **Security and operating environment:** SMEs in several regions also highlighted the need for improved security and a more stable operating environment, particularly in conflict-affected areas. Entrepreneurs emphasised that greater government protection and stability would enable businesses to operate more consistently and pursue sustainable growth.

e. Diaspora investment

The international evidence base on diaspora investment remains limited, both for the DRC and globally. However, available data indicates that remittance flows to the DRC are, estimated at approximately \$1.98 billion, 2.8% of GDP in 2024²⁴, and likely to be much larger. Remittances are often used as a proxy for diaspora contribution, but it is important to note that remittances and diaspora investment are not the same (See box 1), however remittances can be leveraged in policy and practice for broader investment including diaspora investment. Moreover, diaspora investment extends beyond capital and includes skills transfer, networks, and market linkages.

This report highlights three key pathways through which diaspora participation can add value to the SME ecosystem in the DRC, and has been exercised as a core component of the ABC-DRC BRIDGE Programme:

1. **Technical Assistance:** Through the programme’s mentoring facility, diaspora mentors, particularly those with senior business, entrepreneurship, and sector experience, provided SMEs with targeted one-to-one support. This enabled SMEs to access practical strategic guidance, problem-solving support, and a sounding board to co-create growth pathways.

The mentoring relationships were partnership-based and enabled diaspora mentors to apply “dual-context” thinking: combining international business exposure with an understanding of Congolese realities to support contextually relevant solutions. This approach was multidisciplinary and focused on strengthening SME growth positioning and investment readiness.

2. **Market Access:** Diaspora networks can play a unique role in supporting SMEs to access new markets, particularly where products and services have export potential. Many SMEs in the DRC face barriers related to export readiness, compliance standards, logistics, and limited international networks. Diaspora partnerships can provide SMEs with insights into import/export requirements and connect them to international networks that may help secure offtakers, distribution channels, and strategic partnerships.
3. **Pathways for Investment:** Diaspora investment often combines financial return objectives with impact motivations. In many cases, diaspora investors are willing to accept a different risk–return profile compared to traditional investors, sometimes described as a “patriotic discount.” Diaspora mentors in this programme played an important role in creating pathways for investment through relationship-building, validation of SME potential, and the ability to recommend credible SMEs to wider networks. With the right structures and investment vehicles, diaspora investment could be further mobilised to connect bankable SMEs with diaspora capital and broader investor ecosystems.

²⁴ World Bank. (n.d.). *Congo, Dem. Rep.* World Bank Data. <https://data.worldbank.org/country/congo-dem-rep>

In terms of the size of the diaspora, there is no single official global estimate. However, available sources suggest that the Congolese diaspora is approximately 2 million people living abroad, including across Western Europe, North America, Australia, and parts of East Africa. This is likely to be a conservative estimate, as data typically captures only first generation diaspora and not subsequent groups. Significant Congolese communities are reported in France, Belgium, the Netherlands, and Switzerland, as well as in neighbouring and regional countries such as Rwanda, Uganda, Burundi, and South Africa²⁵.

It is important to note that these figures may vary even further depending on the definition of diaspora applied. This report adopts a broader Global African diaspora framing - meaning the scale of diaspora investment in the DRC is likely to be more abundant than the estimates suggest. As such, the programme also engaged diaspora in the UK with an active interest in the DRC demonstrating commitment to supporting SME development in the DRC. This highlights the wider potential of diaspora investment beyond strictly national definitions, and the significant opportunity to mobilise diaspora expertise, networks, and investment for SME growth.

In terms of formal policy, the DRC has several laws and instruments that relate to diaspora engagement. However, the overall policy framework remains fragmented and is still evolving, with limited evidence of a clear and coordinated policy commitment to diaspora participation, definitions or engagement strategy.

For example, the Congolese Nationality Code (2004)²⁶ is the primary statute governing nationality in the DRC. While there is no formal legal definition of “diaspora” within the Congolese policy framework, the Code also does not recognise dual nationality and is grounded in the principle that nationality is singular and exclusive under Congolese law. In practice, this can create friction for members of the diaspora, particularly those who have acquired citizenship elsewhere, which can act as a barrier to deeper economic participation, including investment, business ownership, and long-term return.

