

# United States Institute of Peace

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## Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo



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## Contents

1. Summary.....	4
1.1. Background.....	4
1.2. Methodology.....	4
1.3. Findings.....	4
1.4. Conclusions .....	5
2. Background.....	6
2.1. Lubumbashi.....	7
2.2. Bukavu.....	7
2.3. Rationale.....	7
3. Methodology.....	8
4. Findings.....	10
4.1. Demographics.....	10
4.1.1. Gender.....	10
4.1.2. Age of respondents.....	10
4.1.3. Ethnic group.....	11
4.1.4. Education Levels.....	12
4.1.5. Professions.....	13
4.2. Business Environment .....	14
4.2.1. Business ownership.....	14
4.2.2. Monthly income.....	15
4.2.3. Monthly business turnover.....	16
4.2.4. Number of employees.....	17
4.2.5. Duration of occupation.....	18
4.2.6. Help from outside sources.....	18
4.3. Business Perceptions.....	19
4.3.1. Business problems.....	19
4.3.1.1. Gender differences.....	21
4.3.1.2. Age differences.....	21
4.3.1.3. Differences on size of business.....	22
4.3.1.4. Differences by professions.....	22
4.3.2. Business solutions.....	25
4.3.3. Improvements in the Business Environment.....	26
4.3.3.1. Improvements by gender.....	27
4.3.3.2. Improvements by age.....	27
4.3.3.3. Improvements by size of business.....	28
4.3.3.4. Improvements by professions.....	28
4.4. Business Perceptions.....	29
4.4.1. Compared to the previous year.....	29
4.4.1.1. Perceptions against gender.....	30
4.4.1.2. Perceptions against age .....	31
4.4.1.3. Perceptions against business size.....	31
4.4.1.4. Perceptions against profession.....	32
4.4.1.5. Summary of changes since previous year.....	33
4.4.2. Compared to earlier in the year.....	34
4.4.2.1. Perceptions against gender.....	35
4.4.2.2. Perceptions against age.....	35
4.4.2.3. Perceptions against business size.....	36
4.4.2.4. Perceptions by Profession.....	37
4.4.3. Expectations for next year.....	37
4.4.3.1. Expectations and gender.....	38
4.4.3.2. Expectations and age.....	39

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Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

4.4.3.3. <i>Expectations and business size</i> .....	39
4.4.3.4. <i>Expectations and profession</i> .....	40
5. Conclusions.....	41
6. Appendices.....	41
6.1. Survey in French.....	41
6.2. Survey in English.....	45
6.3. Acknowledgements.....	49

## Tables

Table 1 Ethnicity in Bukavu and Lubumbashi. ....	11
Table 2 Professions of respondents.....	13
Table 3 Help from outside sources.....	18
Table 4 Businesses problems.....	19
Table 5 Percentage of professions experiencing major problems. ....	22
Table 6 Percentage of professions experiencing major problems in Bukavu. ....	23
Table 7 Percentage of professions experiencing major problems in Lubumbashi. ....	24
Table 8 Major problems with main agents for solutions.....	25
Table 9 Improvements in business environment in the previous year.....	26
Table 10 Improvements in Bukavu and Lubumbashi. ....	28
Table 11 Changes in business climate since previous year.....	32
Table 12 Changes in business environment compared to earlier in the year.....	36
Table 13 Expectations of the business climate for the coming year by profession.....	39

## Figures

Figure 1 Gender of respondents.....	9
Figure 2 Age range of respondents.....	10
Figure 3 Education levels of respondents. ....	12
Figure 4 Answers to the question “Do you own your business?”. ....	14
Figure 5 Monthly income.....	15
Figure 6 Average monthly turnover of businesses. ....	16
Figure 7 Number of employees of businesses. ....	17
Figure 8 Duration in current occupation.....	17
Figure 9 Business perceptions compared to the previous year in Bukavu.....	29
Figure 10 Business perceptions compared to the previous year in Lubumbashi.....	29
Figure 11 Business perceptions compared to the earlier in the year in Bukavu.....	33
Figure 12 Business perceptions compared to the earlier in the year in Lubumbashi.....	33
Figure 13 Business expectations for the coming year in Bukavu.....	37
Figure 14 Business expectations for the coming year in Lubumbashi.....	37

## **1. Summary**

### **1.1. Background**

This report provides an initial assessment of socio-economic conditions in two cities in Democratic Republic of Congo (DRC), Bukavu and Lubumbashi. The survey was undertaken in August-September 2008. Despite being a resource-rich country, DRC has experienced considerable conflict, several wars and outbreaks of violence still continue. Both cities are important regionally and have close borders with neighbours, however, Lubumbashi appears more economically prosperous and peaceful while Bukavu remains prone to conflict. The survey sought to illuminate this state of affairs and examine business and economic conditions, rather than humanitarian and military issues.

### **1.2. Methodology**

The survey was undertaken in French, and the same interpretation of questions was used in both locations. Selection of businesses to approach was formed through using a list of central registrations to form half the respondents, and other businesses identified informally while approaching those listed. In all, 500 questionnaires were taken in each location. Completed surveys were processed translated directly into English and entered into a database. The data was then reclassified into grouped responses to allow for ease of interpretation and analysed and tested using chi-squared tests where appropriate.

### **1.3. Findings**

There were slightly more males in Lubumbashi (70%) than in Bukavu (62%) interviewed. Bukavu was also older on average (34.9 years) than Lubumbashi (32.2 years). Ethnic group yielded a multitude of answers, such that those ethnic groups with less than 5 members comprised the second largest group overall. Lubumbashi was more diverse than Bukavu, and groups found in one area were not found in the other, however, Lubumbashi also recorded a high number of individuals identifying themselves by region, nationality or refusing to answer the question. Bukavu, on the other hand, was dominated by the Shi.

There were higher levels of education in Lubumbashi than in Bukavu.

In terms of professions, there was greater diversity in Lubumbashi than in Bukavu. Bukavu was characterised by a large number of people (more than nine in ten) who were involved in trading goods (retailers, wholesalers, etc.). Lubumbashi had many trades and many working in the service sector.

Bukavu was characterised by high levels of entrepreneurship – over two thirds owned their own business compared to less than a third of Lubumbashi respondents. Bukavu appeared to be an entrepreneurs city, Lubumbashi a city for employees. Bukavu had, compared to Lubumbashi, higher personal incomes (\$240 compared to \$215 per month on average), but lower business turnovers. However, Bukavu also had a high number of sole-traders and small businesses, with no business with over 20 employees. In Lubumbashi, while there were small firms and sole traders, there were many more large businesses. Duration

of occupation was also higher in Bukavu (4.75 years) than in Lubumbashi (4 years) on average. Virtually no business in either area had received help from either government or NGOs. Overall we get a picture of Bukavu as a city of trading, entrepreneurship, small businesses and higher incomes, where Lubumbashi is more humdrum with more employees, lower incomes and a service sector.

Businesses in both areas identified a huge array of problems they faces, many of which would have been business specific. However, electricity supply and excessive taxation stood out as major problems. However, Lubumbashi had more problems with the electricity supply, in Bukavu while electricity was still a problem, excessive taxation was considered more problematic. Additional problems include the supply of goods, inflation and price stability, transport, lack of customers, rent and water supply. Theft and crime were not considered major problems, but Lubumbashi also mentioned low wages and poor working conditions as problems (of employment). In Bukavu more minor problems (of entrepreneurship) included exchange rate instability, and breakages.

Problems affected different groups slightly differently, but there were few major differences. This is dealt with in the body of the report.

In terms of who should deal with the problems discussed above there was a high consensus that government should deal with the majority of problems. Only in supply of goods were businesses considered to have a more important role than government.

Respondents in both locations were unable overall to make a consensus on improvements since the previous year. Supply of goods, increase in customers and improved profits are notable. However there was more evidence of greater (beneficial) volatility in Bukavu than in Lubumbashi.

Overall Lubumbashi respondents felt their had been more improvements in their business climate since the previous year and earlier in the same year. However, both cities were more optimistic about the coming year, with Lubumbashi showing more optimism than Bukavu.

## **1.4. Conclusions**

The notion that Lubumbashi is a more economically prosperous city is not borne out by the evidence. While there is certainly less volatility in the city, economic prosperity would appear to be in the larger firms, wages are low and working conditions can be poor. It is alternatively, a very ethnically and economically diverse city and has a service sector. Bukavu on the other hand, is characterised by volatility, both negative and positive, higher incomes, entrepreneurship rather than employment, dominated by trading professions and by one ethnic group. Problems in both areas include the electricity supply, but Bukavu also complains more about excessive taxation. There is particular demand for governance in both regions to deal with business problems.

## 2. Background

This project provides an initial assessment of socio-economic conditions in two cities in Democratic Republic of Congo (DRC)<sup>1</sup>, Bukavu and Lubumbashi. The initial focus is on businesses and economic conditions, and the prospects and perceptions in both locations. This report relies on findings from a survey undertaken in both locations in August-September 2008.

There has, and continues to be, considerable conflict in the Great Lakes region of Africa. The region was the site of the Rwandan genocide of 1994, the repercussions of which still effect the DRC in particular and the region in general, and led to a number of wars in DRC itself. The First Congo war began in 1996 when Rwanda, Uganda and Angola actively supported Laurent-Desire Kabila in overthrowing the Mobutu regime. The Second Congo war lasted from 1998 and officially ended in 2003, and directly involved eight African nations and various militia groups. An estimated 5.4 million people died. Fighting and instability continues today. DRC is in terms of natural resources a very wealthy nation, being the world's largest producer of cobalt ore, a major producer of copper and of industrial diamonds. It has significant deposits of tantalum, which is used to make computers and mobile phones. This natural wealth has been part of DRC's problems with conflict, in particular invading countries are alleged to have looted these resources, and it is alleged mining companies have done corrupt deals with government to access them.

The survey findings here report on two cities in DRC. The findings give location-specific details, and the relatively large size of the surveys give some accuracy and significance at the time of taking and allow for comparative analysis. Both cities are important to DRC and important sub-regionally, Bukavu is on the border with Rwanda; Lubumbashi borders Zambia. Both areas have good natural resources, however, improved governance in Lubumbashi seemed to have improved the business prospects in the region and reduced conflict, where as Bukavu remained prone to conflict, especially given its proximity to and linkages with Goma, its northern neighbour.

The research was commissioned by the United States Institute of Peace (USIP). USIP is an independent, non partisan, national institution established and funded by US Congress. Its goals are to help prevent and resolve violent conflict, promote post-conflict stability and development and to increase peacebuilding capacity, tools, and intellectual capital. USIP does this by empowering others with knowledge, skills, and resources, as well as by directly engaging in peacebuilding efforts around the globe.

### 2.1. Lubumbashi

In the far south west of DRC, Lubumbashi is far removed from the war torn eastern Congo, of which Bukavu is a part. Lubumbashi is the capital of prosperous Katanga province, and has remained relatively unscathed in the countries recent wars, and promotes itself as the “city of peace”, and has a public rhetoric of inclusiveness and tolerance. Indeed, the assassinated leader Laurent Kabila invited war-afflicted people to find protection in Lubumbashi during his campaign against Mobutu Sese-Seko. The city's economy is based

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<sup>1</sup> Democratic Republic of Congo is the former Zaire, also known sometimes as Congo-Kinshasa, as distinct from its neighbour the Republic of Congo, also known as Congo-Brazzaville.

on its rich mineral resources, particularly copper, and is essentially a mining town that works with a migrant worker system similar to that seen in South Africa.<sup>2</sup>

However, despite the rhetoric and positive images portrayed, it is also noted by some that Lubumbashi also has a history of repeated and “sometimes violent xenophobia against both IDPs [Internally Displaced People] and long-term residents with origins elsewhere in Congo”<sup>3</sup>.

## 2.2. Bukavu

Capital of South Kivu, Bukavu has a more violent history than Lubumbashi. Bukavu borders Rwanda, and following the Rwandan genocide of 1994 was the site of major refugee movements and has been invaded and occupied by many of Congo's armed factions; bullet holes are still evident in many areas of the city. In particular Bukavu is well known for sexual violence.<sup>4</sup>

Economically, Bukavu fared well as the administrative hub of Kivu provinces (although the growth of Goma has displaced its status in this respect). Bukavu remains, however, an important transport hub and one of the main gateways into eastern Congo, despite deterioration of the road network. Proximity to train and lake transport remains important.

## 2.3. Rationale

Bukavu and Lubumbashi are important and strategic. As noted above, both have borders with neighbouring countries. Bukavu was in the epicentre of the last war, and at the time of writing is close to the current conflict in North Kivu. Militia presence and heightened military activity are early warning signs of imminent crisis. Lubumbashi looks prosperous but conflict under-currents are palpable. Analysis of the socio-economic structure of both places is important for policy and operational reasons. Most previous studies have focused on either military and strategic issues or humanitarian issues. Little research has focused on the businesses sector, yet businesses have an important role in prosperity and peace. This survey, therefore, is a useful addition to understanding of conflict and peace dynamics in the DRC.

## 3. Methodology

The research was conducted by three parties: a senior member of USIP oversaw the operation, Transparency Research (based in the UK) provided leadership, quality control

<sup>2</sup> Information on Lubumbashi is often derived from visitors reports, some basic history can be found in Paul Tiyambe Zeleza and Dickson Eyoh (2003): *Encyclopedia of Twentieth-Century African History*, Routledge: London.

<sup>3</sup> Forced Migration Review 27. See [www.fmreview.org](http://www.fmreview.org); published by Refugee Studies Centre of the Oxford Department of International Development, University of Oxford.

<sup>4</sup> Human Rights Watch has documented some of the military actions and sexual violence in Bukavu, in particular see “D.R. Congo: Tens of Thousands Raped, Few Prosecuted”, 2005 (at <http://www.hrw.org/en/news/2005/03/06/dr-congo-tens-thousands-raped-few-prosecuted>) and “D . R . Congo: War Crimes in Bukavu”, Briefing Paper, June 2004 (at [http://www.kongo-kinshasa.de/dokumente/ngo/hrw\\_110604\\_en.pdf](http://www.kongo-kinshasa.de/dokumente/ngo/hrw_110604_en.pdf)).

and liaison with Bureau d'Etudes, de Recherches et de Consulting International (BERCI) who undertook the survey on the ground. The TR team consisted of three researchers, BERCi provided a manager and 20 'enumerators' (to take the survey on the ground) in each location. TR was responsible for the data after it had been collected and conducted the analysis and reporting.

The research was based on a survey which was undertaken in French. The survey and its English translation are provided in the appendices. One of the roles of TR was to ensure that the methodology used in both locations was identical, for example, to make sure that the same interpretation of the questions was used in both locations and that the enumerator teams had the same understanding of what information was required. The order in which questionnaire sections were asked was changed from the way it is presented, as collecting personal data (especially "groupe ethnique") was better asked after the enumerator had tried to establish some rapport asking the more non-sensitive questions.

Selection of respondents was undertaken by BERCi. In each location a prepared list of businesses was a reference, drawn from business registrations held in Kinshasa. These were to form half the intended respondents. The remaining half of respondents were to be those identified informally in the process of collecting the listed respondents. In total, 500 surveys were completed in each location.

Completed surveys were processed in the UK, translated directly into English and entered into a bespoke MySQL/PHP database. Naturally, a number of errors occurred in the data entry process, however, these were noted and removed or corrected. Every response from both locations was entered into the system. There were a limited number of non-responses to some questions, or where the questionnaire was difficult to decipher. These difficulties were noted in the system. In total, 1,000 questionnaires were entered into the database.

Given the number of possible responses, data was then reclassified into categories where appropriate, with a broad intention of changing as little as possible of the original meaning. Thus, open answers which had a naturally occurring high frequency (e.g. "excessive taxation" was a naturally occurring and high frequency response to questions on problems) were used as the replacement answer for responses with the same meaning (e.g. too many taxes, too high taxes, taxes, much taxes, etc.) but with a lower collective frequency. Some of these changes did require judicious reinterpretation and consideration of context, but overall the method was to make minimal changes but still get coherent data. Ages and numerical responses were put into appropriate ranges (e.g. A 25 year old was classified in the range 25-29). Monetary answers in Congolese Francs (where not collected in US Dollars) were changed to US Dollars<sup>5</sup>. Ethnic group answers included a multitude of answers, and were also reclassified from original (prefixed) to generic names (e.g. The Shi group is sometimes called Mushi (first person) or Bashi (third person plural) or just Shi. Where there was a frequency of less than five people in a particular group, this was classified to "Other".

The original dataset was stored as raw data without changes. The cleaned data was then analysed by querying the database, using custom scripts to process, and analysing and

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<sup>5</sup> We used the straightforward 1 USD = 500 CDF (although at the time of writing the rate was 1 USD = 557 CDF).

formatting in OpenOffice Calc spreadsheets.

In practice the research was difficult to undertake for practical and logistical reasons, however these had limited impact on the research itself and mainly caused delays, expense, and hassles.<sup>6</sup>

The main methodological caveats concerns the completed questionnaires. The survey was hurried in some respects and higher quality data could have been collected. Some of the respondents chosen may not have been the most knowledgeable representatives of the business concerned. They were translated directly from French into English in the UK by a bilingual contractor. This happened some time after the survey was actually taken. The contractor noted that completed forms suffered from poor and undecipherable handwriting, use of dialect or local words, poor spelling and grammar, words with several meanings ('agent' can mean agent, employee, official, for example) and use of acronyms. However, doubtful cases were discussed and clarified (where possible) in consultation with native French speakers based in the UK. Completely unintelligible responses were changed to 'illegible' in the cleaned data. Ideally, data entry in this situation again should take place soon after the survey is taken, working with the person who took the survey itself, or very clear instructions on filling out a form. Unfortunately, this was not possible in this case.

Practical and logistical difficulties aside, the survey does benefit from its relatively large sample size which gives generally statistically significant results, consistent use of methodology in Bukavu and Lubumbashi, and has particular value as a baseline study for future research in the region. The survey was also quick and simple to administer. Given recent events in Goma and North Kivu<sup>7</sup>, this could provide useful guidance for further work, and provides a good basis for further work in both cities or elsewhere in the DRC.

Findings are discussed in some detail below, and in terms of business perceptions and business environment were statistically tested against gender, age, location, business size. Additional information on profession was also matched (but is not statistically tested). In the text where the phrase "significant to x%" is used means that the result is statistically significant using the chi-squared test. Significant to 0.5% means that there is a 99.5% chance that the same difference in characteristics will be found in the whole population, rather than just the sample here, providing the samples are free from bias. It does not prove causality.

The source for all tables is the Bukavu and Lubumbashi fieldwork 2008 presented here.

The data is available at the following address should readers be more interested to explore the data for themselves: <http://www.transparencyresearch.co.uk/rdc/>.

<sup>6</sup> Flight delays, cancellations, and transport difficulties prevented some co-ordination between the three parties undertaking the work. The BERCI team consisted largely of people who were moonlighting from full time jobs, and were poorly remunerated for their work. Thus, they appeared unmotivated and we feel the survey was rushed. Interpreters who were promised did not materialise. The DRC is also not an easy place to undertake research and there were various hassles to negotiate. The TR team was inexperienced in working in DRC. There were significant delays in processing the questionnaires, which was originally to be undertaken in DRC and after delays, finally the questionnaires were shipped to the UK. The process of conducting the survey was however assisted greatly by the use of local fixers and helpers in Bukavu, Goma, and in Rwanda (where the TR team entered DRC from).

<sup>7</sup> There were further rebellions and outbreaks of war in Goma and North Kivu in October – November 2008.

## 4. Findings

### 4.1. Demographics

#### 4.1.1. Gender

Slightly more males responded in Lubumbashi than in Bukavu. The difference is slight, as the number of non-responses makes this difficult to be conclusive, however, it does comply with the general description of Lubumbashi as a migrant town and with more males seeking work there.

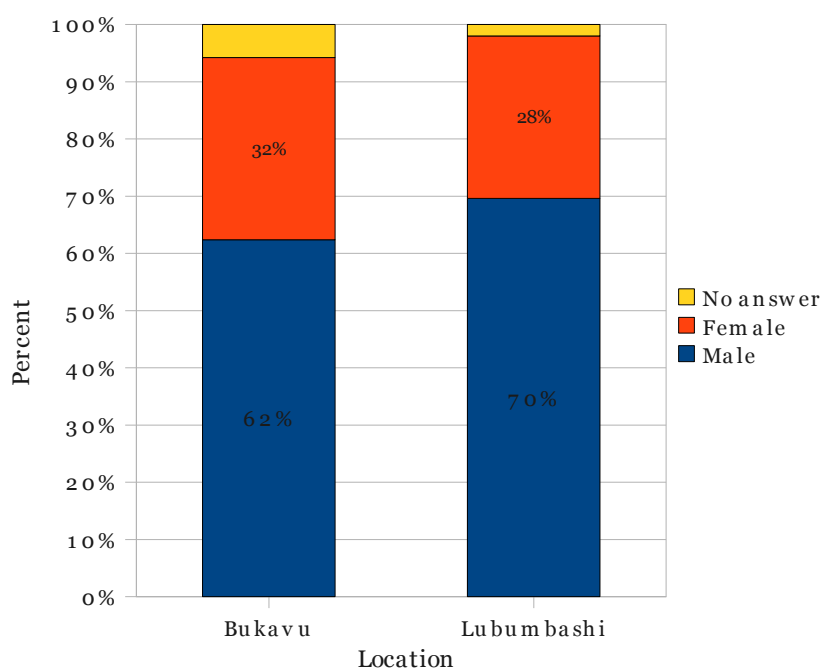


Figure 1 Gender of respondents.

#### 4.1.2. Age of respondents

The average age of respondents in Bukavu was 34.9 years, in Lubumbashi 32.2 years. Bukavu would appear to be older generally than Lubumbashi, as Lubumbashi has more people between the ages of 20-34 than Bukavu, where the distribution shows more residents in the 35 and older category. Again, this reflects the understanding of Lubumbashi as an employment centre, and its status in attracting migrant workers.

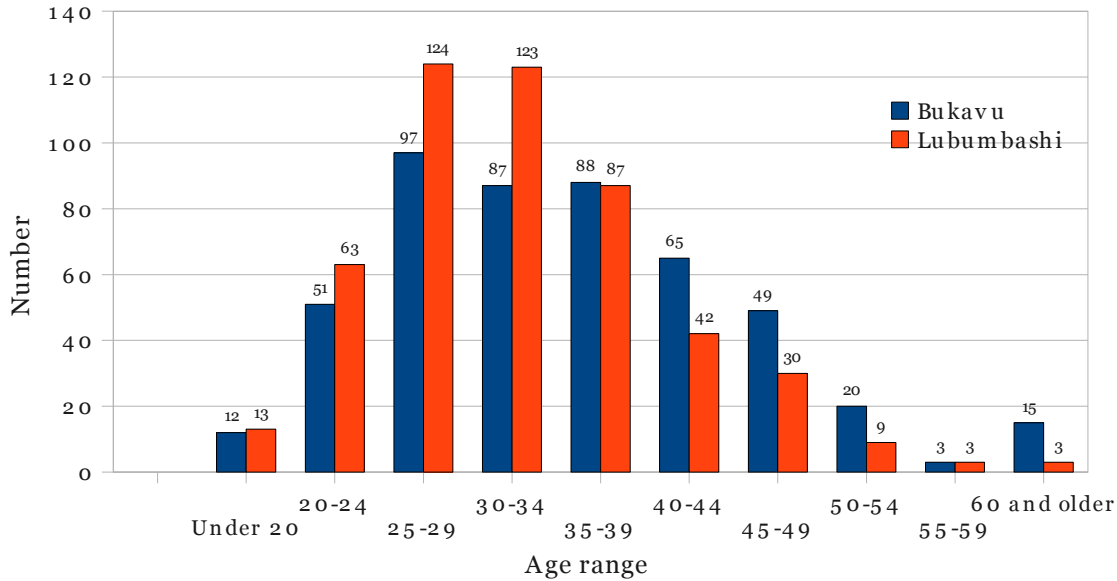


Figure 2 Age range of respondents.

### 4.1.3. Ethnic group

Lubumbashi generally had more diversity with 23 distinct ethnic groups with more than five members surveyed, in Bukavu this was 17. However, diversity notwithstanding, in terms of ethnicity the locations were quite different. In Bukavu, nearly half of those surveyed were from the Shi group, this was less than 1% of those in Lubumbashi. By contrast Lubumbashi was not dominated by any particular group, the largest describing themselves as Kasaien, Katangais, or refusing to answer the question. There is some evidence supporting the view of Lubumbashi as more inclusive generally than Bukavu, for example, as seeing oneself as Katangais - that is, from Katanga is a designation based on province rather than ethnicity. By contrast, none in Bukavu described themselves as eastern Congolese, and only one as Kivusien, from Kivu. In addition, there were a minority in Lubumbashi who described themselves as Lubumbashi, and more in Lubumbashi using the national designation 'Congolais' than in Bukavu. The higher number of refusals to answer the question in Lubumbashi (while it could be evidence of fear), given the circumstances would seem to indicate less importance attached to ethnicity than in Bukavu. Interestingly, where there was an ethnic group presence in one city there was a notable absence in the other, for example, 74 Katangais in Lubumbashi corresponded with none in Bukavu, 65 Lega in Bukavu corresponded with none in Lubumbashi, and so on. This does indicate that Bukavu and Lubumbashi are ethnically distinct areas, although nonetheless very diverse.

The diversity in both areas and small numbers of members in each group apart from the Shi means that analysis and cross tabulation on the basis of ethnicity is methodologically not meaningful.

	<i>Bukavu</i>		<i>L'shi</i>		<i>Total</i>	
	<b>N</b>		<b>N</b>		<b>N</b>	
Shi	243	48.60%	3	0.60%	246	24.60%
Other Ethnic Group (<5)	38	7.60%	60	12.00%	98	9.80%
No answer/refused/illegible	13	2.60%	81	16.20%	94	9.40%
Kasaien	5	1.00%	83	16.60%	88	8.80%
Katangais	0	0.00%	74	14.80%	74	7.40%
Lega	65	13.00%	0	0.00%	65	6.50%
Luba	5	1.00%	47	9.40%	52	5.20%
Rega	44	8.80%	1	0.20%	45	4.50%
Luba/Katangais	0	0.00%	29	5.80%	29	2.90%
Nande	25	5.00%	0	0.00%	25	2.50%
Bemba	9	1.80%	12	2.40%	21	2.10%
Tembo	20	4.00%	0	0.00%	20	2.00%
Sanga	0	0.00%	19	3.80%	19	1.90%
Tshokwe	0	0.00%	16	3.20%	16	1.60%
Congolais	5	1.00%	10	2.00%	15	1.50%
Kinois	1	0.20%	12	2.40%	13	1.30%
Vira	10	2.00%	0	0.00%	10	1.00%
Lunda	0	0.00%	9	1.80%	9	0.90%
Foreign National	7	1.40%	1	0.20%	8	0.80%
Kivusien	1	0.20%	7	1.40%	8	0.80%
Lamba	0	0.00%	7	1.40%	7	0.70%
Tabwa	0	0.00%	6	1.20%	6	0.60%
Bas-Congo	0	0.00%	6	1.20%	6	0.60%
Lubumbashi	0	0.00%	6	1.20%	6	0.60%
Fulriu	5	1.00%	0	0.00%	5	0.50%
Bangu Bangu	4	0.80%	1	0.20%	5	0.50%
Hemba	0	0.00%	5	1.00%	5	0.50%
Tetela	0	0.00%	5	1.00%	5	0.50%
<b>Total</b>	<b>500</b>		<b>500</b>		<b>1000</b>	

Table 1 Ethnicity in Bukavu and Lubumbashi.

#### 4.1.4. Education Levels

Bukavu has lower levels of education than Lubumbashi. There are more respondents from Bukavu in all lower categories of education up to secondary level, from this point, there are more in Lubumbashi with secondary and tertiary ('université' in the French survey) being higher in Lubumbashi. Equally, there are more than double the number with vocational training in Lubumbashi than in Bukavu.

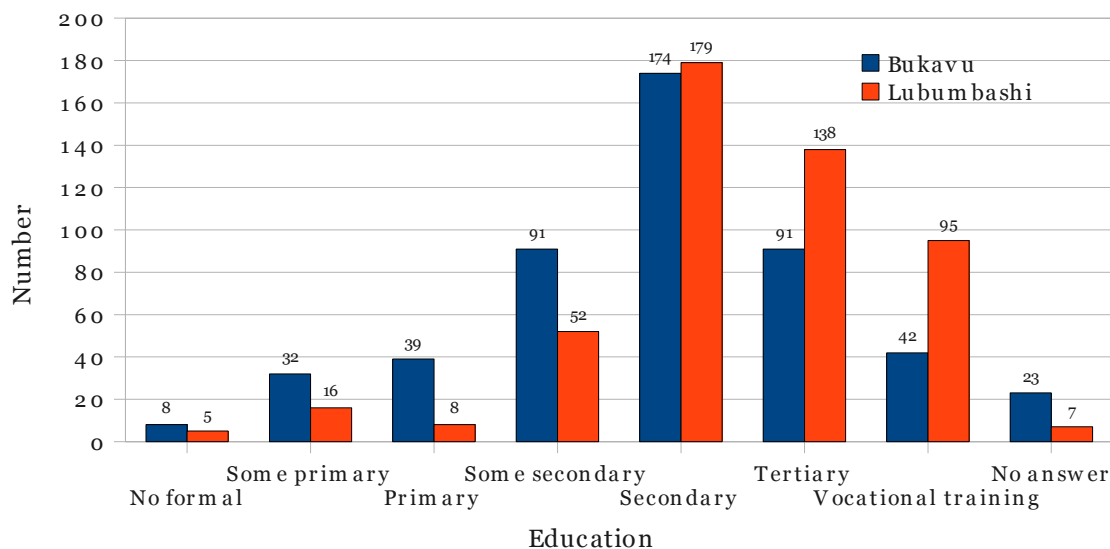


Figure 3 Education levels of respondents.

#### 4.1.5. Professions

There are also distinct differences in the type of work undertaken by those surveyed. Firstly, there is more diversity in Lubumbashi, with 32 distinct types of work being recorded, in Bukavu this is only 14.<sup>8</sup> Moreover, there is a huge concentration of “Retailers” in Bukavu, over three quarters of all respondents in Bukavu are identified as retailers, a further 15% are identified as wholesalers and others as merchants, or involved in wholesale or retail. This means that more than nine in ten of the businesses surveyed in Bukavu were involved in trading goods.

Given this high proportion, it is likely this reflects a genuine difference in the respective economies of Bukavu and Lubumbashi, however, it is important to consider other methodological differences which may have prejudiced results. Firstly, the central registry used to create the the sample in both Bukavu and Lubumbashi may have been compiled differently. Secondly, the designation “retailer” tells one more about method than what the person actually sells, or does. This distinction may have been more important for the different enumerator teams. However, given the general location of Bukavu, its transport links and proximity to Rwanda and as a gateway for eastern Congo, it is highly likely that trading in goods is a major way of life in Bukavu, and thus while the results may be prejudiced, it is not likely to be by much.