In addition, the National Development Strategy (2024–2028)²⁷ does not position the diaspora as a distinct pillar or strategic priority within national development planning. While diaspora contributions may be implicitly recognised through remittances and skills transfer, there is no consolidated approach to diaspora engagement in the national plan, that links participation to SME development, investment mobilisation, or ecosystem strengthening.

Moreover, there is currently no single database or coordinated system that enables the government to identify and understand its diaspora, their potential to support SME development, or their capacity to contribute to the national economy. Nor is there an established mechanism being used to systematically gather this information and engage with the diaspora in a scalable and structured manner.

²⁵ Financial Afrik. (2018, December 26). *The role of the diaspora in the development of Congo*. <https://www.financialafrik.com/en/2018/12/26/the-role-of-the-diaspora-in-the-development-of-congo/>

²⁶ République démocratique du Congo. (2004). *Loi n° 04/024 du 12 novembre 2004 relative à la nationalité congolaise*. <https://www.droitcongolais.info/files/112.11.04-Loi-du-12-novembre-2004-sur-la-nationalite--04-024-.pdf>

²⁷ République démocratique du Congo, Ministère du Plan et de la Coordination de l'Aide au Développement. (2024). *Plan national stratégique de développement 2024–2028 (PNSD)*. <https://plan.gouv.cd/wp-content/uploads/2025/04/PNSD-2024-2028-V41.pdf>

It is therefore recommended that the government develops a dedicated diaspora engagement strategy, underpinned by a clear national working definition of diaspora. Such a strategy would not only signal government commitment to the diaspora as a long-term partner, but also provide practical direction for institutional coordination and implementation. This should also include explicit measures to facilitate diaspora entrepreneurs and investors, who can play a critical role in establishing SMEs, creating jobs, and contributing to national growth, as well as enabling vehicles for investing without the need for direct venture building.

As part of the qualitative consultations, we also gathered the views of SMEs, diaspora mentors and programme stakeholders to better understand the value that diaspora participation can bring as a strategic partner to SMEs in the DRC. The following summarises the key insights from these discussions.

- **Administrative inefficiencies and institutional coordination:** A large proportion of diaspora participants reported that business processes in the DRC are slow and often require intermediaries to navigate, particularly in relation to business registration and access to key services and documentation, which remain heavily centralised in Kinshasa. Participants also highlighted limited coordination across ministries and institutions, resulting in duplication, delays, and inconsistent processes.

More broadly, there is a perceived gap between policy design and implementation, which contributes to scepticism among diaspora stakeholders and undermines trust in government systems. High costs of formalisation were also identified as a barrier, contributing to the persistence of informality among SMEs. In response, diaspora participants suggested the introduction of phased and flexible formalisation models, allowing businesses to grow progressively before meeting full compliance requirements.

- **Tax complexity:** Consistent with feedback from SMEs, diaspora participants highlighted the complex and fragmented nature of the tax system, including overlapping taxes and regulatory obligations. In some cases, this creates a risk of multiple payments to different entities for similar obligations. This lack of clarity reduces investor confidence and increases perceived risk. Participants emphasised the need for simplified, transparent, and harmonised tax systems to reduce overpayment, improve compliance, and limit exposure to arbitrary enforcement.
- **Limited access to information:** Access to reliable and timely information was identified as a critical constraint for diaspora investors. Participants noted limited availability of clear information on regulations, taxation, and pipelines of investment-ready SMEs. In addition, funding opportunities and business development programmes are often not widely communicated and tend to circulate within limited networks. This lack of visibility reduces investor confidence and limits diaspora engagement with the SME sector. It was also noted that incubators and mentorship programmes were viewed as valuable support mechanisms, especially those with a diaspora component - to improve leadership, management skills and investor relations for SMEs and bridging pipelines of investment between the DRC SME ecosystem and investors.

- **Structural constraints:** Consultations with the diaspora also highlighted a range of broader structural challenges, including insecurity in certain regions, frequent policy changes, weak enforcement of regulations, and gaps between local business practices and international standards. These factors reduce the competitiveness of SMEs and increase perceived risk for diaspora investors.

While diaspora communities already play an important role in supporting SME development, their potential impact remains constrained by administrative bottlenecks, weak institutional coordination, limited policy commitment to diaspora engagement, and inconsistent follow-through from policy design to implementation. It was also mentioned that some diaspora can play an active role in investing into advocating for policy reforms.

4. Strategic pathways forward (Recommendations)

The following recommendations are intended to provide practical guidance rather than prescriptive policy instructions. They aim to highlight actionable steps that can be implemented to strengthen the diaspora investment and SME enabling environment in the DRC.

While these recommendations are primarily directed at the government as the lead actor in shaping the enabling environment, they are also relevant to the wider ecosystem - including development partners, financial institutions, private sector actors, and diaspora stakeholders, who can play a complementary role in supporting implementation and advancing reforms.

01. **Establish a Clear Legislative Commitment to Diaspora:** A clear legislative commitment is essential to mobilise diaspora participation in a structured and scalable way. At present, the DRC lacks a formal legal definition of “diaspora,” and the current nationality framework does not recognise dual citizenship. This creates challenges for many members of the diaspora who have acquired citizenship in other countries and would otherwise face difficult decisions regarding their legal status if they sought to deepen their economic engagement with the DRC.

As a starting point, the government should establish a clear legal definition of the Congolese diaspora. This would provide clarity on who is included when the state refers to its diaspora and help create a more coherent legal framework for diaspora engagement. Over time, reviewing legislative barriers that limit diaspora participation—including aspects of nationality policy—could further strengthen the ability of diaspora communities to contribute to national development and SME growth.

02. **Demonstrate Institutional Commitment to Diaspora Engagement:** Building trust with the diaspora is critical for developing a productive long-term partnership between the state and its global community. Trust is often built through sustained institutional engagement, which requires visible and coordinated government commitment.

One practical step would be to develop a national diaspora engagement strategy that outlines the DRC's vision for working with its diaspora. Such a strategy should be underpinned by a clear working definition of diaspora and provide guidance on how diaspora participation can contribute to national development priorities, including SME growth.

In addition, the government could consider establishing a dedicated institutional focal point for diaspora engagement, such as a diaspora affairs desk or unit within government. This body could serve as the primary interface between the government and diaspora stakeholders, ensuring coordination across ministries and positioning diaspora engagement as a cross-cutting component of economic development.

To maximise reach and scalability, this engagement infrastructure should also leverage digital platforms and systems, consistent with earlier recommendations on administrative digitisation. This would help reduce subjectivity, streamline engagement, and support transparent communication with diaspora communities.

- 03. Create Tangible Pathways for Diaspora Investment:** Beyond policy commitments, it is essential to establish practical mechanisms that enable diaspora participation in SME development and broader economic growth.

This includes creating structured opportunities for diaspora technical assistance, such as integrating diaspora expertise into SME support programmes through mentorship, advisory roles, and knowledge transfer initiatives. Diaspora networks can also support SMEs in areas such as market access, export readiness, and strategic partnerships.

On the investment side, the government and ecosystem partners should explore financial mechanisms that facilitate diaspora investment, particularly at the retail investor level where many diaspora members are interested in supporting businesses in their home country. Potential approaches could include crowdfunding platforms, diaspora-focused investment funds, and strengthened business angel networks.

Developing these mechanisms would formalise pathways for diaspora investment, introduce clearer due diligence and governance processes, and create a more transparent environment for mobilising diaspora capital into SMEs in the DRC.

- 04. Develop a Diaspora Engagement System:** Effective diaspora engagement requires a clear understanding of where diaspora communities are located, their areas of expertise, and their potential contributions to national development.

While many governments have general awareness of their diaspora populations, detailed and structured information is often limited. This can constrain the implementation of diaspora policies and reduce the effectiveness of targeted communication and engagement initiatives.

It is therefore recommended that the government build a stronger understanding of the profiles of their diaspora, through targeted research focused on thematic sectors. Such an understanding and data could capture key information on diaspora professionals, entrepreneurs, investors, and networks—including their skills, sectors of interest, investment capacity, and willingness to engage with the DRC. This data would enable more targeted engagement strategies and support the development of programmes that effectively channel diaspora technical assistance, investment, and market linkages.