Secondly, we already know that the economy of Lubumbashi is based on mineral resources, and as such the general business of the area requires the greater diversity of professions, including managers, accountants, administrators, factory workers, mechanics,

<sup>8</sup> Methodologically this was tricky data to interpret. Is a salesman a retailer or a wholesaler, is a shopkeeper also a retailer and is a merchant the same as a wholesaler? Some of these names tell us more about economic position rather than what they actually do. In the interests of making as little changes to the data as possible but still making it more coherent, these descriptions were left as they were. Readers, and further users of the data, may wish to aggregate some professions.

drivers etc. that are required to process and move minerals that are included in the Lubumbashi sample. Allied to this are secondary service providers that then cater to the population, including hairdressers, dressmakers, cooks, phone operators etc.

<i>Professions</i>	<i>Bukavu</i>		<i>L'shi</i>		<i>Total</i>	
	<i>N</i>		<i>N</i>		<i>N</i>	
Retailer	381	76.20%	2	0.40%	383	38.30%
Salesman	0	0.00%	88	17.60%	88	8.80%
Wholesaler	77	15.40%	0	0.00%	77	7.70%
Manager	0	0.00%	62	12.40%	62	6.20%
Other professions < 1% each	2	0.40%	57	11.40%	59	5.90%
Merchant	4	0.80%	37	7.40%	41	4.10%
Other services	4	0.80%	32	6.40%	36	3.60%
Building/Carpentry/Related Trades	0	0.00%	28	5.60%	28	2.80%
Pharmacy	5	1.00%	20	4.00%	25	2.50%
No answer/illegible/unclear	8	1.60%	13	2.60%	21	2.10%
Shopkeeper	1	0.20%	20	4.00%	21	2.10%
Driver	2	0.40%	15	3.00%	17	1.70%
Butcher/Baker/Cook/Similar	1	0.20%	14	2.80%	15	1.50%
Guard	0	0.00%	15	3.00%	15	1.50%
Public phone booth	2	0.40%	12	2.40%	14	1.40%
Hairdresser	0	0.00%	14	2.80%	14	1.40%
Retailer and Wholesaler	13	2.60%	0	0.00%	13	1.30%
Invoice clerk	0	0.00%	13	2.60%	13	1.30%
Factory Labour/Similar	0	0.00%	12	2.40%	12	1.20%
Cashier / check-out assistant	0	0.00%	12	2.40%	12	1.20%
Secretary/Receptionist	0	0.00%	12	2.40%	12	1.20%
Welder	0	0.00%	11	2.20%	11	1.10%
Dressmaker	0	0.00%	11	2.20%	11	1.10%
<b>Total</b>	<b>500</b>	<b>100.00%</b>	<b>500</b>	<b>100.00%</b>	<b>1000</b>	<b>100.00%</b>

Table 2 Professions of respondents.

## 4.2. Business Environment

### 4.2.1. Business ownership

There is a far higher proportion of business ownership in Bukavu than in Lubumbashi, with over two thirds of Bukavu respondents saying that they owned their own business compared to less than a third of respondents in Lubumbashi. Employment, rather than entrepreneurship predominates in Lubumbashi, where as for Bukavu, entrepreneurship is the norm for a business. This would also seem to reflect the general descriptions of their respective economies and concur with the data on professions in the main areas: mining is resource intensive and typically requires capital investment from large firms: employment is likely to predominate, although there will be entrepreneurs in some services sectors. Equally, as a trading and transport key point, Bukavu will be focused on goods, which will generate more entrepreneurship as entry prices to the market are less than heavy industry (which will generate fewer players). Equally, a lack of employment prospects in comparison means that for many, trading goods will be the only option.

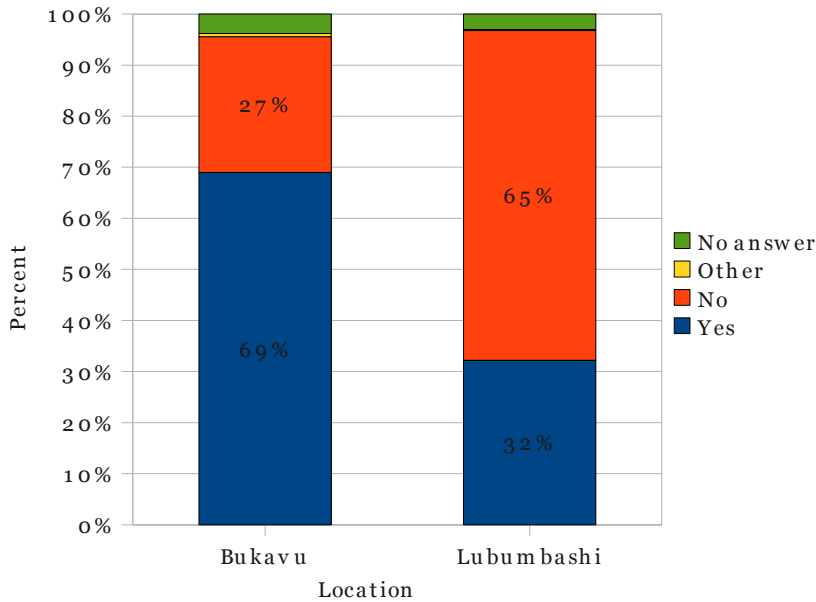


Figure 4 Answers to the question “Do you own your business?”.

#### 4.2.2. Monthly income

The predominance of employment in Lubumbashi does not mean that incomes are higher. On the contrary, 85% of Lubumbashi respondents reported an income of less than \$200 per month, compared to 65% of Bukavu. Nearly all respondents who reported incomes higher than \$500 were in Bukavu. On average, incomes were \$240 in Bukavu and \$215 in Lubumbashi. While incomes were low all round, Bukavu seemed to offer the chance of more prosperity. This is certainly partly due to the predominance of entrepreneurship in Bukavu which by definition offers more opportunities for income generation than employment. In terms of income, it is therefore that Bukavu appears the more prosperous city, which does not agree with the general picture that Lubumbashi is more prosperous.

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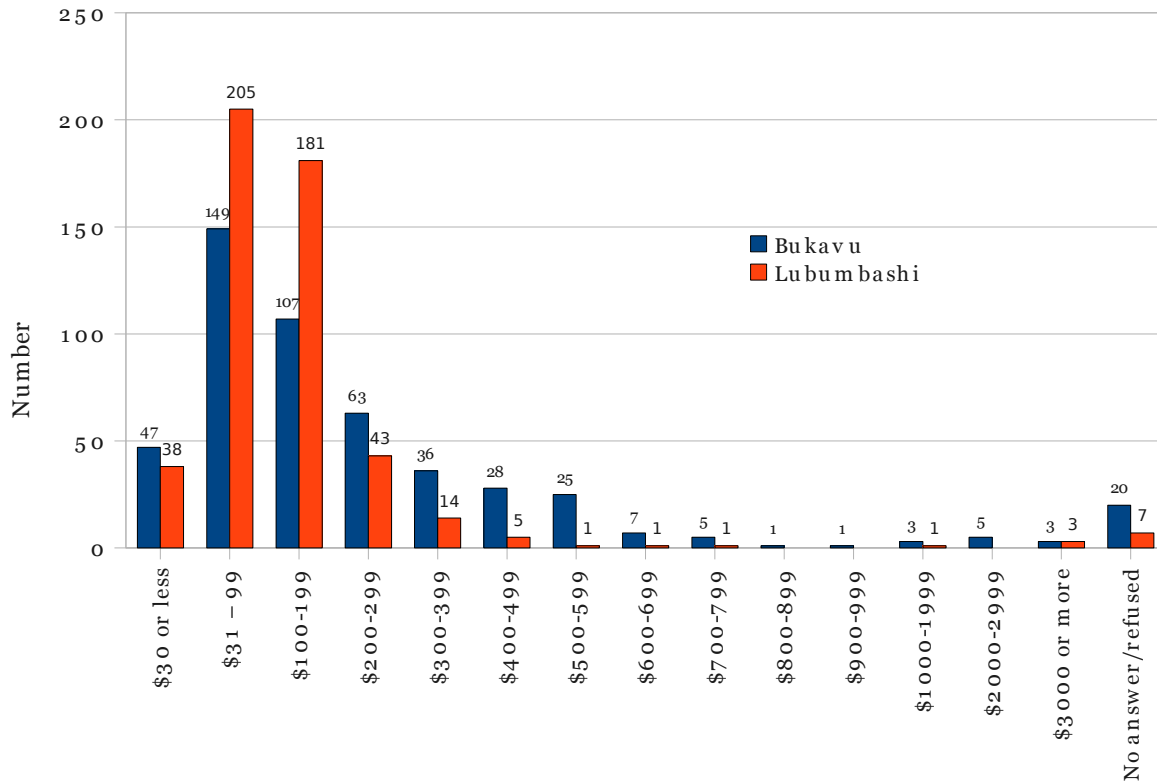


Figure 5 Monthly income.

**4.2.3. Monthly business turnover**

Regarding monthly business turnover, however, the picture is complicated by the fact that a third of Lubumbashi respondents didn't know or refused to answer, which may reflect the fact that employees are less likely to be aware of turnover. However, for all levels of business below \$10,000 there are more in Bukavu than in Lubumbashi. Lubumbashi has more in the \$10,000 plus category. On average Bukavu's reported turnover is \$1,917 compared to Lubumbashi's \$2,265. In terms of prosperity, then it would appear that Lubumbashi's prosperity is very much in the business sector.

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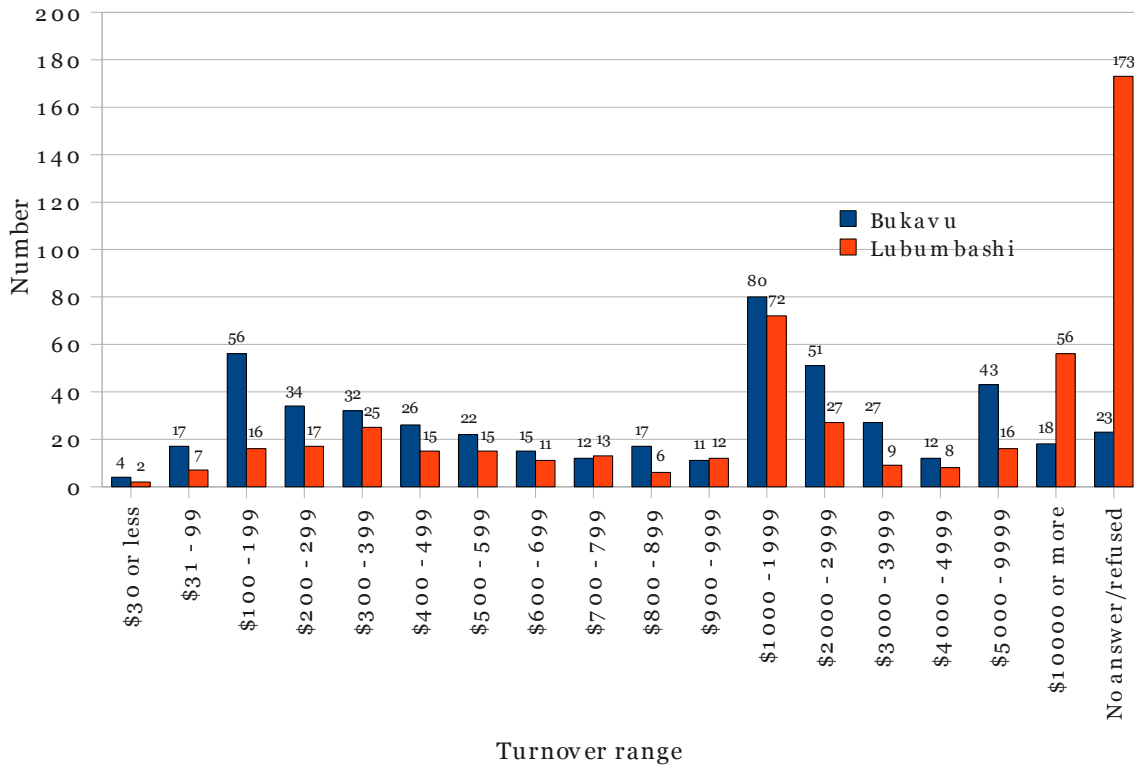


Figure 6 Average monthly turnover of businesses.

4.2.4. Number of employees

Bukavu businesses had much lower number of employees. Nearly 30% of Bukavu businesses surveyed were just one employee, the business owner him or herself. Typically they were all small enterprises with no business with more than 20 employees. Lubumbashi had a different profile with more larger businesses. While small enterprises were still in evidence, nearly a fifth had more than 20 employees, and there were a small number of large businesses with over 250 employees.

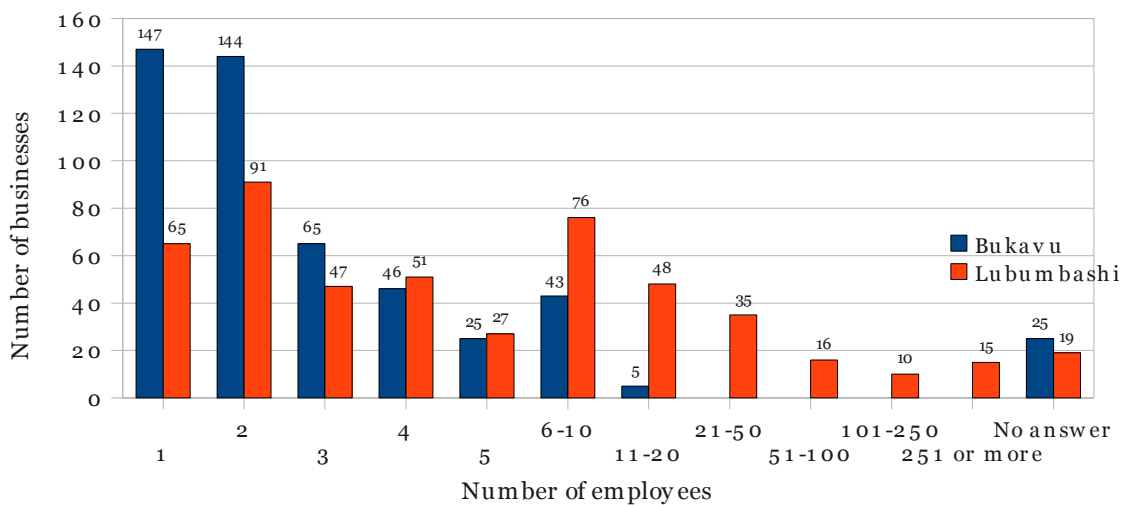


Figure 7 Number of employees of businesses.

### 4.2.5. Duration of occupation

On average, the time spent in the current occupation is 4 years Lubumbashi, and 4.75 years in Bukavu. Despite the high levels of entrepreneurship in Bukavu, employment in Lubumbashi, and general historical turbulence in Bukavu, it appears that Bukavu is more stable job-wise than Lubumbashi. This may reflect conditions such as entrepreneurship where someone is unlikely to go back to the condition of being an employee once they are a self-employed, but none the less it goes against the general perceptions of Lubumbashi as more stable. However, the difference is not that marked and should not be overstated.