- 05. Expand SME Support Programmes:** High-quality SME support programmes play an important role in strengthening entrepreneurship, improving business capacity, and enabling SMEs to become productive drivers of economic growth in the DRC. Initiatives such as the ABC-DRC BRIDGE Programme demonstrate the value of targeted incubation, mentorship, and advisory services in helping SMEs improve investment readiness, strategic positioning, and operational management.

It is therefore recommended that investment in SME support programmes be expanded, including the development of incubators, mentorship networks, and structured SME advisory services. Alongside increased investment, mechanisms should also be established to track the quality and impact of these programmes, ensuring that support initiatives deliver measurable improvements in SME performance and growth.

There is also an opportunity to integrate innovative approaches that address key ecosystem bottlenecks, including programmes that leverage diaspora engagement. Diaspora-supported mentorship, market access partnerships, and investment facilitation programmes can create new pathways for SME growth - particularly where diaspora networks provide international market insights and connections.

In addition, SME support programmes should prioritise conflict-affected and underserved regions, where entrepreneurs often face the greatest barriers to accessing business development services. Strengthening entrepreneurial capacity in these areas can contribute to more inclusive economic growth and improved regional resilience.

Greater efforts should also be made to improve the visibility and accessibility of SME support programmes. This includes communicating opportunities through digital platforms and social media, as well as strengthening the capacity of government staff to guide SMEs toward relevant programmes and assess the quality and effectiveness of support being delivered.

The above are designed to establish a stronger foundation for diaspora investment in the DRC. This includes enabling diaspora to engage as investors, mentors, and strategic partners in the growth of the SME ecosystem.

It is important to recognise that diaspora participation in the DRC has already been taking place for many years, and diaspora communities continue to play an important role in supporting SME growth through investment, knowledge transfer, and networks. However,

adopting a more formal and coordinated approach, supported by appropriate infrastructure and institutional frameworks, can significantly enhance the impact of diaspora engagement.

By establishing clearer systems, data-driven engagement mechanisms, and structured pathways for participation, the DRC can unlock greater benefits from diaspora involvement - strengthening the SME ecosystem while enabling diaspora contributions to be more organised, scalable, and aligned with national development priorities. The following recommendations are directly related to the SME ecosystem.

- 06. Decentralise and Digitise Administration Services:** Technology offers a significant opportunity to address gaps in public service delivery that currently hinder SME formalisation, compliance, and growth in the DRC. While some digitisation initiatives already exist, further efforts are needed to ensure that administrative services are accessible and inclusive across all regions.

This includes expanding digitised government services that allow SMEs to register businesses, request official documentation, track application status, and submit required documents - such as business registration certificates and tax identification numbers, through online platforms. At the same time, regional information points and one-stop shop offices should remain operational as complementary support structures, particularly for SMEs with limited digital access.

By decentralising access to services away from Kinshasa and strengthening regional access points supported by digital systems, the government can reduce travel requirements, administrative delays, and security risks for entrepreneurs. Greater digitisation and transparency in administrative processes would also reduce opportunities for informal payments and corruption, while improving access to services for SMEs operating outside the capital.

- 07. Establish a Transparent SME Tax Payment System:** Introducing a single, transparent digital tax payment platform for SMEs would significantly improve transparency, predictability, and accountability within the tax system. A unified “tax one-stop shop” would allow SMEs to view and pay their tax obligations through a single interface, helping reduce confusion caused by fragmented tax collection systems.

The platform should clearly publish official tax rates, administrative fees, and compliance procedures online, alongside electronic payment options and digital receipts. These features would reduce opportunities for informal tax collection, strengthen accountability, and improve trust between SMEs and tax authorities.

In addition, a simplified digital tax system could support broader reforms by clarifying tax codes, streamlining licensing procedures, and simplifying levy structures. Over time, this would reduce compliance costs for SMEs while strengthening tax administration and improving public revenue mobilisation.

- 08. Improve Implementation of Existing SME Policies:** While the DRC has introduced several policies and legal frameworks relevant to SME development, consultations

and literature suggest that implementation and awareness remain limited. Strengthening the impact of these frameworks will require improved communication, coordination, and enforcement.

Greater efforts should be made to raise awareness among both government officials and SMEs about existing laws, regulations, and policy incentives. Clear communication campaigns and training initiatives can ensure that stakeholders understand how policies should function in practice.