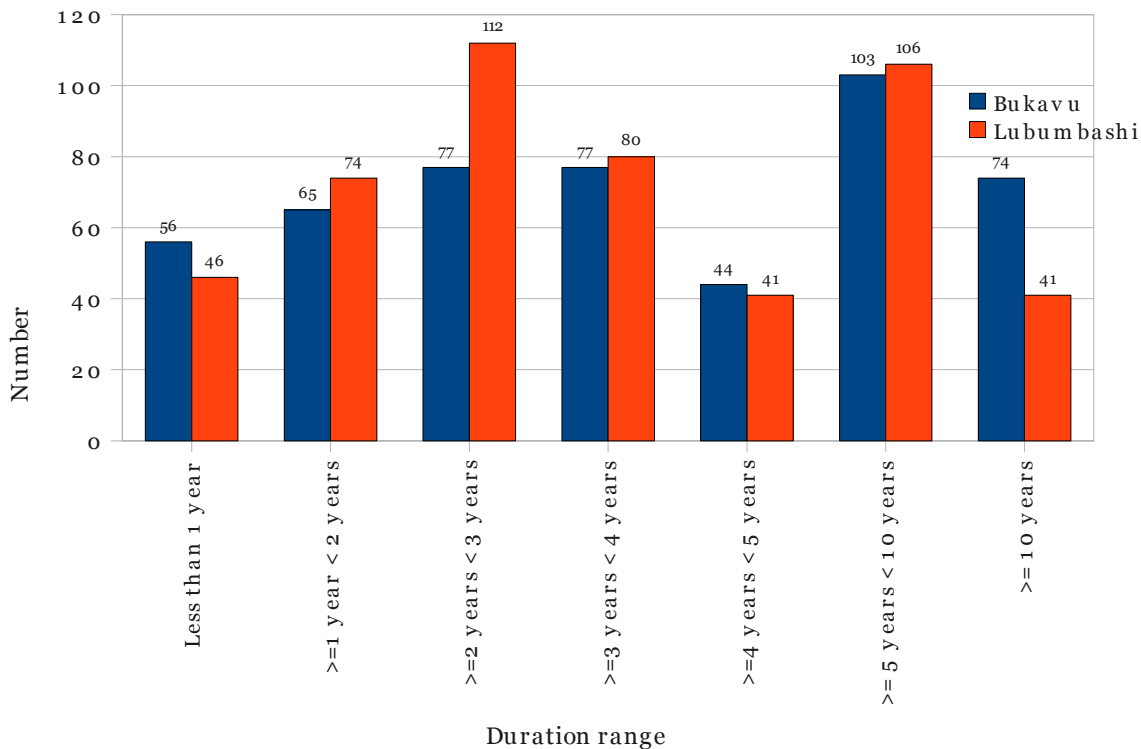


Figure 8 Duration in current occupation.

### 4.2.6. Help from outside sources

There was very little assistance that businesses had received, either financial or otherwise. Overall 96% of all businesses reported no help from government, there was only slightly more help from NGOs. In both cases where help was reported, there more help given in Lubumbashi than Bukavu. While it might be easier to deliver business assistance in Lubumbashi, rather than the relatively unstable Bukavu, help from either source is notable by its absence.

	<i>Bukavu</i>		<i>Lubumbashi</i>		<i>Total</i>	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
<b>Help from Government</b>						
Financial help	0	0.00%	6	1.20%	6	0.60%
Other help	5	1.00%	29	5.80%	34	3.40%
No	495	99.00%	465	93.00%	960	96.00%
<b>Help from NGOs</b>						
Financial help	8	1.60%	16	3.20%	24	2.40%
Other help	7	1.40%	13	2.60%	20	2.00%
No	485	97.00%	471	94.20%	956	95.60%
	500		500		1000	

Table 3 Help from outside sources.

## 4.3. Business Perceptions

### 4.3.1. Business problems

Respondents were asked to identify, in order of importance, the three main problems that affected businesses. A huge multiplicity of issues were recorded (for example, there were 295 totally distinct responses in Bukavu), some of which were undoubtedly business specific (i.e. There are a large number of responses reclassified as 'Other < 2 each', meaning they were totally unique. However, after reclassification the major problems for each area could be identified and collated.

Two major problems stand out, mentioned in total by nearly two fifths of all respondents, these are the electricity supply, and excessive taxation. However, these vary considerably depending on which area it is. Lubumbashi would have appear to have more problems with electricity supply than Bukavu (or it may be more critical to businesses there), whereas Bukavu complains more about excessive taxation.

Problems with the supply of goods causes problems in both areas (mentioned by a fifth of all respondents), and additional issues include inflation and price instability, difficulties with transport, a lack of customers, rent (expensive), and water supply, which is mentioned more in Lubumbashi than in Bukavu (Bukavu is on Lake Kivu).

More minor problems mentioned included low wages, particularly in Lubumbashi (15%), which also reported poor working conditions (15%). Given the relative insecurity of eastern Congo, theft and crime was reported twice as much in Bukavu than in Lubumbashi (11% versus 5%), but certainly not as could be expected. Insecurity was mentioned more in Bukavu than in Lubumbashi (8% versus 7%), but was similar in both regions. Bukavu also had problems that were distinctly related to its trading activities, with exchange rate instability (11%) and breakages (8%) being notable.

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Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

Problem	Problem 1		Problem 2		Problem 3		Totals		Total B'vu + L'shi
	B'vu	L'shi	B'vu	L'shi	B'vu	L'shi	B'vu	L'shi	
Electricity supply irregular	51	161	47	54	51	29	149	244	393
Excessive taxation	130	14	116	34	57	34	303	82	385
Other (< 2 each)	16	48	31	70	29	41	76	159	235
Supply of goods problems	51	51	33	31	36	23	120	105	225
Inflation/Price instability	32	21	31	22	16	12	79	55	134
Transport Difficulties	25	18	14	31	18	27	57	76	133
Lack of customers	16	16	35	15	23	14	74	45	119
Rent	12	11	20	15	23	22	55	48	103
Water supply	3	8	7	44	11	22	21	74	95
Low wages	1	26		25	4	25	5	76	81
Theft/Crime	18	13	18	5	20	7	56	25	81
Poor working conditions	2	27		26	2	23	4	76	80
Insecurity	14	12	5	8	22	13	41	33	74
Harassment by state officials	12	11	18	9	12	9	42	29	71
Exchange rate instability	19	3	20	4	17	7	56	14	70
Debt (non paying customers)	9	5	6	9	10	10	25	24	49
Customer problems	11	10	6	5	9	6	26	21	47
Credit/Liquidity problems	11	8	9	4	11	1	31	13	44
Breakages	4		19	1	18	1	41	2	43
Competition	11	2	8	2	8	4	27	8	35
General supply problems	16	2	7	2	5	2	28	6	34
Health problems	1	3	6	8	3	8	10	19	29
Poor labour supply	3	7	2	3	3	4	8	14	22
Poor business location			7	4	5	5	12	9	21
General Infrastructure	4	4	4	1	6	1	14	6	20
Shelf life of goods	4		1	2	1	2	6	4	10
Tribalism				2	2	5	2	7	9
General Population Poverty	4	1	2	2			6	3	9
Investment	5	1					5	1	6
Broken bottles	5						5		5
Environmental problems	1	2	2				3	2	5
Poor quality goods	3	1					3	1	4
Regideso				2		2		4	4
Reduced Capital					4		4		4
Debts					3		3		3
General market conditions				3				3	3
Capital					2		2		2
Funds						2		2	2
Dust					1	1	1	1	2
Lack of grants/subsidies			2				2		2
Machines						2		2	2
Lack of employment		2						2	2
Lack of supervision					2		2		2
Lack of understanding			1	1			1	1	2
Less production			2				2		2
Lack of depots				2				2	2
Poor business management			1	1			1	1	2
Lack of government officials						2		2	2
Lack of food		2						2	2
No answer, none	6	10	20	53	66	134	92	197	289
<b>Total</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>1500</b>	<b>1500</b>	<b>3000</b>

Table 4 Businesses problems.

We have noted the geographic differences above. It is worthwhile exploring these problems

further with the seven major problems above (defined for our purposes here as where it mentioned more than 100 times overall), which are electricity, taxation, supply of goods, inflation/price instability, lack of customers, transport, and rent.

#### *4.3.1.1. Gender<sup>9</sup> differences*

Overall there are no significant differences overall on gender regarding electricity, taxation, supply of goods, inflation, lack of customers or transport. Rent appears to be slightly more of a problem for women than men however (overall 13% of women reported rent a problem compared to 9% of men – significant to within 5%).

In Bukavu, electricity was more of a problem for men (33%) compared to women (25% - significant within 5%). Regarding taxation there was no difference, this was also the case for supply of goods, inflation, lack of customers, transport and rent.

In Lubumbashi, electricity was conversely more a problem for women (57% - significant within 0.5%) than men (46%) - this may reflect a higher number of female businesses using electricity. There was no difference regarding taxation, supply of goods, inflation, lack of customers, transport, or rent.

#### *4.3.1.2. Age differences*

In order to generate statistically reliable results, we divided the sample into younger and older groups: those under 30 and those 30 or older. Overall, electricity was significantly more a problem for younger than older people, with 47% of those younger stating it was a problem compared to 35% of those older (significant to within 0.5%). There were no significant differences regarding taxation, supply of goods, lack of customers or transport. Younger people found inflation less of a problem (10%) than older people (14% - significant within 5%), and rent was more problematic. 13% of younger people found rent a problem compared to 9% of older people (significant within 5%).

In Bukavu, there were no significant differences between younger and older on electricity, taxation, supply of goods or inflation. Lack of customers significantly affected younger people more (19% compared to 12%, significance 2.5%), transport problems significantly affected older people (14% of older compared to 6% of younger, significant within 0.5%), and rent problems affected younger people (14%) more than older (9% - significant within 5%).

In Lubumbashi there were no significant differences between older and younger except with regards to electricity, which affected younger people more (59%) than older (42% - significant within 0.5%).

#### *4.3.1.3. Differences on size of business*

Here, we aggregated businesses into three classes, sole trader (one employee), small businesses with between 2 and 10 employees, and larger enterprises with more than 10.

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9 Here we refer to the gender of the respondent, not necessarily of the business owner. Thus we are very much referring to problems perceived by the respondent as opposed to the business owner.

However this needs to be handled with caution, as we have already seen that most smaller enterprises are in Bukavu rather than Lubumbashi, thus we may mistake size for location, or vice versa.

Overall then, there were some significant differences between businesses experience of problems depending on their size. Electricity, supply of goods, and transport showed no differences. Taxation affected smaller business more, with 50% of sole traders saying it was a problem, compared to 39% of small businesses and 17% of larger enterprises (significant within 0.5%). Inflation also affected smaller enterprises more, with 15% of sole traders, 13% of small businesses and 4% of larger enterprises reporting it as a problem (significant within 0.5%). A lack of customers was also problem for smaller enterprises (17% sole trader, 11% small businesses and 6% larger business reporting it as a problem – significant to 0.5%). Rent was also significantly different for businesses, but more so for small businesses. This was a problem for only 9% of sole traders and 6% of larger enterprises, but 12% of small businesses (significant within 2.5%).

In Bukavu since there were only five businesses with more than 10 employees, there are not enough observations to guarantee statistical accuracy. Therefore, the Bukavu results here are suggestions rather than significant observations. These suggest that electricity is more of a problem for bigger businesses with 29% of sole traders saying its a problem, 30% of small businesses, and 100% of larger businesses. Conversely, a lack of customers affects sole traders more, with 22% of sole traders saying it was a problem, 11% of small businesses, and none of large businesses. There were no differences in other fields.

In Lubumbashi, sole traders and small businesses had more problems with electricity (63% and 54% respectively) than large businesses (33% - significant to 0.5%). This may reflect the fact that larger businesses may be better equipped to supply themselves with alternative generators, whereas smaller businesses may have to rely on that available. Inflation was more of a problem for small businesses (14%) than it was for sole traders (9%) or large businesses (4% - significant to 0.5%). Rent also affected small businesses more (12%) compared to sole traders (8%) and larger businesses (6% - significant to 0.5%).

#### 4.3.1.4. Differences by professions

Ideally, the survey would have made a classification of businesses by type<sup>10</sup>, unfortunately this did not take place, except within the broad class of recording individual occupations. The types of occupations recorded, however, can act very broadly as a proxy for type of business<sup>11</sup>. Further, the types of occupations are so diverse that statistical testing of differences is not possible. However, the differences themselves at this stage can suggest where problems impact the most, and act as a guide for further research.

The information does suggest, however, that certain problems affect certain professions disproportionately, or generally. For example, electricity is a major problem that affects many different professions. Excessive taxation, on the other hand, is concentrated in fewer professions (but by no means less *people*) . Unsurprisingly, 'drivers' highlight transport

10 Given the lack of pre-existing knowledge on this area in both locations, “types” would have probably have to be identified *a posteriori* rather than *a priori* in any case.

11 We acknowledge, however, that retailer could mean many things, and a secretary in a mining firm has a very different “business type” to a secretary in a law firm, or indeed, for a petrol importer.

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Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

problems, but the table below does highlight the key concerns of electricity, and taxation.

Essentially this highlights a policy requirement to sort out the electricity supply for business purposes.

	Electricity	Taxation	Inflation	Lack of customers	Rent	Supply of goods	Transport	Total in Profession
Building/Carpentry/Related Trades	<b>39%</b>	7%	7%	7%		21%	7%	28
Butcher/Baker/Cook/Similar	<b>67%</b>	<b>27%</b>	7%	7%	7%	<b>27%</b>		15
Cashier / check-out assistant	<b>33%</b>	17%	17%				17%	12
Dressmaker	<b>82%</b>	<b>27%</b>	18%	9%	<b>27%</b>	18%	9%	11
Driver	18%	<b>41%</b>	6%				<b>53%</b>	17
Factory Labour/Similar	<b>50%</b>	8%	8%	8%	17%	17%	17%	12
Guard	<b>33%</b>	13%		7%			13%	15
Hairdresser	<b>79%</b>	14%		14%	14%	14%	7%	14
Invoice clerk	<b>38%</b>	15%			15%	15%	8%	13
Manager	<b>65%</b>	<b>27%</b>	18%	13%	19%	11%	10%	62
Merchant	<b>39%</b>	12%	10%	10%	2%	22%	12%	41
No answer/illegible/unclear	<b>29%</b>	<b>29%</b>		14%	10%	<b>29%</b>	10%	21
Other professions < 1% each	<b>37%</b>	17%	2%	3%	15%	24%	5%	59
Other services	<b>50%</b>	17%	6%	8%	11%	17%	8%	36
Pharmacy	<b>48%</b>	24%	4%	8%	4%	<b>40%</b>	4%	25
Public phone booth	<b>71%</b>	14%			7%		7%	14
Retailer	<b>30%</b>	<b>61%</b>	17%	16%	11%	20%	10%	383
Retailer and Wholesaler	23%	<b>69%</b>	23%	15%		15%	8%	13
Salesman	<b>42%</b>	14%	20%	15%	8%	17%	<b>33%</b>	88
Secretary/Receptionist	<b>83%</b>	<b>33%</b>		8%	8%	17%	17%	12
Shopkeeper	<b>43%</b>	<b>38%</b>	19%	10%	14%	14%	19%	21
Welder	<b>82%</b>	9%	<b>27%</b>	9%	18%	<b>27%</b>	9%	11
Wholesaler	<b>30%</b>	<b>49%</b>	5%	8%	12%	25%	14%	77
Total	39%	38%	13%	12%	10%	19%	13%	1000

Table 5 Percentage of professions experiencing major problems.

Red bold highlights greater than 50% of profession experiencing the problem, black bold highlights between 25-50% of profession.

With regards to Bukavu alone, there is so much concentration in retailers and other traders that it makes little sense but to note that while electricity remains a problem in Bukavu, excessive taxation is the main concern. It is possible that given Bukavu's proximity to Rwanda, and general entrepreneurial nature, that taxation may relate to import duties.

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Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

	Electricity	Taxation	Inflation	Lack of customers	Rent	Supply of goods	Transport	Total in Profession
Butcher/Baker/Cook/Similar	<b>100%</b>	<b>100%</b>	0%	0%	0%	0%	0%	1
Driver	0%	<b>100%</b>	<b>50%</b>	0%	0%	0%	<b>100%</b>	2
Merchant	0%	<b>100%</b>	0%	<b>50%</b>	<b>25%</b>	0%	<b>25%</b>	4
No answer/illegible/unclear	13%	<b>38%</b>	0%	0%	0%	<b>25%</b>	13%	8
Other professions < 1% each	0%	<b>100%</b>	0%	0%	<b>50%</b>	0%	0%	2
Other services	<b>25%</b>	<b>100%</b>	0%	0%	<b>50%</b>	0%	0%	4
Pharmacy	<b>60%</b>	<b>100%</b>	0%	20%	20%	<b>60%</b>	0%	5
Public phone booth	<b>100%</b>	<b>50%</b>	0%	0%	0%	0%	0%	2
Retailer	<b>30%</b>	<b>61%</b>	17%	16%	11%	20%	10%	381
Retailer and Wholesaler	23%	<b>69%</b>	23%	15%	0%	15%	8%	13
Shopkeeper	<b>100%</b>	0%	0%	<b>100%</b>	0%	0%	0%	1
Wholesaler	<b>30%</b>	<b>49%</b>	5%	8%	12%	25%	14%	77
Total	<b>30%</b>	<b>60%</b>	15%	15%	11%	21%	11%	500

Table 6 Percentage of professions experiencing major problems in Bukavu.

Red bold highlights greater than 50% of profession experiencing the problem, black bold highlights between 25-50% of profession.

The Lubumbashi sample, however, continues to indicate the broad importance of electricity supply across all professions, in particular those involved in services such as dressmaker, hairdresser, and phone booth operators. Taxation is fair less evident here other than drivers and shopkeepers, who may be experiencing the same problems in Bukavu.

	Electricity	Taxation	Inflation	Lack of customers	Rent	Supply of goods	Transport	Total in Profession
Building/Carpentry/Related Trades	<b>39%</b>	7%	7%	7%	0%	21%	7%	28
Butcher/Baker/Cook/Similar	<b>64%</b>	21%	7%	7%	7%	<b>29%</b>	0%	14
Cashier / check-out assistant	<b>33%</b>	17%	17%	0%	0%	0%	17%	12
Dressmaker	<b>82%</b>	<b>27%</b>	18%	9%	<b>27%</b>	18%	9%	11
Driver	20%	<b>33%</b>	0%	0%	0%	0%	<b>47%</b>	15
Factory Labour/Similar	<b>50%</b>	8%	8%	8%	17%	17%	17%	12
Guard	<b>33%</b>	13%	0%	7%	0%	0%	13%	15
Hairdresser	<b>79%</b>	14%	0%	14%	14%	14%	7%	14
Invoice clerk	<b>38%</b>	15%	0%	0%	15%	15%	8%	13
Manager	<b>65%</b>	<b>27%</b>	18%	13%	19%	11%	10%	62
Merchant	<b>43%</b>	3%	11%	5%	0%	24%	11%	37
No answer/illegible/unclear	<b>38%</b>	23%	0%	23%	15%	<b>31%</b>	8%	13
Other professions < 1% each	<b>39%</b>	14%	2%	4%	14%	25%	5%	57
Other services	<b>53%</b>	6%	6%	9%	6%	19%	9%	32
Pharmacy	<b>45%</b>	5%	5%	5%	0%	<b>35%</b>	5%	20
Public phone booth	<b>67%</b>	8%	0%	0%	8%	0%	8%	12
Retailer	0%	<b>50%</b>	<b>50%</b>	0%	0%	0%	0%	2
Salesman	<b>42%</b>	14%	20%	15%	8%	17%	<b>33%</b>	88
Secretary/Receptionist	<b>83%</b>	<b>33%</b>	0%	8%	8%	17%	17%	12
Shopkeeper	<b>40%</b>	<b>40%</b>	20%	5%	15%	15%	20%	20
Welder	<b>82%</b>	9%	<b>27%</b>	9%	18%	<b>27%</b>	9%	11
Total	49%	16%	11%	9%	10%	18%	15%	500

Table 7 Percentage of professions experiencing major problems in Lubumbashi.

Red bold highlights greater than 50% of profession experiencing the problem, black bold highlights between 25-50% of profession.

#### 4.3.2. Business solutions

Respondents were also asked to identify who should deal with each problem. Here we define *major problems* as those with over 100 (i.e. 10% of the entire sample referring to these problems) where this was not reclassified into 'Other' as it was unique. Agencies identified to deal with the problem are also reduced below to those where there is greater than 10 people identifying the problem. The table below cross references these. Overall, we can see that despite the historically weak, non-existent or corrupt government in the DRC, business still perceives the state to have a wide ranging role. Government in general is defined as the lead agent to deal with the electricity supply (with also a major role for SNEL, the electricity company), excessive taxation, transport problems, inflation and price instability, levels of rent and indeed a lack of customers. Only in dealing with supply of goods problems are businesses to be the main agent of change, although there is also a major role for government here.

The focus on government is so pronounced further investigation is fruitless.

	<i>Electricity supply irregular</i>	<i>Excessive taxation</i>	<i>Supply of goods problems</i>	<i>Transport Difficulties</i>	<i>Inflation/Price instability</i>	<i>Rent</i>	<i>Lack of customers</i>	<i>Total</i>
Bralima			19	1			1	21
Businesses/Managers/Employers	5	7	77	18	10	3	33	153
Government/State (General)	180	338	61	79	102	29	47	836
Government/SNEL	111	1						112
Landlords	1					25		26
Local/Province Government	17	24	7	4	5	8	2	67
Myself	1	1	10	21	3	4	15	55
Other ( < 2 each)	5	6	16	5	3	16	7	58
SNEL	57		1				2	60
<b>Total</b>	<b>377</b>	<b>377</b>	<b>191</b>	<b>128</b>	<b>123</b>	<b>85</b>	<b>107</b>	<b>1388</b>

Table 8 Major problems with main agents for solutions.

### 4.3.3. Improvements in the Business Environment

Respondents were also asked to identify, in order of importance, improvements in the business environment in the previous year.

It is clear that for most respondents, and most keenly felt in Lubumbashi, there were no improvement in the business environment, or they made no answer. After this, respondents cited very specific improvements which were probably related to the line of work they were involved in. Improvements were much less than problems; however there was significant improvement was supply of goods in both areas, Bukavu in particular had experienced an upturn and had lots of customers, and profits were up. Tax also appeared to reduce in Bukavu, and, as a trading city, things such as exchange rate stability and price stability were important there. Overall there is more evidence of (beneficial) volatility in Bukavu in the previous year than in Lubumbashi.

	Improvement 1		Improvement 2		Improvement 3		All Improvements		
	B'vu	L'shi	B'vu	L'shi	B'vu	L'shi	B'vu	L'shi	Total
No answer/unclear	60	40	124	128	186	213	370	381	751
Other (frequency < 1%)	111	119	104	107	134	78	349	304	653
No improvements	51	121	24	110	17	124	92	355	447
Improvement in supply of goods	45	64	43	36	25	17	113	117	230
Increase in customers	57	26	49	27	30	12	136	65	201
Improved Business Revenues/Profits	26	11	29	13	20	12	75	36	111
Tax reduction	25	4	25	10	25	6	75	20	95
Price stability	22	9	28	12	9	3	59	24	83
Electricity supply improved	20	11	11	15	5	8	36	34	70
Transport improvements	15	7	13	7	19	4	47	18	65
Security	6	14	12	3	12	4	30	21	51
General Market Improvements	11	28	5	6			16	34	50
Exchange rate stability	13	4	15	6			28	10	38
Increase in wages	3	14	5	9			8	23	31
Increase in capital	17	2	8	3			25	5	30
Rent	5	6			4	13	9	19	28
Better employees					14	6	14	6	20
Improved infrastructure	2	16					2	16	18
Prices	11	4					11	4	15
Improved work conditions			5	8			5	8	13
All Improvements (Aggregated)	389	339	352	262	297	163	1038	764	1802
Total	500	500	500	500	500	500	1500	1500	3000

Table 9 Improvements in business environment in the previous year.

Major improvements are here defined as those with more than 100 mentions in total. This includes improvements in supply of goods, increase in customers, and improved revenues or profits. We explore these in more detail below.

#### 4.3.3.1. Improvements by gender

There were no significant differences on gender of respondent against reporting an improvement in supply, customers or profits, with the exception of females in Lubumbashi, 18% of whom reported an improvement in customers compared to 10% of males (significant to 0.5%).

#### 4.3.3.2. Improvements by age

Again, using over and under 30 years as the key category, overall older people reported an increase in profits compared to younger people (12% versus 8%, significant to 2.5%). This would seem to be limited to Bukavu since Bukavu alone reported a significant difference (under 30s reported 8%, over 30s 12%, significant to 2.5%), where as this was not significant in Lubumbashi alone.

However, in Lubumbashi there was a significant improvement in the supply of goods for over thirties with 23% reporting an improvement compared to 15% of younger people (significant to 0.5%).

#### *4.3.3.3. Improvements by size of business*

Again using sole traders, small businesses as those with 2-10 employees and large businesses as those with over 10 employees, smaller businesses were more likely to report an improvement in supply of goods, with 25% of sole traders, 20% of small businesses and 11% of large businesses reporting an improvement (significant to 0.5%). The same is true for improvements in customers with 22% of sole traders, 21% of small businesses and 12% of large businesses reporting improvements in customers (significant to 0.5%).

As noted above, due to the lack of large firms, Bukavu figures are not robust enough to be tested statistically, although the results are in line with the same trend.

In Lubumbashi, sole traders report a larger significant improvement in supply with 31% of sole traders, 20% of small companies and 11% of larger businesses reporting a improvement in supply. (significant to 0.5%). No other differences are significant on size of business.

#### *4.3.3.4. Improvements by professions*

Again, this does not give statistically reliable results, but can indicate which sectors experienced the improvements. In Lubumbashi, in terms of supply, many professions mentioned the improvements, which would indicate it was a Lubumbashi-wide improvement in supply. Particular professions mentioned it, such as dressmakers, welders, phone booth operators and secretaries mention it to a high degree. In Bukavu, there were so many retailers that it does not make sense overall to compare, but also this group noted the improvement in supply. The numbers noting improvement in supply of goods are roughly equal in both areas, so this provides some evidence of improvement in supply across the DRC given the geographic distance between each city.

In terms of customers improvements, this is more noticeable in Bukavu, particularly (and unsurprisingly) amongst retailers. Profit increases are also localised in Bukavu's retailers, and across a range of professions in Lubumbashi, but particularly (and curiously) amongst welders. This may indicate particular demand for welders in Lubumbashi, which is consistent with the needs of heavy industry.

	Bukavu				Lubumbashi				All			
	Supply	Customers	Profits	Total Bukavu	Supply	Customers	Profits	Total L'shi	Supply	Customers	Profits	Total All
Building/Carpentry/Related Trades					4%	11%		28	4%	11%		28
Butcher/Baker/Cook/Similar	<b>100%</b>	<b>100%</b>		1	<b>29%</b>	21%	7%	14	<b>33%</b>	<b>27%</b>	7%	15
Cashier / check-out assistant					8%	17%	8%	12	8%	17%	8%	12
Dressmaker					<b>45%</b>	18%		11	<b>45%</b>	18%		11
Driver				2		13%		15		12%		17
Factory Labour/Similar					17%		8%	12	17%		8%	12
Guard					<b>27%</b>	20%	7%	15	<b>27%</b>	20%	7%	15
Hairdresser					<b>29%</b>	14%		14	<b>29%</b>	14%		14
Invoice clerk					23%	8%	15%	13	23%	8%	15%	13
Manager					24%	15%	2%	62	24%	15%	2%	62
Merchant	<b>25%</b>	<b>25%</b>		4	<b>27%</b>	11%	11%	37	<b>27%</b>	12%	10%	41
No answer/illegible/unclear		13%	<b>38%</b>	8		8%		13		10%	14%	21
Other professions < 1% each			<b>100%</b>	2	12%	7%	11%	57	12%	7%	14%	59
Other services		<b>25%</b>		4	9%		6%	32	8%	3%	6%	36
Pharmacy	20%			5	<b>35%</b>	5%	10%	20	<b>32%</b>	4%	8%	25
Public phone booth		<b>50%</b>		2	17%	<b>25%</b>	8%	12	14%	<b>29%</b>	7%	14
Retailer	21%	<b>27%</b>	14%	381				2	21%	<b>27%</b>	14%	383
Retailer and Wholesaler	<b>46%</b>	8%		13					<b>46%</b>	8%		13
Salesman					18%	16%	6%	88	18%	16%	6%	88
Secretary/Receptionist					<b>25%</b>	<b>25%</b>		12	<b>25%</b>	<b>25%</b>		12
Shopkeeper				1	<b>25%</b>	15%	15%	20	24%	14%	14%	21
Welder					<b>36%</b>	<b>36%</b>	18%	11	<b>36%</b>	<b>36%</b>	18%	11
Wholesaler	18%	<b>35%</b>	17%	77					18%	<b>35%</b>	17%	77
<b>Total</b>	<b>103</b>	<b>135</b>	<b>71</b>	<b>500</b>	<b>96</b>	<b>64</b>	<b>32</b>	<b>500</b>	<b>199</b>	<b>199</b>	<b>103</b>	<b>1000</b>

Table 10 Improvements in Bukavu and Lubumbashi.

## 4.4. Business Perceptions

### 4.4.1. Compared to the previous year

In general, Lubumbashi felt that overall conditions had improved more than in Bukavu, but the difference is slight. While the differences are slight, Lubumbashi reports significantly more improvement than Bukavu regarding the general business climate, consumer prices and business costs. With regards to infrastructure and security there are no significant differences, but regarding crime Bukavu reports more improvements than Lubumbashi. Interestingly, Bukavu also shows a higher proportion regarding crime as worse than Lubumbashi, the difference being that more respondents in Lubumbashi were unsure and reported that they had no idea.

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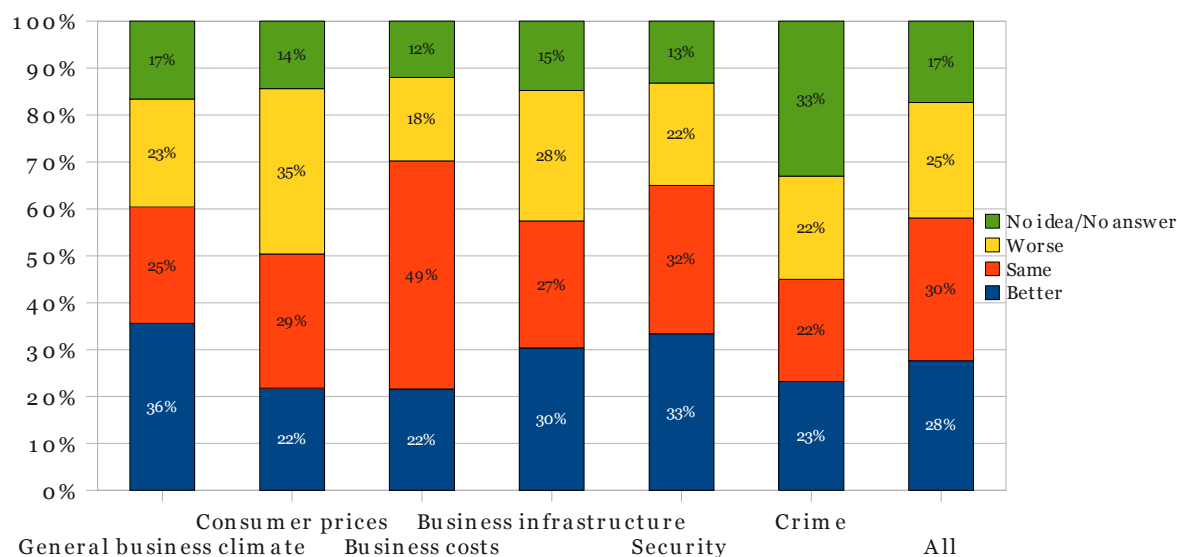


Figure 9 Business perceptions compared to the previous year in Bukavu.

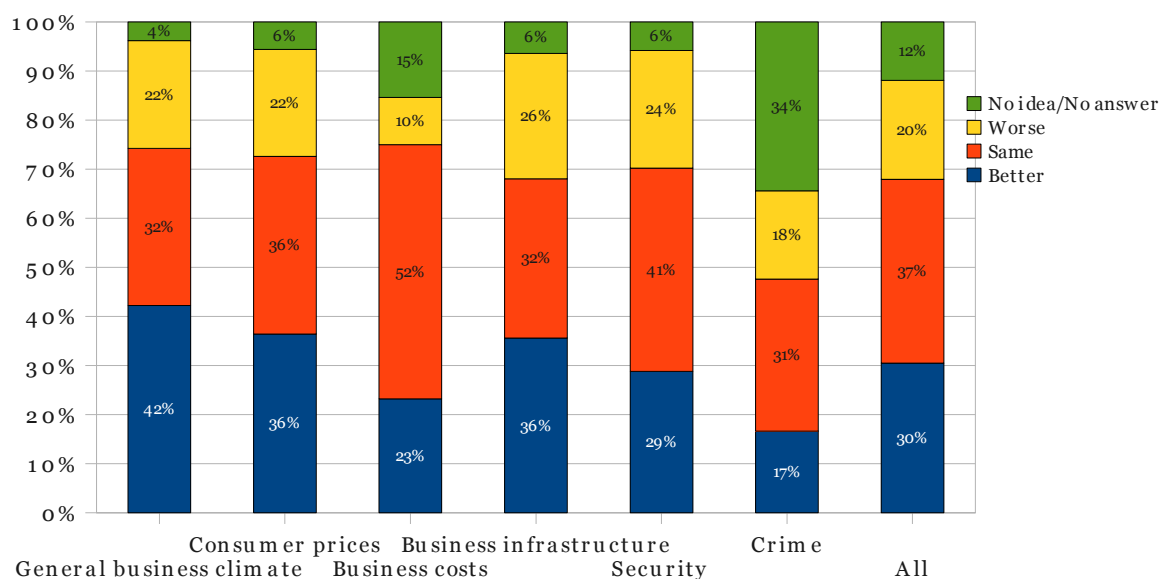


Figure 10 Business perceptions compared to the previous year in Lubumbashi.

#### 4.4.1.1. Perceptions against gender

There were no significant differences on gender, with the exception of views on crime, with women more likely to say that it was worse (26% compared to 25%, significant to 0.5%) and less likely to say it was better (17% compared to 22%, significant to 0.5%).

In Bukavu alone, there were no differences between men and women on perceptions last year, with the exception consumer prices and crime. Men were both more likely to report consumer prices both better (26% compared to 20%) and worse (43% compared to 37%),

whereas women were more likely to say they were the same (38% compared to 27% - significant to 5%). Women in Bukavu were more likely to say that crime was worse (31% compared to 28%), and less likely to say that it was better (17% compared to 27% - significant to 5%). There were no significant differences between men and women regarding any type of perception in Lubumbashi.

#### *4.4.1.2. Perceptions against age*

Regarding age, the under 30s and over 30s shows little differences, the exceptions being business costs and crime. Business costs were considered better overall by under 30s, with 36% saying they were better compared to 29% of over 30s, and 17% saying they were worse compared to 24% of over 30s (significant to 0.5%). Crime-wise the over 30s overall thought it had got worse (29% compared to 21% - significant to 0.5%).

The difference in crime was evident both in Bukavu and Lubumbashi, but more marked in Bukavu. 28% of Bukavu under 30s thought it had improved, 23% of over 30s felt the same. But 35% of over 30s felt it had got worse, compared to 20% of under 30s (significant within 0.5%). Lubumbashi gave different results with the over 30s saying it was both better and worse than the under 30s, who were more likely to report no change (28% compared to 18% said it was the same – significant within 0.5%).

#### *4.4.1.3. Perceptions against business size*

There were more differences when it came to the size of the businesses. General business climate was thought to be better in small businesses (2-10 employees) (47% better), than both larger businesses (37% better), and sole traders (34% better – significant within 1%). Again, these calculations are not robust when considering Bukavu, but the result is significant again in Lubumbashi, where the difference is more marked with 49% of small businesses saying the general business climate is better compared to 37% of large businesses and 31% of sole traders (significant to within 0.5%).

Consumer prices have the same pattern, with smaller businesses again saying they have got better (34%) more than both larger businesses (33%) and sole traders (25% - significant within 2.5%). Again this pattern is observed to a greater extreme in Lubumbashi where the figures for small business are 41% better compared to 34% of large businesses and 31% of sole traders (significant within 2.5%).

Similarly business costs again favour the small business, with 34% saying better overall, compared to 26% of large firms. Sole traders also reported more improvements regarding costs (33% better) compared to large businesses (26% better – significant within 0.5%). The same pattern is observed in Bukavu and in Lubumbashi, however it is the sole trader in Lubumbashi who reports the greatest improvement in costs - 45% - compared to 37% of small businesses and 26% of large businesses (significant within 0.5%).

Improvements in business infrastructure, however, are noticed more by large businesses. 47% overall of large businesses report improvements, compared to 37% of small businesses, and 26% of sole traders (significant within 0.5%). This same pattern is observed in Bukavu and in Lubumbashi.

Overall there are no differences in perceptions of security. However, this masks a difference in Lubumbashi where 53% of sole traders (compared to 37% each of small businesses and large businesses) say it has improved (significant within 0.5%).

Perceptions of crime are also different by size. Sole traders report better circumstances 29% of the time compared to 22% of small firms and 12% of large businesses (significant within 0.5%). The difference is not observed in Bukavu, but is more extreme in Lubumbashi where 33% of sole traders compared to 18% of small businesses and 12% of large businesses report improvements in crime.

#### *4.4.1.4. Perceptions against profession*

Breakdown by profession sheds a little light on changes in the previous year. Most improvements overall were seen by public phone booth operators, shopkeepers, factory labourers and managers. On the other hand, things had got worse generally for cashiers and checkout assistants, those in the building trade, other professions and retailers. Given the predominance of retailers in Bukavu, this means improvements generally were seen in Lubumbashi rather than Bukavu.

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Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

	General business climate		Consumer prices		Business costs		Business infra-structure		Security		Crime		People in Profession
	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	
Building/Carpentry/Related Trades	19%	<b>52%</b>	<b>26%</b>	<b>44%</b>	15%	15%	<b>52%</b>	22%	<b>30%</b>	<b>44%</b>	15%	22%	27
Butcher/Baker/Cook/Similar	<b>53%</b>	20%	<b>40%</b>	13%	<b>47%</b>	20%	20%	<b>53%</b>	<b>27%</b>	<b>40%</b>	7%	20%	15
Cashier / check-out assistant	17%	<b>33%</b>	<b>25%</b>	<b>25%</b>	8%	17%	<b>25%</b>	<b>25%</b>	17%	<b>50%</b>	8%	<b>33%</b>	12
Dressmaker	<b>27%</b>	<b>27%</b>	18%	18%	<b>27%</b>	18%	<b>36%</b>	9%	<b>45%</b>	<b>27%</b>	9%	18%	11
Driver	<b>35%</b>	18%	<b>35%</b>	24%	<b>29%</b>	6%	24%	18%	<b>29%</b>	<b>35%</b>	12%	18%	17
Factory Labour/Similar	<b>45%</b>	<b>27%</b>	<b>55%</b>	<b>27%</b>	<b>36%</b>		<b>36%</b>	<b>36%</b>	<b>27%</b>	<b>36%</b>	18%	<b>27%</b>	11
Guard	<b>40%</b>		<b>40%</b>		<b>33%</b>		<b>33%</b>	13%	<b>40%</b>	20%	13%	<b>27%</b>	15
Hairdresser	<b>46%</b>	<b>31%</b>	<b>54%</b>	<b>31%</b>	<b>38%</b>	15%	23%	23%	<b>38%</b>	<b>38%</b>	23%	23%	13
Invoice clerk	23%	15%	15%	8%	<b>31%</b>		<b>31%</b>	8%	23%	<b>46%</b>	8%	<b>31%</b>	13
Manager	<b>53%</b>	13%	<b>42%</b>	19%	<b>50%</b>	19%	<b>45%</b>	<b>26%</b>	<b>45%</b>	<b>35%</b>	24%	<b>27%</b>	62
Merchant	<b>43%</b>	<b>28%</b>	<b>30%</b>	<b>30%</b>	<b>43%</b>	20%	<b>28%</b>	<b>25%</b>	<b>35%</b>	<b>40%</b>	<b>28%</b>	20%	40
No answer/illegible/unclear	<b>41%</b>	<b>35%</b>	24%	<b>47%</b>	18%	24%	18%	<b>47%</b>	<b>29%</b>	<b>35%</b>	<b>29%</b>	24%	17
Other professions < 1% each	<b>36%</b>	22%	<b>34%</b>	<b>27%</b>	19%	17%	24%	<b>41%</b>	<b>32%</b>	<b>41%</b>	14%	<b>37%</b>	59
Other services	<b>56%</b>	18%	<b>38%</b>	15%	<b>26%</b>	9%	<b>35%</b>	<b>26%</b>	<b>29%</b>	<b>41%</b>	18%	<b>32%</b>	34
Pharmacy	<b>56%</b>	8%	<b>44%</b>	16%	<b>36%</b>	12%	<b>28%</b>	<b>28%</b>	<b>40%</b>	<b>32%</b>	20%	16%	25
Public phone booth	<b>50%</b>	7%	<b>57%</b>	7%	<b>57%</b>		<b>29%</b>	14%	<b>36%</b>	<b>29%</b>	14%	21%	14
Retailer	<b>37%</b>	<b>28%</b>	23%	<b>41%</b>	<b>26%</b>	<b>32%</b>	<b>32%</b>	<b>34%</b>	<b>34%</b>	<b>41%</b>	<b>27%</b>	<b>26%</b>	337
Retailer and Wholesaler	<b>42%</b>	8%	17%	<b>50%</b>	<b>33%</b>	8%	<b>50%</b>	8%	<b>33%</b>	17%	17%	<b>25%</b>	12
Salesman	<b>45%</b>	<b>30%</b>	<b>33%</b>	<b>26%</b>	<b>38%</b>	24%	<b>51%</b>	17%	<b>44%</b>	<b>33%</b>	11%	10%	87
Secretary/Receptionist	<b>33%</b>	8%	17%	8%	<b>25%</b>	8%	<b>33%</b>	17%	<b>33%</b>	<b>25%</b>	8%	<b>25%</b>	12
Shopkeeper	<b>48%</b>	19%	<b>43%</b>	24%	<b>43%</b>	10%	<b>48%</b>	<b>29%</b>	<b>57%</b>	<b>33%</b>	<b>48%</b>	14%	21
Welder	<b>45%</b>	9%	<b>55%</b>		<b>36%</b>		18%	<b>36%</b>	18%	<b>27%</b>		18%	11
Wholesaler	<b>56%</b>	19%	<b>39%</b>	<b>33%</b>	<b>40%</b>	19%	<b>49%</b>	23%	<b>40%</b>	<b>34%</b>	21%	<b>43%</b>	70
Total	42%	24%	31%	30%	32%	21%	35%	29%	36%	37%	21%	26%	935

Table 11 Changes in business climate since previous year.

4.4.1.5. Summary of changes since previous year

What does all the above tell us about perceptions of change in the two locations since the previous year? Overall, we can surmise that there is generally little difference on the basis of gender. Crime shows a minor differences on age and gender, with females and younger people particularly in Bukavu thinking things had got worse. However, reports of crime are likely to be highly linked to personal experience and may reflect this. Less change is overall is reported by larger businesses; their size may give more stability, whereas smaller operations report more improvements overall. Improvements are also significantly higher in Lubumbashi rather than Bukavu which may reflect diversity of profession there, an environment which favours smaller enterprises, and greater expectation of stability. General views may also be influenced by recent experience, and Bukavu's historical

instability may also be reflected in the results.

#### 4.4.2. Compared to earlier in the year

Earlier in the year there is again little variation between the locations, however, it is significant. Overall, Lubumbashi is marginally more positive about the recent past than Bukavu. The evidence generally points to a stable Lubumbashi, but a volatile Bukavu, as Lubumbashi has generally more responses in the “Same” category in every area except business costs, and even the difference is of an order of 1% in favour of Bukavu. Overall, Bukavu reports things both better *and* worse more than Lubumbashi, where they differ overall is a question of to what extent things remained the same.

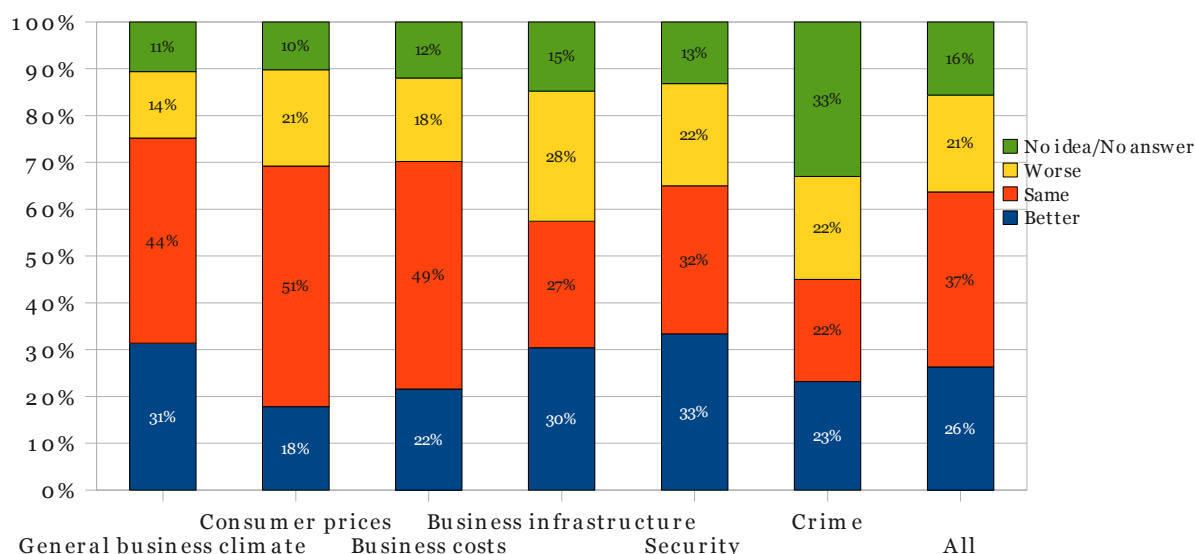


Figure 11 Business perceptions compared to the earlier in the year in Bukavu.

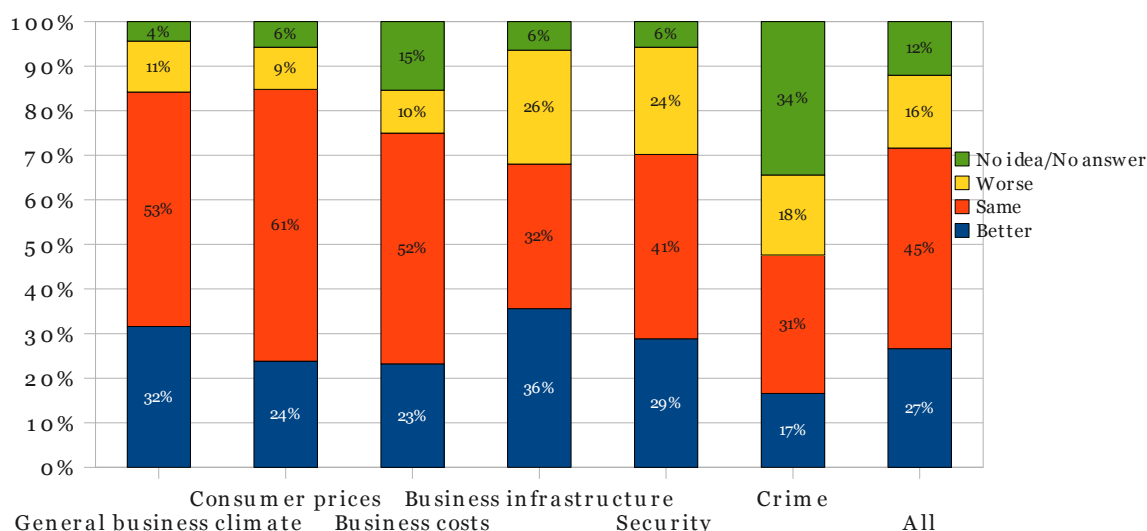


Figure 12 Business perceptions compared to the earlier in the year in Lubumbashi.

#### 4.4.2.1. Perceptions against gender

Overall there are no significant differences between women and men on perceptions earlier in the year, with the exception of perceptions of crime. Curiously, men think it is both better (22% compared to 18% women) and worse (22% compared to 18% women), women are far more likely to have no idea (40% compared to 27% men – significant to 0.5%).

There are some localised differences. In Bukavu there is a significant difference between men and women on general business climate, again, men think that it is both better (34% compared to 31% of women) and worse (17% compared to 11% of women – significant to 5%), which may indicate that men in Bukavu experienced volatility more readily than women. Women in Bukavu also think consumer prices have improved recently with 25% saying they have improved compared to 17% of men (significant to 5%), however, they also feel security has deteriorated (26% worse compared to 21% of men – significant to 2.5%). On the other hand, regarding crime, men again report both better and worse circumstances than women in Bukavu – 27% say better (compared to 19% women), and 25% worse (compared to 21% women), again indicating more volatile recent experience.

In Lubumbashi, women report improved business costs more than men (26% compared to 20% men – significant to 5%), and improved business infrastructure (30% better compared to 24% better for men – significant to 5%). Perceptions of crime again differ between women and men in Lubumbashi, while the same proportion think it is better (17% both), women think it is worse more than men (19% worse, compared to 16% worse for men – significant to 0.5%).

#### 4.4.2.2. Perceptions against age

Generally, the under 30s appear to experience more volatility recently with under 30s more likely to say the general business climate has both improved (37% compared with 29% of over 30s) and got worse (16% compared to 12% of over 30s – significant to 0.5%). Consumer prices would seem to have recently benefited the younger, with 27% saying they had got better compared to 18% of over 30s (significant to 0.5%). Generally, as well, younger people reported experiencing more security recently, with 37% saying it had got better compared to 29% of older people (significant to 1%). Similarly, with crime, younger people were more positive – 24% said it had got better compared to 19% of older people (significant to 5%).

In Bukavu there was a more pronounced impression of the general economic climate between younger and older people. Younger people were again more volatile – 42% said it got better compared to 28% in the older category, and 19% said it had got worse compared to 14% in the older group (significant to 0.5%). The same difference was also observed in Lubumbashi, but to a lesser extreme: 34% said it got better (compared to 30% of the older group), 14% said it got worse (compared to 10% of the older group – significant to 2.5%). Clearly there is more volatility in the general economic climate in Bukavu than in Lubumbashi, and for younger people in general in both areas, but more so in Bukavu.

Again, in Bukavu, there was more recent improvements in consumer prices to a more pronounced degree – 27% of younger people said they had got better recently, compared to 14% of older people, whereas in Lubumbashi 27% of younger said they had got better

compared to 22% of older people.

There were no differences on age between Lubumbashi or Bukavu regarding business costs or business infrastructure, however, the younger people in Lubumbashi reported improvements in security (34% compared to 26% of older people – significant to 0.5%). There was more change in Bukavu where 41% of younger people compared to 32% of older people had experience recent improvements (significant to 0.5%). There was no difference in experience of crime in Bukavu, but Lubumbashi 22% of younger people said it had got better recently, compared to 14% who said it had got worse (significant to 0.5%).

#### *4.4.2.3. Perceptions against business size*

Business size also made a difference in how recent change was viewed. Small businesses again reported an improvement in the general economic climate compared to sole traders and large businesses (34% small business said better, 33% of sole traders, 28% of large businesses. Smaller businesses were also more likely than large businesses to report things getting worse as well, 17% of sole traders and 13% of small businesses said the general climate had got worse, compared to 7% of large businesses (significant to 0.5%). These trends were evident both in Bukavu and Lubumbashi.

Consumer prices showed less variability, but did seem to be more noticed by larger businesses (23% of larger said they had improved, 22% of small businesses, and 21% of sole traders). However, small businesses were also more likely to say they had got worse (13% sole traders, 18% small businesses versus 5% large businesses – significant to 0.5%). Generally, while the trend was the same for Bukavu and Lubumbashi, it was more pronounced in Lubumbashi where nearly 41% of small businesses said consumer prices had got better (significant to within 2.5%).

Business costs also varied between businesses, favouring small businesses: 25% said they had improved compared to 23% of sole traders and 20% of larger businesses (significant to 0.5%). Business infrastructure, conversely, had improved more for large businesses – 33% said it had improved, 29% of smaller businesses agreed, but only 20% of sole traders agreed (significant to 0.5%). Both Bukavu and Lubumbashi followed this trend, but again Lubumbashi reported higher results.

Business infrastructure again had improved more for larger firms than smaller – 47% of large firms, 37% of small businesses, and 26% of sole traders said it had got better recently (significant to 0.5%). The same pattern was observed in both areas.

There was no difference on security overall. But this did mask a difference between firms in Lubumbashi, where 53% of sole traders said security had got better (compared to 35% of small business and 37% of large businesses – significant to 0.5%). Crime had also improved more for sole traders – 29% said it had got better, 21% of small businesses agreed, and 12% of large businesses agreed (significant to 0.5%), however again this was limited to the data from Lubumbashi 33% said it got better, 18% of small businesses and 12% of large businesses (significant to 0.5%)

4.4.2.4. Perceptions by Profession

Differences by profession also show us some startling differences. Firstly is the short-term improvement in perceptions of crime overall. Those professions saying things generally got better include managers, cashiers and check out assistants, drivers and those involved in other services. Clearly there has been quite a bit of short term change, and even retailers report more improvements than things getting worse. The least recent change is experienced by factory workers, welders and phone booth operators.

	General business climate		Consumer prices		Business costs		Business infrastructure		Security		Crime		Total in profession
	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	
Building/Carpentry/Related Trades	19%	11%	15%	11%	7%	19%	<b>33%</b>	22%	19%	<b>30%</b>	<b>67%</b>		27
Butcher/Baker/Cook/Similar	20%	20%	20%	13%	13%	13%	<b>27%</b>	7%	<b>33%</b>	<b>33%</b>	<b>33%</b>	7%	15
Cashier / check-out assistant	<b>33%</b>		<b>25%</b>	8%	17%		<b>33%</b>	8%	<b>25%</b>	17%	<b>50%</b>		12
Dressmaker	<b>27%</b>	9%	<b>27%</b>	9%	<b>36%</b>	9%	18%	<b>27%</b>	<b>27%</b>	<b>27%</b>	<b>55%</b>	9%	11
Driver	<b>35%</b>	12%	24%	6%	24%	6%	<b>29%</b>	12%	<b>41%</b>	18%	<b>41%</b>	6%	17
Factory Labour/Similar	9%	<b>27%</b>	18%	18%	18%	9%	18%	<b>27%</b>	18%	<b>36%</b>	<b>82%</b>	9%	11
Guard	20%		20%		13%	7%	7%	7%	<b>27%</b>	13%	<b>27%</b>	7%	15
Hairdresser	23%		<b>31%</b>		23%		<b>31%</b>	8%	23%	15%	<b>62%</b>		13
Invoice clerk	23%	8%	15%		23%	8%	15%	8%	23%	<b>38%</b>	15%	8%	13
Manager	<b>51%</b>	5%	<b>39%</b>	11%	<b>43%</b>	10%	<b>44%</b>	8%	<b>38%</b>	21%	<b>46%</b>	13%	61
Merchant	<b>37%</b>	15%	22%		22%	2%	<b>29%</b>	22%	<b>37%</b>	<b>34%</b>	<b>56%</b>	7%	41
No answer/illegible/unclear	<b>30%</b>	<b>25%</b>	20%	<b>25%</b>	15%	10%	20%	20%	15%	20%	<b>60%</b>		20
Other professions < 1% each	23%	16%	16%	14%	16%	12%	16%	23%	18%	19%	<b>54%</b>	4%	57
Other services	<b>32%</b>	12%	<b>26%</b>	6%	<b>26%</b>	6%	<b>35%</b>	21%	24%	24%	<b>59%</b>		34
Pharmacy	<b>40%</b>	8%	<b>32%</b>		20%		16%	20%	<b>36%</b>	<b>28%</b>	<b>44%</b>	4%	25
Public phone booth	<b>31%</b>	23%	8%	15%	8%	15%	15%	15%	<b>31%</b>	<b>31%</b>	<b>54%</b>		13
Retailer	<b>31%</b>	16%	18%	23%	22%	21%	<b>25%</b>	<b>29%</b>	<b>38%</b>	23%	<b>51%</b>	5%	360
Retailer and Wholesaler	<b>46%</b>	<b>31%</b>	23%	<b>38%</b>	<b>31%</b>	<b>31%</b>	<b>38%</b>	15%	<b>38%</b>	8%	<b>54%</b>		13
Salesman	<b>37%</b>	17%	<b>25%</b>	15%	<b>28%</b>	15%	<b>33%</b>	13%	<b>31%</b>	<b>26%</b>	<b>26%</b>	6%	87
Secretary/Receptionist	17%	8%	17%	8%	17%	8%	<b>33%</b>	17%	<b>42%</b>	<b>25%</b>	<b>42%</b>		12
Shopkeeper	<b>43%</b>	10%	<b>29%</b>	10%	<b>33%</b>	10%	<b>29%</b>	24%	<b>33%</b>	<b>29%</b>	<b>62%</b>	10%	21
Welder	18%	9%	18%		18%		9%	<b>36%</b>	<b>27%</b>	<b>27%</b>	<b>27%</b>		11
Wholesaler	<b>44%</b>	3%	<b>25%</b>	17%	<b>28%</b>	13%	<b>36%</b>	19%	<b>29%</b>	22%	<b>40%</b>	14%	72
Total	<b>33%</b>	13%	22%	16%	23%	14%	<b>27%</b>	21%	<b>32%</b>	24%	<b>48%</b>	6%	

Table 12 Changes in business environment compared to earlier in the year.

4.4.3. Expectations for next year

Expectations , on the other hand, were far more optimistic, although there was also considerable insecurity, and Lubumbashi was also more optimistic than Bukavu. Bukavu showed a little more apprehension and there were overall marginally more pessimism in Bukavu, perhaps reflecting its historical experience, than in Lubumbashi.

Lubumbashi was significantly more optimistic than Bukavu regarding general business climate (73% better compared to 65% better in Bukavu – significant to 0.5%), consumer prices (71% better compared to 57% better in Bukavu), business costs (69% compared to 59%), business infrastructure (67% compared to 61%), and security (70% compared to

61%). Bukavu was, however felt there would be more improvements in crime (50% compared to 46% in Lubumbashi – all significant to 0.5%).

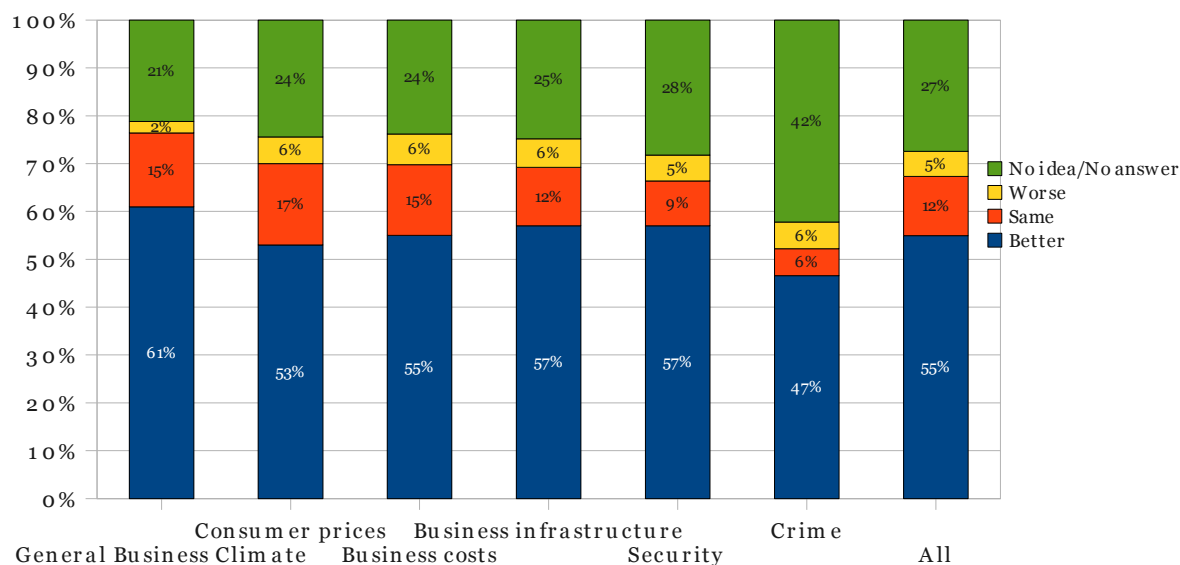


Figure 13 Business expectations for the coming year in Bukavu.

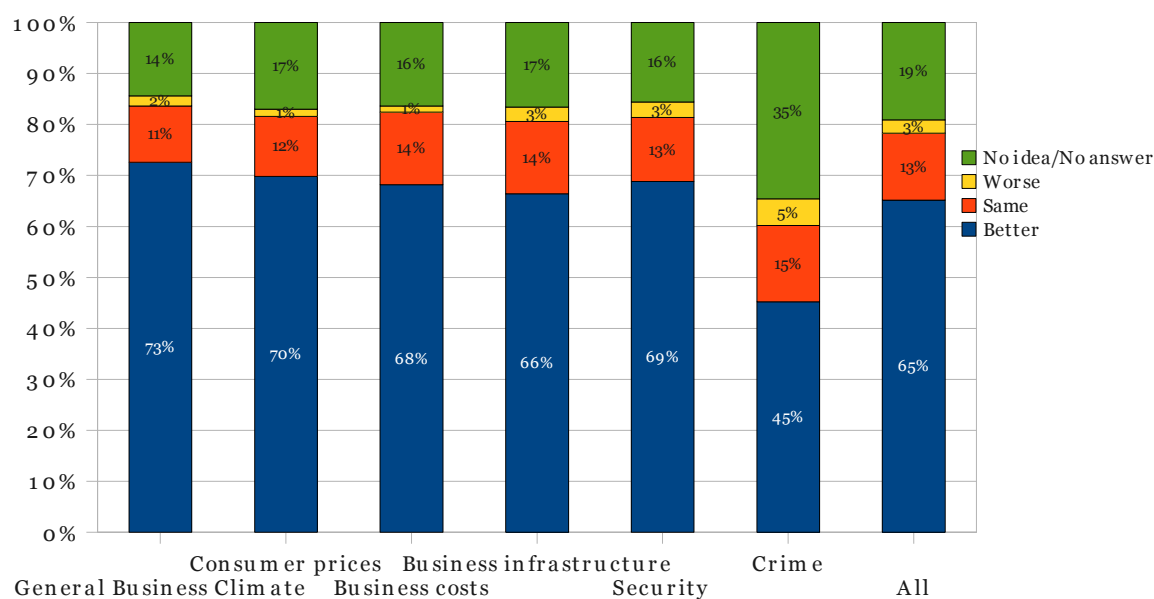


Figure 14 Business expectations for the coming year in Lubumbashi.

#### 4.4.3.1. Expectations and gender

Overall there was no difference in expectations on general economic climate against gender, apart from in Lubumbashi, where women were more likely to say it would be better than men (77% versus 71% - significant to 1%). There were no differences regarding expectations of consumer prices, and none on business costs.

Regarding infrastructure, again women were more optimistic than men (70% versus 63% - significant to 5%), this was not observed in Bukavu, and indeed the Lubumbashi sample showed that women were more optimistic there (73% compared to 65% - significant to 0.5%). The same pattern was evident regarding security, with 73% of women expecting it to be better, but only in Lubumbashi. For the whole sample, there was no significant difference. There were no differences regarding expectations of crime.

#### *4.4.3.2. Expectations and age*

Overall the general climate was expected to be better more by younger people than older people (74% versus 66% - significant to 0.5%), this was true in Bukavu (76% versus 59% - significant to 0.5%), but not in Lubumbashi (72% versus 74%). The young were also optimistic about consumer prices generally (70% better versus 61% better for the older – significant to 0.5%). Again this was more heightened in Bukavu (70% versus 50% - significant to 0.5%), but not in Lubumbashi (69% versus 72%). The younger were also more optimistic about business costs overall (71% better versus 60% better – significant to 0.5%), again more in Bukavu (72% better for the young, 53% better for the older – significant to 0.5%), but no difference in Lubumbashi (70% versus 68%).

Similarly, business infrastructure was expected to be better by young people more than old (69% better, compared to 61% better for older – significant to 0.5%), and in Bukavu (72% better, 56% better for the old – significant to 0.5%) rather than Lubumbashi (67% each). Security is equally expected to be better (69% for young, 63% for older – significant 2.5%), again this is more in Bukavu (68% younger say better, 57% older say better) than in Lubumbashi, (69% versus 70% - no difference). Younger people are also more optimistic about crime (52% better for younger, 45% better for older – significant to 0.5%). Yet again, this is more in Bukavu (59% for younger, 45% for older) than in Lubumbashi (47% better compared to 45% better – no difference).

#### *4.4.3.3. Expectations and business size*

Expectations of general economic climate on business size showed no significant differences overall, and Bukavu is too small to generate good results, however, in Lubumbashi, small businesses were more optimistic (77%) than large businesses (74%) and sole traders (58% - significant to 0.5%). Overall consumer prices were expected to improve the larger the business (73% large, 63% small, 58% sole trader- significant to 0.5%), more so in Lubumbashi (75% large, 74% small, 50% sole trader – significant to 0.5%). There was no difference overall on business costs, except in Lubumbashi, where small businesses were more optimistic (73%) than either sole traders (52%) or large businesses (70% - significant to 2.5%).

Infrastructure was expected to improve more by large businesses (71%) than small businesses (64%) or sole traders (57% - significant to 0.5%), again, more in Lubumbashi than in Bukavu where the figures show large businesses more optimistic (72%) than small businesses (70%) and sole traders (45% - significant to 0.5%).

Similar patterns are observed with regards to security (73% better for large, 65% better for small businesses, and 61% better for sole traders – 0.5%), with more pronounced

differences in Lubumbashi (75% better for large, 71% better for small, and 57% better for sole traders (significant to 2.5%).

There are significant differences on expectation on crime, overall sole traders thought crime would get better (51%) more than small businesses (47%) and large businesses (48% significant to 1%), however there were no significant differences in Lubumbashi.

4.4.3.4. Expectations and profession

Looking at profession of respondent, we see there are high expectations more or less across the board, and very little negative expectations. Most optimistic of all are managers, cashiers and checkout assistants, factory labourers, and building tradesmen, and drivers. Most pessimistic are invoice clerks, welders, guards and shopkeepers (mostly in Lubumbashi). The retailers, mostly in Bukavu, are moderate in comparison.

	General business climate		Consumer prices		Business costs		Business infra-structure		Security		Crime		Total
	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	Better	Worse	
Building/Carpentry/Related Trades	81%	0%	78%	0%	70%	0%	74%	0%	74%	0%	67%	0%	27
Butcher/Baker/Cook/Similar	67%	0%	67%	0%	53%	0%	60%	0%	47%	7%	33%	7%	15
Cashier / check-out assistant	83%	0%	92%	0%	92%	0%	83%	0%	83%	0%	50%	0%	12
Dressmaker	91%	0%	82%	0%	82%	0%	73%	0%	73%	9%	55%	9%	11
Driver	71%	0%	76%	0%	65%	0%	71%	0%	76%	0%	41%	6%	17
Factory Labour/Similar	91%	9%	91%	0%	82%	0%	82%	9%	82%	9%	82%	9%	11
Guard	53%	0%	53%	7%	47%	0%	47%	0%	53%	7%	27%	7%	15
Hairdresser	77%	0%	77%	0%	77%	0%	77%	0%	77%	0%	62%	0%	13
Invoice clerk	46%	8%	46%	8%	46%	8%	46%	8%	38%	8%	15%	8%	13
Manager	92%	0%	87%	0%	90%	0%	89%	0%	89%	2%	46%	13%	61
Merchant	71%	2%	66%	0%	68%	0%	56%	7%	73%	5%	56%	7%	41
No answer/illegible/unclear	70%	0%	70%	0%	75%	0%	70%	0%	75%	0%	60%	0%	20
Other professions < 1% each	72%	7%	70%	2%	67%	2%	70%	2%	65%	4%	54%	4%	57
Other services	74%	0%	71%	0%	74%	0%	71%	0%	71%	0%	59%	0%	34
Pharmacy	80%	4%	60%	4%	56%	4%	56%	16%	60%	8%	44%	4%	25
Public phone booth	77%	0%	77%	0%	77%	0%	85%	0%	77%	8%	54%	0%	13
Retailer	64%	3%	56%	5%	59%	6%	60%	6%	61%	5%	51%	5%	360
Retailer and Wholesaler	85%	0%	85%	0%	85%	0%	85%	8%	85%	8%	54%	0%	13
Salesman	72%	1%	70%	2%	68%	2%	66%	5%	71%	1%	26%	6%	87
Secretary/Receptionist	58%	0%	58%	0%	58%	0%	58%	0%	58%	0%	42%	0%	12
Shopkeeper	67%	5%	67%	5%	71%	5%	67%	5%	67%	5%	62%	10%	21
Welder	64%	0%	45%	0%	55%	0%	27%	0%	45%	0%	27%	0%	11
Wholesaler	61%	1%	47%	13%	44%	17%	54%	11%	50%	11%	40%	14%	72
<b>Total</b>	<b>70%</b>	<b>2%</b>	<b>64%</b>	<b>4%</b>	<b>64%</b>	<b>4%</b>	<b>64%</b>	<b>5%</b>	<b>65%</b>	<b>4%</b>	<b>48%</b>	<b>6%</b>	<b>961</b>

Table 13 Expectations of the business climate for the coming year by profession.

## 5. Conclusions

This study was prompted by an understanding of Lubumbashi as more economically prosperous as a result of good governance and peace than Bukavu. While there is some evidence that supports this view, the findings are not conclusive. For example, Lubumbashi is more optimistic about its future, but suffers from problems which are not explored by any public rhetoric. It is true that Lubumbashi appears more stable overall, however, this is generally focused in the larger businesses, employment is the norm, and problems such as low incomes and poor working conditions are evident. On the positive side, Lubumbashi also has more education in the business sector, and is more ethnically diverse. In terms of perceptions and hopes, Lubumbashi has more evidence of expectations of peace and stability.

On the other hand, Bukavu is characterised by volatility, both negative and positive. This may reflect its entrepreneurial nature, or history, or both, given that military crisis can be seen as opportunity for many types of business. Incomes are higher, but business turnover is lower, and there is an established class of business people involved in trading goods. Bukavu has lower education standards and is dominated by one ethnic group. Those interviewed also appeared to less certain about the future, instability was a feature of perceptions.

Major problems in Lubumbashi include the electricity supply. Bukavu complains more of excessive taxation but the electricity supply is also a major problem. Governance as an issue was not raised significantly by respondents in this research (although harassment by state officials was a minor issue, more in Bukavu than in Lubumbashi). Lubumbashi may be easier to govern than Bukavu with its more independent traits such as entrepreneurship, and not suffering significant military incursion. However, there is overall significant *demand* for governance in both cities, in particular in dealing with problems such as excessive taxation in Bukavu and the electricity supply in Lubumbashi.

## 6. Appendices

### 6.1. Survey in French

Enquête de recherches

République Democratic du Congo, Août/septembre 2008

Nombre d'interviewer: \_\_\_\_\_

Date \_\_\_\_\_

A. Caractéristiques d'interviewé

USIP

Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

1. Genre: mâle/femelle                      2. Travaille \_\_\_\_\_

3. Âge \_\_\_\_\_                              4. Groupe ethnique \_\_\_\_\_

4. Éducation: (a) Aucun      (b) Certains École primaires (c) Ecole Primaires

(d) Certains École secondaire (e) École secondaire (f) Université

(g) Formation technique      (h) Autre \_\_\_\_\_

5. Durée dans le métier \_\_\_\_\_

6. Revenu personnel moyen (semaine/mois): \_\_\_\_\_

7. Chiffre d'affaires moyen (semaine/mois): \_\_\_\_\_

B. Environnement d'affaires

1. Possédez-vous vos affaires ? Oui/Non      2. Nombre d'employés \_\_\_\_\_

3. Vous avez été aidé par le gouvernement?

(a) Financier (b) L'autre aide      (c) Non

4. Vous avez été aidé par le ONG?

(a) Financier (b) L'autre aide      (c) Non

5. Par ordre d'importance, quel sont les trois problèmes principaux se posant à des affaires

dans ce secteur?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

6. Qui devrait résoudre chaque problème?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

B. Environnement d'affaires (continu)

7. Par ordre d'importance, appelez trois améliorations dans les environnements commerciaux

au cours de la dernière année?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

C. Perceptions d'affaires

1. Comparé à l'année dernière, comment vous évalueriez le suivant?

Meilleur    Même    Mauvais    Aucune idée

a. Climat économique général

b. Prix généraux

c. Coûts d'affaires

d. Infrastructure d'affaires

e. Sécurité

f. Crime

2. Comparé à plus tôt cette année, comment vous évalueriez le suivant?

Meilleur    Même    Mauvais    Aucune idée

a. Climat économique général

b. Prix généraux

c. Coûts d'affaires

d. Infrastructure d'affaires

e. Sécurité

f. Crime

3. Comment vous vous attendez à ce que le suivant soit l'année prochaine?

Meilleur    Même    Mauvais    Aucune idée

a. Climat économique général

b. Prix généraux

c. Coûts d'affaires

d. Infrastructure d'affaires

e. Sécurité

f. Crime

## 6.2. Survey in English

Research Survey

Democratic Republic of the Congo, Aug/Sept 2008

Interviewer Number: \_\_\_\_\_

Date \_\_\_\_\_

A. Interviewee Characteristics

1. Gender: Male/Female                      2. Occupation \_\_\_\_\_

3. Age \_\_\_\_\_                              4. Ethnic Group \_\_\_\_\_

4. Education: (a) No formal      (b) Some Primary      (c) Primary

(d) Some Secondary      (e) Secondary      (f) Tertiary

(g) Vocational      (h) Other \_\_\_\_\_

5. Duration in Occupation \_\_\_\_\_

6. Average weekly/monthly personal income: \_\_\_\_\_

7. Average weekly/monthly business turnover: \_\_\_\_\_

B. Business Environment

1. Do you own your business? Yes/No      2. Number of Employees \_\_\_\_\_

3. Have you ever received assistance from the government?

(a) Financial (b) Other assistance (c) No

4. Have you ever received assistance from NGOs?

USIP

Findings of Socio-Economic Survey Undertaken in Lubumbashi and Bukavu, Democratic Republic of Congo

(a) Financial (b) Other assistance (c) No

5. In order of importance, what are the three main problems facing business in this area?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

6. Who should resolve each problem?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

B. Business Environment (contd.)

7. In order of importance, name three improvements in the business environments over the past year?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

### C. Business Perceptions

1. Compared to last year, how would you rate the following?

Better    Same    Worse    No Idea

a. General business climate

b. Consumer prices

c. Business costs

d. Business infrastructure

e. Security

f. Crime

2. Compared to earlier this year, how would you rate the following?

Better    Same    Worse    No Idea

a. General business climate

b. Consumer prices

c. Business costs

d. Business infrastructure

e. Security

f. Crime

3. How do you expect the following to be next year?

Better    Same    Worse    No Idea

a. General business climate

b. Consumer prices

c. Business costs

d. Business infrastructure

e. Security

f. Crime

### **6.3. Acknowledgements**

The research process was greatly eased by using a number of fixers and helpers both in Rwanda and in the DRC. Each of them provided help in transport, including drivers, tickets, clearances, accommodation, currency exchange and local knowledge. They asked to be acknowledged in this report.

Christophe “Position Normal Full Option” Maalwa works in Bukavu, and he is even recommend by a local bishop. Christophe also has an associate in Goma called Sese (who

can be contacted via Christophe) to provide similar services. Christophe speaks French and Swahili and a little English. He is available on +243 998623646, +250 08472650 or christopheebukavu@yahoo.fr.

Evode in Rwanda was very useful in providing transport and accommodation arrangements, and drove the TR team from Kigali to the border with DRC. Evode speaks French, Swahili, Kinyarwanda and reasonable English. He can be found at Kigali airport or at Hotel Mille Collines, where he is known well.

Also thanks to Étienne from Lubumbashi who assisted one of our researchers negotiate with officials at Goma, and the elderly Belgian gentleman who stopped to give the TR research team a lift after breaking down near Cyangugu.