Particular attention should be given to trade and customs procedures, including the consistent application of import exemptions and other SME-relevant provisions. Improved coordination among border agencies and enforcement authorities can help prevent duplicative inspections, unofficial charges, and inconsistent application of regulations at border posts. By strengthening the implementation of existing policies, the government can reduce costs and uncertainty for SMEs, improve supply chain efficiency, and enhance the competitiveness of Congolese businesses.

The majority of the above recommendations focus on strengthening the underlying infrastructure and systems required for effective policy implementation. These foundational elements are necessary to ensure that SMEs can comply with regulations efficiently, while also enabling government institutions to operate more effectively and consistently. Strengthening digital and administrative infrastructure will also reduce the need for SMEs to travel to physical one-stop shop offices to complete administrative procedures.

Without reliable infrastructure and systems, governance becomes subjective and the implementation of laws and regulations risks becoming inconsistent and ad hoc. Establishing transparent and accessible infrastructure helps to reduce this subjectivity, improve predictability, and rebuild trust between SMEs and public institutions, whilst mobilising diaspora investment.

Once the digital infrastructure is in place, clear communication and awareness campaigns will be essential to ensure that SMEs and public officials understand the processes and make full use of the systems. These campaigns should be strategically designed not only to raise awareness, but also to drive uptake and ensure consistent application across the ecosystem.

Together, steps towards establishing these systems can create a stronger foundation for SME growth, job creation and diaspora investment. In addition, such infrastructure can generate valuable data and digital records that support the development of integrated platforms over time. Such systems can help address key SME bottlenecks, such as building credit histories and improving access to finance - by creating reliable digital footprints for businesses, whilst supporting diaspora investors to overcome information gaps and make productive investments in SMEs in the DRC.

Annex 1: About DRC-ABC BRIDGE Programme, AFFORD and MDF

Background

Small and Medium-sized Enterprises in the Democratic Republic of Congo face systemic barriers including limited access to finance, inadequate market information, weak infrastructure, and a large informal economy. The SME finance gap in the DRC alone is estimated at USD 6.8 billion.

DRC-BRIDGE, funded by the UK International Development from the UK government, builds on the AFFORD Business Centre (ABC) and Diaspora Finance initiative to accelerate diaspora and local investment in the growth of African social enterprises. The programme aligns with the ABC model with a focus on decent job creation, social impact, and financial sustainability. In addition, the programme will leverage UK-Africa ties, diaspora networks, and structured accelerator models to strengthen entrepreneurial ecosystems, improve investor-readiness, and foster inclusive economic growth.

Purpose

- Stimulate entrepreneurial ecosystem growth by supporting seed-stage start-ups and SMEs through incubation and acceleration.
- Support businesses that create sustainable employment and contribute to social and economic empowerment.
- Facilitate access to finance for innovative and viable DRC based and registered seed-stage startups and SMEs.
- Mobilise diaspora and UK mentors, foster commercial partnerships, and generate policy recommendations to strengthen SME ecosystems and diaspora investment.

Objectives of the programme

The programme aims to:

- Equip 20 SMEs and startups with business skills, governance, and investor-readiness.
- Facilitate diaspora-SME partnerships and UK-Africa trade linkages.
- Mobilise at least 20 diaspora and UK mentors and establish a sustainable alumni network.
- Deliver tailored business development support, training, and financial awards (to a selected number of participants)
- Showcase ventures through networking, and a Demo Day, connecting them with investors and key stakeholders.
- Produce policy recommendations to strengthen SME ecosystems and promote diaspora investment.

The incubator/accelerator will help:

- Build investment-ready businesses and identify those requiring further development support.

- Support the establishment of viable and sustainable enterprises with strong growth potential.
- Assist diaspora and UK funders/investors in selecting and targeting investment opportunities in viable DRC businesses.
- Develop a pipeline of promising DRC startups and SMEs capable of attracting additional investment.

Contact us

AFFORD UK

Rich Mix Building
35-47 Bethnal Green Road
Shoreditch
London E1 6LA
info@afford-uk.org
abc@afford-uk.org
afford-uk.org

Supported by:

Funded by:

