

## **Democratic Republic of the Congo: Poverty Reduction Strategy Paper**

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# DEMOCRATIC REPUBLIC OF THE CONGO

## GROWTH AND POVERTY REDUCTION STRATEGY PAPER

SECOND GENERATION

GPRSP<sup>2</sup>  
2011 - 2015

VOLUME 1

OCTOBER 2011





Democratic Republic of the Congo



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**SECOND GENERATION  
GROWTH AND POVERTY REDUCTION STRATEGY PAPER  
(GPRSP 2)**

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**VOLUME 1**

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## ABBREVIATIONS AND ACRONYMS

<b>AMANI</b>	: Program for the Security, Pacification, Stabilization and Reconstruction of North and South Kivu
<b>ARI</b>	: Acute Respiratory Infections
<b>ASYCUDA</b>	: Automated System for Customs Data (SYDONIA+++)
<b>BCG</b>	: Tuberculosis vaccine
<b>BIVAC</b>	: Bureau for Inspection, Valuation, Assessment and Control (Bureau for the Inspection of Services and Verification of Import Values Before and after shipping)
<b>BMI</b>	: Body Mass Index
<b>BTP</b>	: Public works and civil engineering
<b>CAMI</b>	: Mining Registry
<b>CDI</b>	: Tax Office
<b>CEEC</b>	: Evaluation, Expertise and Certification Centre for precious and semi precious substances
<b>CENI</b>	: National Independent Electoral Commission
<b>CII</b>	: Interdepartmental Information Technology Coordination Mechanism
<b>CIPOR</b>	: The Eastern Province Cement Factory
<b>COREF</b>	: Steering Committee for Public Finance Reform
<b>CPCM</b>	: Standing Committee for the Macroeconomic Framework
<b>CPI</b>	: Consumer Price Index
<b>CSMOD</b>	: Strategic Framework for the implementation of Decentralization
<b>CSR</b>	: Police Reform Monitoring Committee
<b>CTR</b>	: Technical Committee for Reform Monitoring
<b>DDR</b>	: Demobilization, Disarmament and Reintegration
<b>DEVINFO</b>	: Database system used for the compilation and dissemination of human development data.
<b>DPSI</b>	: Industrial Policies and Strategies Paper
<b>DTP</b>	: Diphtheria, tetanus and pertussis
<b>ECCAS</b>	: Economic Community of Central African States
<b>EITI</b>	: Extractive Industries Transparency Initiative
<b>EPI</b>	: Expanded Program on Immunization
<b>ESB</b>	: Budgetary monitoring statements
<b>ESU</b>	: Higher and university education
<b>FAO</b>	: United Nations Food and Agriculture Organization
<b>FARDC</b>	: Armed forces of the DRC
<b>FDLR</b>	: Democratic Forces for the Liberation of Rwanda
<b>FINEAD</b>	: National Database of Local Administrative Entities
<b>FLEGT</b>	: Forest Law Enforcement Governance and Trade
<b>FONER</b>	: National Road Maintenance Fund
<b>GAVI Alliance</b>	: Global Alliance for Vaccines and Immunization
<b>GDP</b>	: Gross Domestic Product
<b>GECAMINES</b>	: Générales de Carrières et des Mines
<b>GFCF</b>	: Gross fixed capital formation
<b>GMRRR</b>	: Joint Reflection Group on the Reform and reorganization of PNC
<b>GPHC</b>	: General Population and Housing Census
<b>GPRSP</b>	: Growth and Poverty-Reduction Strategy Paper
<b>HIMO</b>	: Highly Labor-Intensive Methods and Techniques
<b>HIPC</b>	: Heavily Indebted Poor Countries or Country
<b>ICCN</b>	: Congolese Institute for Nature Conservation
<b>IEC</b>	: Information, Education and Communication
<b>IGT</b>	: Inspectorate-General of Labor
<b>ILO</b>	: International Labor Office
<b>IMIS</b>	: Integrated Information Management System
<b>INERA</b>	: National Institute for Agronomic Study and Research
<b>INS</b>	: National Statistics Institute
<b>LCVS</b>	: Combating sexual violence
<b>MCMB-RDC</b>	: Macroeconomic and Budget Framework Model for the Democratic Republic of the Congo
<b>MDRI</b>	: Multilateral Debt Relief Initiative
<b>MEGC</b>	: Comprehensive, balanced, calculable model
<b>MICS</b>	: Multiple Indicator Cluster Survey
<b>NIF</b>	: Tax or Taxpayer Identification Number
<b>OHADA</b>	: Organization for the Harmonization of Business Law in Africa
<b>OI</b>	: Opportunistic infections
<b>ONEM</b>	: National Employment Office
<b>PAG</b>	: Good Governance Support Project
<b>PAIDECO</b>	: Support Program for community development initiatives

<b>PARSAR</b>	: Agricultural and Rural Sector Rehabilitation Support Project
<b>PASU</b>	: Social Emergency Action Project
<b>PCP</b>	: Peace-building agenda
<b>PEASU</b>	: Water and Sanitation Project in Semi-Urban Areas
<b>PEG</b>	: Government's Economic Program
<b>PEP</b>	: Post-exposure prophylaxis
<b>PGAI</b>	: Aid and Investment Management Platform
<b>PIEGMA</b>	: Program providing effective information for better management of the labor market
<b>PIR</b>	: Enhanced Interim Program
<b>PLWHIV</b>	: People living with HIV/AIDS
<b>PMEDE</b>	: Project for the Development of electricity supply for Domestic consumption and exportation
<b>PMTCT</b>	: Prevention of Mother to Child Transmission
<b>PMURIS</b>	: Emergency Multi-sectoral Program of Reconstruction of Socio-economic Infrastructure
<b>PMURR</b>	: Multisectoral Program for Urgent Rehabilitation and Reconstruction
<b>PNDS</b>	: National Health Development Plan
<b>PNFOCO</b>	: National Forest and Nature Protection Project
<b>PNG</b>	: Government's net position
<b>PNMLP</b>	: National Multi-sectoral Program to combat Poverty
<b>PNSA</b>	: National Adolescents Health Program
<b>PNSR</b>	: National Reproductive Health Program
<b>PRAPE</b>	: Agricultural Sector Stimulus Program for the Equator Province
<b>PRAPO</b>	: Agricultural Sector Stimulus Program for the Eastern Province
<b>PRC</b>	: Relay Consolidation Program
<b>PRCG</b>	: Good Governance Capacity Building Project
<b>PRESAR</b>	: Rural and Agricultural Sector Rehabilitation Project in the Provinces of Katanga, East Kasai and West Kasai
<b>PRGF</b>	: Poverty Reduction and Growth Facility
<b>PRODAP</b>	: Tanganyika Integrated Regional Development Program
<b>PROMINES</b>	: Mineral Promotion Agency
<b>PRSP-I</b>	: Interim Poverty Reduction Strategy Paper
<b>PSRFP</b>	: Strategic Plan for Public Finance Reform
<b>PSSF</b>	: IMF Staff Monitored Program
<b>PSVE</b>	: Primary, Secondary and Vocational Education
<b>PWS</b>	: Potable Water Supply
<b>RAAAP</b>	: Rapid Survey of the Situation of Orphans and Vulnerable Children (OVC)
<b>REDD</b>	: Reducing Emissions from Deforestation and Forest Degradation
<b>REGIDESO</b>	: Congo National Water Supply Utility
<b>RGPH</b>	: General Population and Housing Census
<b>RPP</b>	: REDD Readiness Preparation Proposal
<b>S.E.Z.</b>	: Special Economic Zones
<b>SADC</b>	: Southern African Development Community
<b>SAESSCAM</b>	: Service for Assistance and Organization of Artisanal and Small-scale Mining
<b>SAM</b>	: Social Accounting Matrix
<b>SAPMP</b>	: Southern Africa Energy Market Project
<b>SCRIP</b>	: Growth and Poverty Reduction Strategy
<b>SDRs</b>	: Special drawing rights
<b>SENASEM</b>	: National Seeds Service
<b>SIE</b>	: Energy Information System
<b>SME/SMI</b>	: Small and Medium-Sized Enterprises and Crafts / small and medium-sized industries
<b>SOPPOC</b>	: National poll on perceptions of poverty by the population of Congo
<b>SRSS</b>	: Health Sector Capacity-building Strategy
<b>STAREC</b>	: Stabilization and Reconstruction Plan for the Eastern Areas
<b>TFP</b>	: Technical and Financial Partners
<b>TFR</b>	: Total Fertility Rate
<b>UPPE-SRP</b>	: Coordination Unit for the design and implementation of the Growth and Poverty Reduction Strategy
<b>VAT</b>	: Value Added Tax

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"... The entire rural sector, the epicenter of poverty, will therefore undergo profound transformation. Villages that today have absolutely nothing will be encouraged to come together voluntarily on the basis of affinity, to promote their modernization through the construction of infrastructure and basic services. Access to drinking water and electricity will be improved in these villages through boreholes and renewable energy.

The ambition to make Congo an emerging nation will also inevitably have to be achieved through industrialization. For the country to ensure its place among those that matter in the future, it has to be transformed into an economic and industrial pool...

...The welfare of the Congolese people is the ultimate goal of all our actions. That is why we want a Congo that is not only peaceful, but also symbolizes a life that has returned to normal. A country where the security [...] of citizens is assured; a country where inhabitants enjoy peace of heart and mind...

... Faced with these extremely critical choices and the fact that decisions of a day often entail negative consequences that may last forever, our people can no longer be contented with policies whose long-term relevance cannot be verified, in the same way as one may easily take the wrong road if the destination is not known... "

**Extract from the speech given by His Excellency the President of the DRC in Kingakati (Kinshasa), September 14, 2011**

The Democratic Republic of the Congo adopted the Millennium Declaration known as the "Millennium Initiative" in September 2000. The main goal of this Declaration is to define the consensual vision of development to be achieved by 2015 and to step up the awareness of the international community and its commitment to the ideals of peace, justice and equality for all.

This consensual vision of development has taken the form of a set of goals known as the "Millennium Development Goals (MDGs)" aimed at combating poverty and other causes of human deprivation, as well as promoting sustainable development.

In order to improve the standard of living of the Congolese people, the Congolese Government adopted the first generation Growth and Poverty Reduction Strategy Paper (GPRSP 1) in July 2006. The GPRSP 1 was implemented from 2006 to 2010 and resulted in the triggering of the first HIPC Initiative. The adoption of this strategy paper (GPRSP 1) also contributed enormously to the resumption of cooperation with the entire international community.

Today, the Government is once more pleased to publish and make available to the DRC development actors its second Growth and Poverty Reduction Strategy Paper (GPRSP 2). This constitutes the sole unifying framework for all the macroeconomic and sectoral policies for the next five years (2011-2015).

Preparation of GPRSP 2 was conducted in a redefined participatory framework involving all development actors, including civil society organizations to encourage a spirit of ownership of the strategy. Also, all Technical and Financial Partners (TFP), Civil Society Organizations (CSOs) and Provinces, through ministries whose remit includes planning, were consulted at all stages of the preparation of GPRSP 2. The specific characteristic of GPRSP 2 is that it will enable the DRC to move out of the emergency phase that characterized GPRSP 1 to embark on sustainable development. Taking account of the observations made by the various actors has led to the improvement of the quality of the document and the production of a final version.

The Government has published GPRSP 2 alongside other supporting documents, namely the Priority Action Program (PAP) and the Programming and Budgeting Report, in an effort to improve the focus of the budgetary programming of priority actions resulting from the strategic axes.

The Priority Action Program will make it possible to bring together the interests of the various development actors and thus enhance synergy between sector-specific and multi-sector interventions in the effort to promote development and alleviate poverty.

I would like to thank all the development actors for their highly valued involvement in the preparation of GPRSP 2. What now remains is to ensure that the document is implemented and its implementation monitored and evaluated. This will be the major challenge to be faced over the next five years.

**Adolphe MUZITO**

**Prime Minister**

The Democratic Republic of the Congo reached the decision point under the HIPC initiative in July 2003. This success was achieved through the successful implementation of the Interim Poverty Reduction Strategy Paper and the Government's medium-term Economic Program (PEG).

In July 2006, the Government adopted the final version of the first generation Growth and Poverty Reduction Strategy Paper (GPRSP 1), developed with the participation of all the active national stakeholders and the support of Technical and Financial Partners. This GPRSP described the goals and orientations of the macroeconomic and sectoral policies to be implemented from 2006 to 2008 to promote growth, reduce poverty and achieve the Millennium Development Goals (MDGs).

Although the GPRSP was adopted in July 2006, it was not implemented until the advent of the Government elected in 2006. The said government adopted it in March 2007 and forwarded it to the Board of Governors of the World Bank and the International Monetary Fund (IMF). These two institutions in turn approved the document in March and April 2007 respectively.

In this way, the Government put in place the program for its term of office as well as its 2007 to 2011 governance contract based on the strategic pillars of GPRSP 1. When its period of implementation ended in December 2008, the Government extended GPRSP 1 to 2010 to avoid plunging the country into a programming vacuum. This also enabled the Government to have enough time to prepare GPRSP 2.

In March 2010, Government conducted a review of GPRSP 1 and wrote a report on its implementation. These combined actions provided evidence of the accomplishment of the first trigger to achieve the HIPC completion point in July 2010. The conclusions of this review recommended the intensification and acceleration of efforts geared towards poverty alleviation and the achievement of MDGs. Consequently, the Government decided to prepare a second generation Growth and Poverty Reduction Strategy Paper (GPRS 2). This document will enable the country to avoid responding on an ad-hoc basis and to face the remaining key challenges in the fight against poverty.

GPRSP 2 differs from GPRSP 1 in that it falls within a framework of planning, programming and budgeting that has made advances in relation to GPRSP 1. Indeed, a new national planning and programming system based on a Development Results-Based Management Approach began to emerge with the reform of public finances and the development of new tools at the national, sectoral and provincial levels (sectoral strategies, central and provincial Priority Action Programs, Medium-term Expenditure Framework (MTEF) and Mid-Term Sectoral Expenditure Frameworks (CDSMT).

The Pillars that have been defined by the GPRS 2 are designed to help the DRC advance towards achieving its development vision and to be converted into a middle-income country, converging towards the MDGs and able to carry to completion the five sectors that the country is working on.

The aim of this vision is to show the DRC as:

- a united country and people, having great love for peace, justice and freedom in a consolidated democracy;
- an entirely peaceful country living in order and discipline within secure borders;
- a country with political, economic and social institutions built on democratic values and/or principles, competence and gender equality;
- a stable rural and urban economy with high inclusive, sustainable and competitive growth, integrated into the dynamism of international trade and creating decent and productive jobs;
- a vast and fully integrated territory equipped with modern communication infrastructure for increased fluidity in the movement of goods and people;
- a healthy and well-educated AIDS-free generation with access to decent jobs and able to support the economic, social and cultural development of the country;
- a country determined to adopt an appropriate demographic policy and engaged in a global partnership to conserve, protect and restore the health and integrity of the terrestrial ecosystem.

Interventions resulting from the pillars of GPRSP 2 require huge investments over the period (2011-2015). When compared with the resources expected to be available, it is clear that there is a financing gap to be filled by all the actors. This calls for the intensification of actions to mobilize financial and technical resources in keeping with the scope of the actions to be undertaken to achieve the goals.

We once again take the opportunity to reiterate the gratitude of the Government to the international community for the unremitting efforts it has made to promote democracy and peace-building as well as to improve the living conditions of the Congolese people.

Notwithstanding this commendable effort, it is essential that significant advances should be made to carry our fight to eradicate poverty to completion. The international community should therefore substantially increase the official development assistance granted to the DRC by respecting the commitments made at various global and national summits (G8 Gleneagles, Doha, the Kinshasa Agenda, etc...).

At the same time, to ensure effective implementation of strategies and interventions retained within GPRSP 2, the Government is undertaking with the support of the private sector to continue, with increased efficiency and

effectiveness, the implementation of certain essential measures aimed at: (i) securing the entire national territory; (ii) continuing the reform of the civil service to transform it into a development administration; (iii) promoting economic governance; (iv) developing the private sector and improving the business climate and (v) strengthening the national statistics monitoring-evaluation system.

**Olivier KAMITATU ETSU**

**Minister of Planning**

## EXECUTIVE SUMMARY

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1. The second Growth and Poverty Reduction Strategy for the DRC is designed to consolidate the achievements of GPRSP 1 and emphasize growth, job creation and the fight against climate change as key levers to bring about a significant reduction of poverty. Starting with a review of governance, progress made in achieving the MDGs and the different challenges that result, the paper proposes strategies to involve the entire DRC in the fight against poverty. It also takes into account gender issues in all areas of development in order to correct the injustices and inequalities suffered by women and thus contribute more effectively to poverty alleviation.

### ***Development context***

2. The context in which GPRSP 2 was designed was marked by efforts to consolidate peace through the strengthening of the authority of the State, territorial unification that had been earlier weakened by various political and military movements that resulted in a persistently high number of internally displaced persons and refugees, isolation and poor accessibility of towns and villages, the dilapidated state of the economic fabric, continuing insecurity in some areas, demobilization of former combatants and rehabilitation of socio-economic infrastructure.
3. Similarly, efforts to consolidate the macroeconomic framework had made it possible to reach the completion point of the HIPC initiative in July 2010, providing a new favorable environment for the implementation of pro-poor policies.
4. This new strategy is designed to put the country's development vision into operation: "A country of hope, able to take the DRC to the human development level of middle-income countries and to converge towards the Millennium Development Goals."
5. To this end, the design process was conducted in a participatory framework involving all development actors, in a spirit of national ownership. At each stage, civil society, the Government and national and international Non-Governmental Organizations, as well as technical and financial partners, were involved.

### **Main achievements of GPRSP 1**

#### ***Governance in DRC***

6. Between 2007 and 2010, the Government worked to consolidate the political and security situation of the DRC and in recent years, the overall political climate has been stable. Virtually all the institutions under the Constitution, both at the central and provincial levels, have been established and made functional. However, all these institutions have serious capacity deficits making it difficult to fulfill their remits.
7. On the issue of security, in recent years the country has experienced considerable improvement in the security situation with the pacification of the national territory, thanks to military operations against rebel groups and dialogue and active diplomacy toward neighboring countries for a comprehensive and lasting solution important to the sub-region of the Great Lakes. However, armed groups continue to threaten stability in certain areas in the north and east of the country.
8. At the structural level, the government has undertaken a series of restructuring and capacity building measures within the armed forces and police. In 2009, a new legal framework governing the Congolese **Public Administration** was drafted and submitted to Parliament for adoption. This framework includes the Organic Bill of the national, provincial and local Public Services, and the draft Statute of State Agents and Civil Servants. Institutional audits were carried out and restructuring measures have been implemented in many ministries. Measures have also been adopted to reduce the workforce, notably the census and management of civil servants and the departure of 3,741 eligible Civil Servants and State Agents, most of whom are still awaiting the payment of their retirement benefits.

9. Despite these measures, the State administrative mechanism continues to have major shortcomings that have been deeply rooted for many years: inadequate and anachronistic laws and regulations governing State personnel and the social protection regime, inadequacy of the missions, structures, jobs and the workforce, inadequate management of the payroll, aging and insufficient expertise of State employees, non-compliance with professional ethics, obsolescence of the monitoring system of the careers of State employees and the absence of a consistent and attractive remuneration policy as well as fringe benefits.
10. In the **legal domain**, significant progress has been made. Indeed, an action plan for judicial reform was approved in 2007. Following the institutional and organizational analysis of the judiciary (2008/2009), a new organizational framework was adopted for the ministry and the restructuring of the Supreme Council of the Judiciary was endorsed. A law on the organization and jurisdiction of courts was adopted in 2010 and the legal framework has also evolved in many domains (signing up to the OHADA treaty in 2010, the Constitutional Court, and the Child Protection Act ...).
11. Despite these efforts to restructure the judicial and prison systems, serious problems still exist: outdated legal framework, insufficient judicial coverage and lack of local justice, the poor capacity of administrative, judicial and prison staff, dysfunctions in the administration of justice (corruption, impunity, delays in the delivery of judgments and inaccessibility of justice services for the majority of the population).
12. The assessment of Government's commitment in the sphere of **decentralization** reveals that it was initiated only in its institutional and legal component with the establishment of provincial assemblies and governments alongside the adoption of a substantial number of basic texts. A step-by-step approach was chosen for the implementation of certain provisions of the 2006 Constitution (revised in January 2011) concerning the transfer of resources (40 percent of national revenue allotted to Provinces and Decentralized Territorial Entities) and the creation of new provinces (planned creation of 15 new provinces). This framework still needs to be consolidated. Similarly, the transfer of responsibilities has been defined but the details of implementation are yet to be determined.
13. Challenges in terms of capacity implementation at the level of the Provinces and Decentralized Territorial Entities (DTE) are enormous. A specific operational programming is needed that provides a good visibility of reform efforts.
14. In terms of **economic governance**, various reforms have been initiated, firstly to improve government revenues, and secondly to better contain, allocate and implement spending. The signing of a new IMF program in December 2009 supported by an Extended Credit Facility (ECF) reflects the efforts of the Congolese authorities to have more balanced accounts and spending that is both more efficient and transparent. These reform efforts have enabled the DRC to finally reach the completion point of the HIPC initiative, enabling a substantial reduction of the debt burden.
15. The year 2010 was particularly active with the adoption almost simultaneously of three major reference frameworks: the Strategic Plan for Public Finance Reform - PSRFP (March 2010), the new Public Finances Act - LOFIP (March 2010) and the new Public Procurement Code (April 2010). A Steering Committee for Public Finance Reform (COREF), established in 2009, has strengthened monitoring and guidance in this domain.
16. The Congolese **private sector**, dominated by the presence of small and medium-sized enterprises (SME), suffers from significant funding pressures stemming from the enterprises themselves, the banking system and the government.

### ***Poverty in the DRC***

17. In the DRC, seven out of ten households are poor with a disparity between rural areas - where about eight out of ten households are poor - and urban areas - where fewer than seven out of ten households are poor. Food accounts for 62.3 percent of the total

expenditure of Congolese households. This household spending pattern reveals that any inflation affecting food products reduces real incomes, while increasing the number of the poor and vulnerable, all other things being equal.

18. Following the spending pattern of Congolese households, a typical poor Congolese household will take an average of at least 3.5 years to move out of poverty if it records an average annual increase of 20 percent in spending, all other things remaining equal. The same household will take 70 years to move out of poverty if its annual increase in spending is only 1 percent and 23 years if its annual increase in spending is only 3 percent.
19. As a whole, the poverty level of Congolese households increases proportionately to their size (rural and urban areas). The educational level of the household head influences the vulnerability to poverty. Households whose head has no education are generally the poorest.
20. It should be noted that the analysis of the poverty profile made in this document is based on data obtained from the Survey 1-2-3 of 2005, excluding recent surveys.

### **2015 or 2020 MDGs**

21. In 2008, the Government of the DRC undertook to develop a strategy designed to reduce the gaps in the achievement of the MDGs. To this end, in December 2008, the Government developed and validated a national plan for achieving the MDGs entitled "Advocacy document for the mobilization of resources to attain the MDGs". This advocacy tool revealed the inability of the DRC to meet the MDG targets in a stable and reorganized macroeconomic setting by 2015 and the need for the country to postpone the achievement of the said targets to 2020 but with a strong commitment to achieve them by 2015 if the socio-economic context is favorable.
22. To achieve this, Government has implemented various economic and social policies within the context of governance described above, making it possible to make, in substance, the following advances: the results of the 2010 Multiple Indicator Cluster Survey (MICS) show that there is a real chance of achieving certain targets by 2015 thanks to the efforts made to combat HIV/AIDS (Goal 6, target 6A) and the empowerment of women (Goal 3, target 3A). For the goals related to the fight against poverty (Goal 1, Target 1C), Education For All by 2015 (Goal 2, Target 2A), child health (Goal 4, Target 4A), the fight against malaria (Goal 6, Target C) and sanitation (Goal 7, target 7C), no real progress has been observed. Finally, progress is mixed concerning maternal health (Goal 5, Target 5A) and access to drinking water (Goal 7, Target 7C).

### **Key challenges to be addressed in the next five years**

23. The willingness shown by the Government to achieve the goals (overall and specific) of poverty reduction for the next five years will depend on the ability of national development actors, with the support of Technical and Financial Partners, to address the following key challenges (i) population control, (ii) recovery of double-digit growth through the strengthening of the dynamics of reconstruction and rehabilitation of basic socio-economic infrastructure, particularly in rural areas and the revitalization of agriculture; this growth will be accompanied by a genuine policy of redistribution, (iii) improvement of the measures to ensure the security of the territorial integrity and the consolidation of peace and democracy, (iv) improvement of financial and economic governance for greater effectiveness of public policies, (v) building the capacity of the institutions and human resources of the Republic and the Public Administration, (vi) mobilization of resources necessary for the implementation of national strategies that are prerequisites for the achievement of MDGs, (vii) environmental protection through a systematic consideration of issues related to climate change and (viii) the acceleration and implementation of the decentralization process.

## **Major options and pillars of the strategy**

24. The ambition of the DRC is to achieve the MDGs by 2020. To this end, the objective of the GPRSP 2 is to significantly improve the living conditions of the population by 2015. This improvement will lead to the achievement of an environmentally friendly annual average economic growth of 7.2 percent, the reduction of the incidence of poverty by about 11 points to stabilize at 60 percent by 2015 and the creation of one million decent jobs a year *with a view to an AIDS-free generation*, all within a context of low inflation with an annual average of 9 percent.
25. The expected development results reflect four major threats of a cross-cutting nature which are likely to undermine economic and social achievements. These threats include environmental degradation, disabling diseases (malaria and HIV/AIDS), high population growth and volatility of the international environment.
26. This explains why the Congolese government will strive to adopt appropriate macroeconomic policies to lay the foundation for strong growth that creates decent jobs, while ensuring it maintains key fundamental balances, improves protection for poor and vulnerable groups and preserves the environment. Also, given that the contributions to stability and sustainable development of women are still difficult to achieve because they are subject to injustices and discrimination both *de jure* and *de facto*, the Government will adopt, through its National Gender Policy, a holistic and cross-cutting approach in all activities of the four pillars of GPRSP 2, taking into account both women and men.
27. To ensure lasting stability and sustain strong growth, this strategy focuses on four (4) pillars, each of which incorporates clear strategic axes and priority actions for their implementation. Thus, based on the vision of GPRSP 2, the pillars were designed as follows:
  - Pillar 1: Strengthening governance and peace;
  - Pillar 2: Diversifying the economy, accelerating growth and promoting employment;
  - Pillar 3: Improving access to basic social services and strengthening human capital;
  - Pillar 4: Protecting the environment and fighting against climate change.

### **Pillar 1: Strengthening governance and peace**

28. The strengthening of good governance and peace is basically aimed at consolidating the foundation - political stability, security, State authority and satisfactory public governance - that conditions the effective conduct of development activities of the country and the achievement of results in all sectors. This pillar is organized around six main priorities: (i) strengthening the authority of the State, (ii) accelerating the decentralization process, (iii) continuing the reform of public finances, (iv) improving the business climate and promoting the private sector, (v) building institutional and human capacity, and (vi) supporting the implementation of the National Statistics Development Strategy.

### **Pillar 2: Diversifying the economy, accelerating growth and promoting employment**

29. This pillar refers to the policy of development of the support infrastructures for production activities and those related to the revitalization of these activities. The strategy also proposes employment promotion policies. It should be noted that the implementation of this policy is based on the strengthening of governance within a confirmed context of environmental protection and the fight against climate change.

### **Pillar 3: Improving access to basic social services and strengthening human capital**

30. This pillar is based on policies that strengthen the country's human capital and its major challenge is to enable everybody to have access to quality basic social services. Focusing efforts on social sectors is also expected to provide the DRC with well-educated and healthy human resources. The third pillar is built around four main priorities

including: strengthening of human capital, combating HIV/AIDS, reducing inequalities and improving the living conditions of both women and men.

#### ***Pillar 4: Protecting the environment and fighting against climate change***

31. To better protect the environment and fight against climate change, Government intends to lay particular emphasis on: environmental management and protection, the fight against climate change, the integration of environment and climate change in sector-based strategies.
32. The aim of the fourth pillar is to enhance the unique natural capital of the DRC, whose exploitation plays a key role in the socio-economic development of the country, and especially that of its most impoverished citizens, and which is also threatened by climate change. To operationalize the growth strategy that reduces the pressure on forests, the DRC has defined a preliminary REDD +<sup>1</sup> strategy in which the country intends to become a carbon sink by 2030. The REDD+ objectives will be defined in an ambitious and realistic manner, in keeping with the socio-economic development objectives set out in the GPRSP. The entire exercise will be defined according to a national participatory process, involving all stakeholders with strong focus on the civil society, especially the local communities. Two main strategy options have been proposed: to manage and protect the environment on the one hand, and to fight against climate change on the other hand.

#### ***Macroeconomic framework of the strategy***

33. The macroeconomic and budget framework has been developed to take into account the effects of sectoral policies (Chapter 2) in order to maintain macroeconomic stability, a necessary condition for laying the foundation of economic growth and poverty reduction. It is based on the profile of public spending, the assessment of costs for achieving the MDGs by 2020 and the sector-based economic growth theories taking into account the uncertainties of the international environment and the real potential of the Congolese economy. Thus, it allows for a realistic programming of public spending while highlighting the main budgetary choices proposed by the Government.

#### ***Scenario of the macroeconomic framework of the strategy (GPRSP Scenario)***

34. The results of the medium-term macroeconomic framework indicate that during the implementation period of GPRSP 2, the Congolese economy should see strong and steady growth in an environment marked by low inflation and the consolidation of public finances. The average growth rate over the period would be 7.2 percent as against 5.6 percent in the period from 2006 to 2010. This represents a net gain of about 2.0 points compared to GPRSP 1.
35. The budget deficit will be financed mainly by: (i) concessional loans to ensure the sustainability of the external debt situation because Congo has just benefited from the Multilateral Debt Relief Initiative (MDRI) and HIPC initiative, (ii) grants, especially budget support and project grants by seeking financing for MDGs, (iii) resources generated from the privatization of public enterprises. In addition, Congo could mobilize resources by public borrowing on the domestic and sub-regional financial markets provided it conducts a prior analysis of debt sustainability, improves the business climate and maintains budgetary discipline.

#### ***Government Economic Program (PEG) scenario***

36. The PEG scenario may be influenced by the uncertainties related to the international environment and to low levels of mobilization of resources needed to achieve the MDGs. This will result in an alternative scenario close to the macroeconomic framework of the new economic and financial program concluded with the International Monetary Fund in 2009.

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<sup>1</sup> REDD +: Reducing Emissions from Deforestation and Forest Degradation, using strategies including conservation, sustainable forest management and increasing carbon stocks. This mechanism is intended to enable the developed countries to finance the actions to reduce the emissions of greenhouse gases from deforestation and forest degradation in the developing countries, on the basis of results obtained.

37. Economic growth is projected at an average of 6.5 percent over the period 2011 to 2015, with single-digit inflation. Budgetary stringency should help contain the increase in public spending, especially investments. In this context, spending on governance, defense and security will take a dominant share of the budget. The overall deficit that constitutes the scheduling basis would be 3.3 percent of GDP on average over the period 2011-2015. One of the ways the deficit will be funded will be by mobilizing concessional resources that do not impede the sustainability of public debt

***Implementation and monitoring of the strategy***

38. The review of the implementation of GPRSP 1 recommended a revision of the monitoring and evaluation mechanism for the second generation of GPRSP and proposed six major challenges to be faced, namely: (i) review and formulation of the monitoring and evaluation framework, (ii) producing statistical data disaggregated by sex, (iii) renewal of the operational and budgetary programming by making it more gender-sensitive, (iv) introduction of pro-gender reporting tools, (v) development of a minimum framework for evaluating public policies and (vi) improving participation and communication.
39. For this reason, an information system has been identified that recalls the key components and activities of the monitoring and evaluation system, (ii) data collection tools, (iii) reporting tools, (iv) monitoring and evaluation indicators and (v) key priorities to ensure proper functioning of the system. As for the institutional architecture, it locates the responsibilities at two levels: political and technical.

## INTRODUCTION

### FROM THE FIRST TO THE SECOND GENERATION OF GPRSP

1. The adoption of the first Growth and Poverty Reduction Strategy Paper (GPRSP 1) in 2006 was a major turning point for the management of socio-economic policies: for the first time, the country could have a framework of medium term development priorities, targeting the acceleration of growth and poverty alleviation.
2. On this basis, the GPRSP 1 was the first experience in the DRC of formulation of strategic choices and actions within an integrated framework, based on political consensus and aimed at linking the various public policies to two essential goals: a strong growth and a rapid decline in poverty. Based on five strategic pillars, the paper also referred to targets beyond the horizon of the document seeking to enroll in the path of achieving the Millennium Development Goals. The GPRSP 1 and the associated exercises (Priority Action Plans, GPRSP / provincial Priority Action Plans, etc.) also promoted the establishment of large scale Dialogue and Consensus-building Forums that brought together the government, civil society organizations, private sector and Technical and Financial Partners for a comprehensive reflection on the challenges and priorities of national development policies. Finally, despite its shortcomings, the GPRSP 1 all the same played its role as the sole reference framework for national development actors and the traditional Technical and Financial Partners of the DRC.
3. Initially focusing on the period 2006-2008, the operationalization of first strategy only began in mid-2007 with the preparation of the first Priority Action Program (PAP) covering the period July 2007 to December 2008. Given the low rate of implementation of this first PAP, Government decided to wait until 2010 to begin the process of developing a second generation strategy. Thus, to manage the transitional period, a second Priority Action Program (PAP 2) was approved and implemented for the two years 2009 and 2010.

**Box 1. Reminder on the GPRSP 1 process in DRC**

  - 2001: DRC declared eligible for the enhanced HIPC Initiative. Launching of the preparation of the Interim Document of the Poverty Reduction Strategy (PRSP-I).
  - 2002: Adoption of the Interim-PRSP.
  - 2003: Attainment of the decision point of the enhanced HIPC initiative (July): launching of the formulation of the final GPRSP 1.
  - 2006: Establishment of an autonomous macroeconomic stabilization program monitored by IMF - PSSF (April): adoption of GPRSP 1 by the transitional government (July).
  - 2007: Endorsement of the GPRSP 1 by the newly elected Government (March); presentation to the Boards of Governors of the World Bank and IMF (March and April); finalization of the Action Plan for the implementation of the GPRSP 1 (July).
  - 2008: First progress report on the implementation of the GPRSP 1 (covering the period from April 2007 to December 2008).
  - 2009: Adoption of second priority action plan (May); extension by the Government of the deadline of the GPRSP 1 to 31 December 2010 (July); conclusion of a new program with the IMF supported by an Extended Credit Facility.
  - 2010: Review of the GPRSP 1 and the PAP1 / PAP2 (March); Publication of the second report on the implementation of GPRSP 1 (covering the year 2009); attainment of the completion point of the HIPC Initiative (July).
4. Moreover, the GPRSP 1 witnessed significant constraints both at the level of its development, which was very long, and its implementation. Firstly, the ownership of the document and the process was limited. Secondly, the institutional machinery supporting the implementation of the strategy had difficulties of functioning, either at the level of committees instituted at different levels: national, provincial and local or of thematic groups. Similarly, shortcomings in the statistical information, analysis and reporting system did not allow the monitoring-evaluation set up to effectively fulfill its mission of assessing the progress accomplished and proposing corrective actions. More fundamentally, the implementation of the GPRSP 1 was largely frustrated by the persistence of structural problems in public administration and the difficulty of aligning budget allocations and actual expenditures of the State on defined priorities. Finally, insufficient consideration of gender inequalities and disparities that affect women watered down the results of the implementation of the GPRSP.

5. In 2009, the Government confirmed its intention to prepare a second strategic document, named the second-generation Growth and Poverty Reduction Strategy Paper (GPRSP 2). This new strategy constitutes for the next five years (2012-16) a unique reference strategic framework of coherent macroeconomic and sector-based policies implemented in an inclusive manner for the whole country. It is also an aid tool for the rationalization of public expenditure management and the establishment of a results-based management approach. Finally, the GPRSP 2 is a unifying document that can be used for advocacy and resource mobilization.

### **STAKES OF THE GPRSP 2**

6. The establishment of the GPRSP 2 appears to be an urgent need in many respects. Firstly, it responds to a consensual decision taken in 2009, motivated by the need to **avoid prolonging a situation of "strategic vacuum"**. In other words, it is essential to have a new medium-term planning framework that permits, on the one hand, to shed light on the fundamental orientations that require consensus among development actors, and on the other hand, to provide the necessary supervision of the implementation of various sector-based public policies.
7. Secondly, it is necessary to **reframe public policies in a context of changing environment**. Indeed, beyond a recurrence of developmental problems of the country, the global environment has changed significantly since the GPRSP 1. The security context is no longer the same. Democracy is now a solid achievement that should be maintained and consolidated. Major reforms have been undertaken in key areas: the military and the police, justice, public finances, public administration, decentralization. All these factors make it imperative to produce a new framework to consolidate and ensure consistency of the priorities of each sector, theme, Ministry.
8. Thirdly, the emergence of **new public policy management tools**, that comply to the new national planning system (See Figure 1 below), makes it possible to envisage a better operationalization of the GPRSP 2, thereby addressing one major weakness of its predecessor. Indeed, several sectors (agriculture, mining, education, health, HIV/AIDS, gender, etc...) alongside all the ministries and many provinces have developed new documents on strategies and programming of priorities.
9. Fourthly, the GPRSP 2 is also an opportunity to **boost advocacy toward the attainment of the MDGs and update the various targets** set in the early 2000s. Even in the absence of updated data on income poverty, several surveys and studies have established a new socio-economic profile. This profile has provided guidance on both the good and poor performance of the programs implemented during the period 2006-2010 and the revision of priorities and targets of the strategy.
10. Finally, this second GPRSP is a major challenge to **ensure the inclusion of the DRC in the new international dynamics** at a time when (i) the ongoing international negotiations on the fight against climate change can also open up very promising new financing prospects for the DRC in the short, medium and long term, (ii) significant opportunities arising from the attainment of the completion point of HIPC / MDRI initiative and the subsequent cancellation of debts worth 12.3 billion dollars in July 2010.

### **THE PLACE OF THE GPRSP 2 IN THE NEW PLANNING FRAMEWORK**

11. The new strategy is part of a planning, programming and budgeting framework that has evolved from that of GPRSP 1. Indeed, a new national planning and programming system began to emerge with the public finance reform and the development of new tools at the national, sectoral and provincial levels (new sector-based policies, drawing up of two National Priority Action Plans, provincial strategies and Priority Action Plans, ministerial PAP / medium term expenditure frameworks (MTEF)...). Significant efforts are still needed as regards the consolidation of these tools and their mutual articulation with the monitoring-evaluation tools. A law on the planning system will determine the general

procedures and responsibilities in this area. Nevertheless, the main features of this new system can be presented as follows:

a) a document with a long-term vision:

- **the long-term development vision.** This vision is reflected in the document that has been developed and validated by all the dynamic forces of the DRC. It is constructed from a series of works: (i) retrospective evaluation of national development, (ii) comparison of the potential of the country with the medium and long-term development prospects of regional, continental and global development, (iii) studies of aspirations of the population, and (iv) selection of alternative scenarios for long-term development. The present long-term Vision of the DRC is the 25/26 Vision, but it will soon be replaced by the 2035 Vision under preparation.

b) *medium term strategic planning documents:*

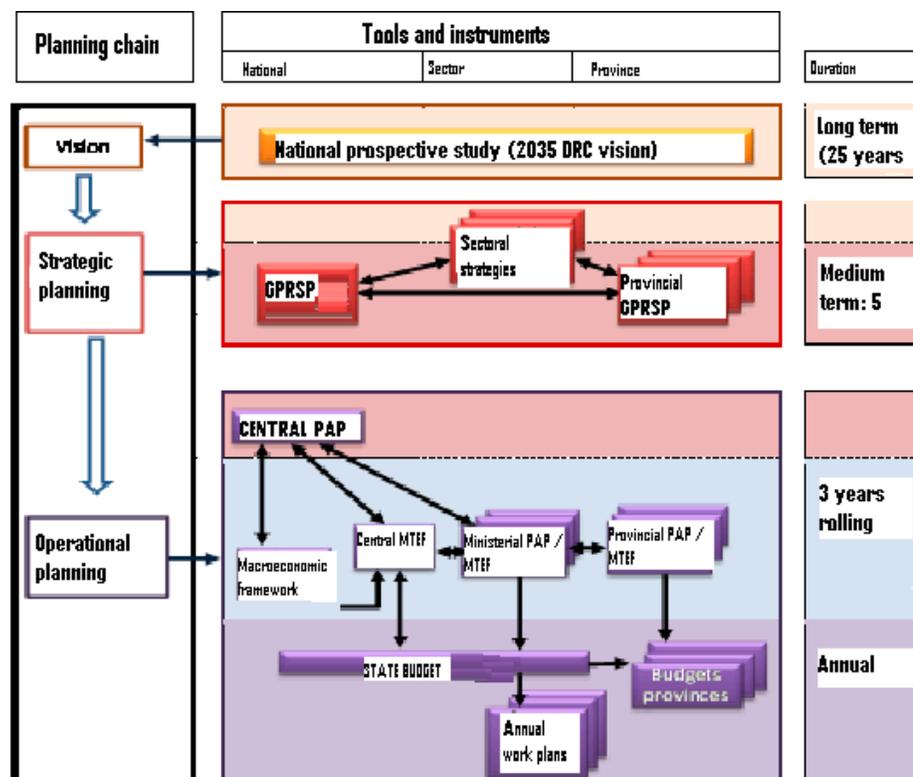
- **The Growth and Poverty Reduction Strategy Paper:** A five year strategic planning framework. It is a consensual framework of national guidelines for accelerated and sustainable development that can effectively reduce poverty and inequalities. Based on an appraisal of national development and an analysis of policies implemented, it sets the major priorities and orientations of public policy for five years.
- **Sector-specific and thematic strategy documents:** Formulated in the form of policy letters or detailed sectoral or thematic strategic plans, these documents define the reference framework for the actors of the sector over a period of at least five years (objectives, priorities, responsibilities, etc.).
- **Development strategies of provinces:** These strategies are developed in each province. They define the key strategic orientations and objectives to attain by that Province in terms of socio-economic development. Priorities - for example, sectors to be prioritized in the allocation of provincial resources - take into account the local context as well as national targets spelled out in the GPRSP.

c) *Operationalization documents:*

- **The overall Priority Action Program (PAP)** of the GPRSP presents the operational programming of all the actions to achieve the goals of the GPRSP. These actions are constructed into programs following the structure of the GPRSP. With a five-year horizon, the overall PAP is a rolling programming tool to be reviewed annually.
- The **ministerial** Medium Term Expenditure Frameworks (**MTEF**): The MTEF gives the budget programming of each ministry over a period of five years. This is a rolling programming tool that presents: (i) the needs of the institutional sector concerned (without any financial constraint), (ii) then a programming to be revised in keeping with the budgetary constraints (ministerial budget allocation).
- **Provincial PAPs and MTEFs** are tools to render operational provincial plans, which like the ministerial PAP / MTEF, are a three-year rolling programming instruments. They include all actions planned within the provinces, regardless of their source of financing (State budget, self-generated resources of the province, direct external funding). Actions to be financed from the State Budget are clearly identified.

12. The figure below presents the main tools used for planning, programming and budgeting as well as the relations between them.

Figure 1. Operationalization framework of the Poverty Reduction Strategy



## DEVELOPMENT APPROACH OF THE GPRSP 2

13. The development of the GPRSP 2, which was defined in a methodological note validated in July and revised in October 2009, took place in several stages that can be summarized as follows:

- **Analysis of the poverty situation and update of MDG prospects.** The analysis of the poverty profile in all its dimensions was conducted on the basis of the results of the latest survey 1-2-3 and other household surveys, of which the latest MICS 4 survey was conducted in 2010. A citizen evaluation of the quality and integrity of public services was also conducted in February-March 2010 in three provinces of the country (Bandundu, Katanga and South Kivu). Simultaneously, light surveys and updated analyzes were conducted to update the MDG database and analyze trends (2010 MDG Report). A comparative analysis on the MICS indicators between 2001 and 2010 was also undertaken.
- **Sectoral and general review of the GPRSP 1.** Review meetings were held in February / March 2010 on the implementation of the macroeconomic stabilization Programs, sectoral projects and priority sector strategies (health, education, water and sanitation, agriculture, rural development). This process ended with a general review (March 2010) to ensure the consolidated assessment of the results of the implementation of the GPRS.
- **Development of a rolling multi-year macroeconomic and budgetary framework and sector-specific PAP / MTEFs.** Following a two-month training program, executive officers of the Departments of Studies and Planning of all ministries and some public institutions on the use of strategic planning and operational tools, priority action plans (PAP) and sectoral medium term expenditure frameworks (MTEF) were prepared. The PAPs were developed from the sectoral strategies or from available sector-based policy elements.

- **Additional analyzes of the monitoring-evaluation (M & E) system.** Specific work was conducted to take stock of the M & E system of the GPRSP and propose a reformed facility for the second GPRSP.
- **Preparation of the draft paper and sector-based dialogue.** The first draft paper was prepared by the Coordination Unit for the design and implementation of the Growth and Poverty Reduction Strategy (UPPE – PRS) in close collaboration with the ministries. This draft paper was then submitted to all development actors for observations and discussion, particularly in breakout groups.
- **Development of provincial documents.** At the same time the formulation of the GPRSP 2 was going on at the national level, provincial strategies and provincial PAP/MTEF were produced by most of the provinces.
- **Presentation and validation of the GPRSP 2.** A final draft document, which took into consideration all comments and observations of the different development actors, was debated in a series of workshops at the level of the provinces. It was then presented to the cabinet meeting for adoption before it was sent to the National Assembly for information.

**Box 2. What is a PRSP?**

A PRSP is an economic policy document which describes macroeconomic, structural and social policies as well as Programs leading to a pro-poor growth. These policies are accompanied by an estimate of the cost of their implementation. This document is prepared in a participatory manner including all segments of the population and donors. A PRSP typically contains (a) a description of the participatory process and the role of the civil society in monitoring-evaluation, (b) a comprehensive analysis of poverty and checks (structural and institutional) to rapid growth that can bring about poverty alleviation, (c) macroeconomic and structural priorities, alongside social policies that Government intends to carry out, as well as their costs and clear prioritization in order to avoid a litany of sterile intentions, (d) a monitoring-evaluation system with clear objectives, well defined impact and results indicators in the short, medium and long term and regular assessment of progress.

These indicators should be consistent with the diagnosis of poverty and sector policies. In this sense, *the PRSP is a unifying document that can be used for advocacy, resource mobilization and operationalization of the long-term vision of the Government.* The second generation differs from the first by its focus on results-based management.

14. The GPRSP 2, which stems from national consensus, will be revised during its implementation after its first mid-term review to take into account respectively (i) the new long-term vision stemming from the ongoing national prospective study, (ii) the ongoing new REDD+ national strategy, (iii) results of the new survey 1-2-3 (especially the new monetary poverty profile), (iv) finally, conclusions of the progress report for the first year of implementation of the GPRSP 2.

**PRESENTATION OF THE PAPER**

15. Besides the introduction, the paper is structured into three chapters:
  - The first chapter presents the recent socio-economic situation of the country: profile and main causes of poverty, situation of the MDGs, and challenges over the next five years.
  - The second chapter presents the vision and policy options of the strategy and details for each of the pillars, the different policies to be implemented, by reviewing the strategic objectives and priorities of each sector or theme.
  - The third chapter presents the implementation framework of the strategy by addressing the macro-fiscal framework and financing of the strategy. It also addresses the monitoring-evaluation system and the risks.

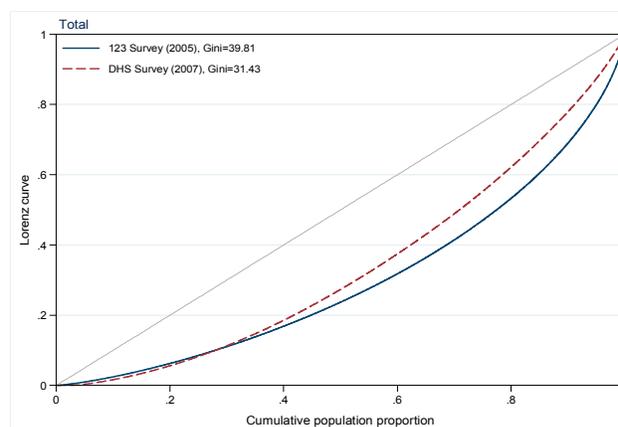
## CHAPTER 1. RECENT SOCIO-ECONOMIC SITUATION

16. This chapter analyzes the situation of poverty stemming from the direct results of macroeconomic and sector policies as well as measures and actions implemented within the framework of the GPRSP 1. Before analyzing the poverty situation in the DRC, it describes the situation of governance and recent economic performance. This poverty analysis will be done through the analysis of its determinants, the presentation of progress towards the achievement of MDGs and the discussion of the main economic and social results stemming from the implementation of the GPRSP1<sup>2</sup>. Based on this analysis, this chapter will identify the main causes of poverty and the main challenges for the next five years.
17. The absence of a new household budget - consumption and employment survey of the type 1-2-3 conducted earlier made it impossible to obtain a new poverty profile that will bring out trends comparable to the previous survey (2004-2005). To circumvent this difficulty, a statistical tool was designed which made it possible to conduct simulations to update the incidence of monetary poverty. The idea in this chapter is to show the extent to which the indicators of final results of the GPRS 1 have evolved since 2005.

### Poverty Profile

#### 1.1.1. Monetary Poverty

18. Simulations based on data from surveys conducted after 2005 (assuming the same consumption behavior of households and using a simple linear model) indicate that poverty fell slightly from 71 percent to 70 percent between 2005 and 2007. The change in inequality was very slight. The survey 1-2-3 currently being prepared will allow for an update of the current poverty profile<sup>3</sup>.



Source: Survey 1-2-3 (2004-2005 & EDS (2007)

19. In the DRC, seven out of ten households are poor with a disparity between rural areas - where about eight out of ten households are poor - and urban areas - where less than seven out of ten households are poor. An analysis of the poverty profile reveals that:
  - Households headed by women are less affected by poverty, but according to the place of residence, households are more affected in urban areas;
  - There is severe poverty in households headed by apprentices (80.25 percent), followed by those whose head is working on his own account in the informal agricultural sector (75.52 percent) and households whose head is a semi-skilled employee or worker (71.47 percent). Poverty is lower among family aid workers, unskilled laborers, front-line supervisors and managers;
  - Regardless of the place of residence, the size of poor households is larger than that of the affluent and the number of their dependents is often higher;
  - The educational level is a key factor determining the standard of living in the DRC: the more educated the household head is, the higher the household consumption, and consequently, the less likely it becomes for such a household to be poor. However, the returns of education (in terms of consumption) only begin to materialize from a threshold consisting of level 4 in primary school. Higher levels of education often result in an improved diet, health, access to essential services and the ability to cope with challenges, whether due to economic, health or natural reasons.

<sup>2</sup> For more information, refer to the implementation report of the DSCRPI, May 2010

<sup>3</sup> Data from this survey are expected in December 2012.

20. Spending in Congolese households is dominated by food that represents 62.3 percent of total expenditures. This household expenditure pattern reveals that any inflation affecting food reduces their real incomes, while increasing the number of the poor and vulnerable, all things being equal. Following the expenditure pattern of Congolese households, a typical poor Congolese household will take an average of at least 3.5 years to move out of poverty if it records an average annual increase of 20 percent of its expenditure, all things being equal. The same household will take 70 years to move out of poverty if its annual increase in spending is only 1 percent and 23 years if its annual increase in spending is only 3 percent. This result shows that poverty alleviation requires the implementation of an economic policy supporting high growth (economic growth at least twice as high as the population growth of 3.1 percent) coupled with a proper redistribution policy, to have a chance of halving poverty by 2020 in accordance with the advocacy instruments for the mobilization of resources to achieve the MDGs in the DRC.

**Box 3. Simulation of Poverty in the DRC: Methodology of Simulation**

The idea is to build on the representative survey 1-2-3 of 2005 that considers household spending of the Congolese. Thus, this entails calculating the function  $Y = aX - e$  where  $Y$  represents household consumption expenditure,  $X$  a number of socioeconomic indicators (household assets such as a car, a television set, building material used for the house, level of education of household head, etc.),  $a$  is the weighted coefficient and  $e$  the error term. If the households have a stable consumption pattern over time, and if the sampling is well done, then this relationship will hold for any other survey. If we have the coefficients  $a$ , it is easy to predict  $Y$  in the 2007 EDS and 2010 MICS with the same indicators  $X$  as in the survey 1-2-3 of 2005

21. Furthermore, it is important to note that in 2005, for Congolese households, three priority actions were necessary to help curb poverty: "creation of jobs", the "tarring of roads" and "facilitating access to education"<sup>4</sup>. As a whole, the poverty of Congolese households increases proportionately to their size (rural and urban). The level of education of the household head influences the vulnerability of the household to poverty. Households whose head have no education are generally the poorest. Similarly, except for households whose heads are senior staff members or managers, all households of other socio-professional categories display poverty levels of above 47 percent. Households would spend a minimum of 3.5 years in poverty if economic policies implemented are not a source of inflation and allow them to increase their annual expenditure by 20 percent. Also, households would spend more time in poverty if priority is not given to job creation, followed by the improvement of road maintenance and facilitation of access to education.
22. If these simulations are proven correct and realistic, then **the country will only achieve the Millennium Development Goals by 2015 (reduction of poverty by 2/3) if it receives a genuine scaling-up<sup>5</sup>.**

**1.1.2. Non monetary poverty**

23. **Many factors other than money, affect the well-being of households.** These include the population size, health and nutrition, HIV / AIDS, the education sector, living environment and access to utilities (water, sanitation and housing...) as well as the social position of the woman within the family, her potential within the household economy and market. This section presents the features of poverty in the DRC, divided into socio-economic groups. The data show an improvement in relation to 2001, when the conflict ended.

**A. A rapidly growing population**

24. **Demography has been discussed above as a major cause of monetary poverty.** On average, a Congolese home comprises 6 members. In the absence of recent census operations, the population of the DRC is estimated at about 67.8 million inhabitants in 2010. The Congolese population increases annually by 1.9 million inhabitants, with an estimated population growth rate of 3.1 percent. This rate remains a concern and it is

<sup>4</sup> Taken from "Survey 1-2-3, results of the surveys on employment and consumption by households; INS Sept. 2009", pages 313 and 314

<sup>5</sup> That is, a veritable qualitative and quantitative leapfrog, comprising a per capita investment of 648 US dollars per annum over the next five years, assuming an improved absorption capacity of the economy and that all the reforms are implemented and bear fruits

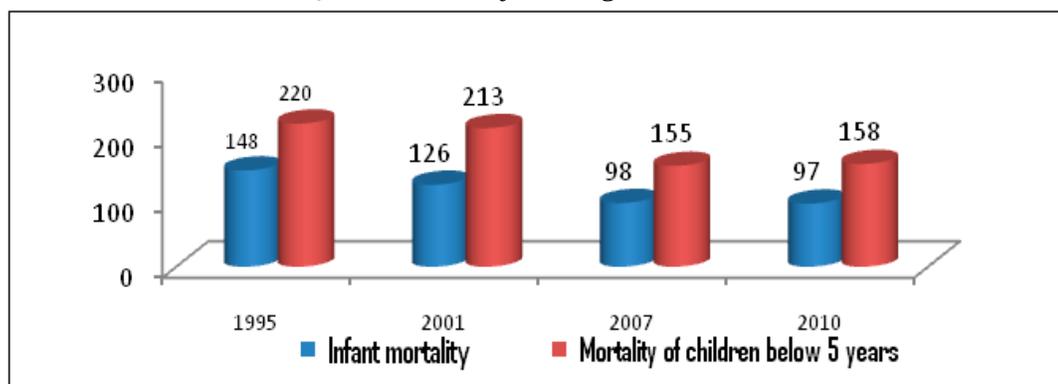
detrimental to the economic development of the country because it leads to a strong social demand particularly in the areas of education, employment, housing, health and transport which social policies must tackle. It should be noted that the declaration of births in the civil status registry is among the lowest in the continent.

25. **The large size of the population stems from high fertility.** The Total Fertility Rate (TFR) has slightly improved but remains above the average for Sub-Saharan Africa. It fell from 7.1 children per woman (MICS 2, 2001) to 6 in 2010 according to MICS 4. This is to be linked with poor access to family planning and contraceptives, as well as socio-cultural factors. This level of TFR continuously puts growing pressure on social services and employment.

**B. A disquieting health and nutrition situation, although it is improving**

26. **The country has made progress on child mortality since 2001, but the situation is still disquieting.** In general, it can be said that the level of child mortality remains quite high compared with other countries. In 2006, the GPRSP 1 targeted the reduction of the infant mortality rate from 126 to 104 per thousand live births by 2007. We can consider this goal as achieved. However, the mortality of children under 5 years of age results in over 500,000 deaths. The increase observed since 2007 is alarming.

Figure 2. Mortality of Congolese children



Sources: MICS and EDS.

27. **In terms of inequality, the wealthy classes, as well as the urban areas, Kinshasa and the major cities are less affected.** The concentration index indicates that mortality affects the poor more than proportionately. If a slight drop has been observed for children under one year, it has remained stable for those of 5 years.

**Table 1.** Distribution of mortality of Congolese children according to the socio-economic group

	One year			Five years		
	MICS 2002	EDS 2007	MICS 2010	MICS 2002	EDS 2007	MICS 2010
The poorest	147	113	104	248	184	172
Second	138	105	101	233	177	166
Average	129	95	116	219	155	194
Fourth	124	93	93	209	151	151
The richest	75	58	58	119	97	88
<b>Concentration index</b>	<b>-0.1</b>	<b>-0.09</b>	<b>-0.08</b>	<b>-0.11</b>	<b>-0.1</b>	<b>-0.1</b>

**Source:** INS.

28. **The level of infant mortality in the country is reflected in very low life expectancy at birth,** around 54 years in 2009. It should also be linked with the high fertility rate. This affects the Human Development Index (HDI) that ranks the country 168<sup>th</sup> out of 169.
29. **One of the main causes of high mortality of children is the relatively high morbidity rate.** As such, there is a high prevalence of diseases and infections in

Congolese children, especially a high prevalence of malaria (40 percent of deaths) and Acute Respiratory Infections<sup>6</sup>. Another major cause is the poor and inadequate child nutrition<sup>7</sup>. Indeed, malnutrition affects over 5 million children in the country. Similarly, the high level of child mortality in the DRC is also due to the insufficient performance of the health system of the country, especially access to health care. Indeed, access to health services remains a problem in the DRC, even though some studies show an improvement of the medical management of pregnancies, in conjunction with the increase in prenatal consultations<sup>8</sup>.

30. **In the DRC, malaria remains a major endemic disease and the first major cause of morbidity** with nearly 10 episodes per year per child, while the endemicity level is 3 episodes per year per person according to health statistics. It is estimated that between 150,000 and 250,000 children below the age of 5 die each year from malaria. This disease is also one of the three leading causes of death in the most vulnerable groups, children under 5 years of age and pregnant women. The percentage of children under 5 sleeping under treated mosquito bed nets was estimated at 38 percent in 2010 and remains far below the target set for 2015. New resources must be sought to get closer to the target and simultaneously contribute to the reduction of infant mortality.
31. **Maternal mortality is decreasing but still remains a concern.** The results of 2007 EDS survey and 2010 MICS survey show a relative improvement of maternal health indicators between 2001 and 2010, even if they are still high. Available estimates do not allow for the appreciation of the impact of health policies and programs. According to estimates made by an inter-agency experts group from the WHO, UNICEF, UNFPA and the World Bank, the maternal mortality ratio is estimated at 670 maternal deaths per 100,000 live births with a significant error margin<sup>9</sup>. According to the EDS survey, this ratio was estimated at 549 deaths<sup>10</sup> per 100,000 live births in 2007, while the MICS 2 survey estimated this ratio at 1,289 deaths in 2001.
32. **Efforts to reduce risk factors of maternal mortality are still insufficient.** In relation to prenatal consultation, an increase of 17 percent was noticed between 2001 and 2007. However, there was a decline in subsequent years. The proportion of pregnant women who had at least four prenatal visits according to the norms recommended by WHO

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<sup>6</sup> In general, all age groups seem more or less to be uniformly affected. The prevalence rate of diarrhea dropped from 22 percent (MICS 2, 2001) to 16 percent (EDS, 2007) and then increased to 18 percent in 2010. The prevalence rate of malaria is highest, even though it is declining, and affects about one child out of 3 (41 percent in 2001 as against 31 percent in 2007 and about 27 percent in 2010). In addition, the fatality rate of malaria has increased from 1 percent in 1999 to 11 percent in 2005. This figure would even be more if we include the cases of self-medication in response to malaria attack. The number of children who suffered from acute respiratory infections (ARI) has unfortunately risen sharply, from 11 percent in 2001 to 15 percent (2007).

<sup>7</sup> Although 95 percent of children below 5 years, born between 2002 and 2007 are breastfed, the fact remains that the practice of exclusive breastfeeding (up to six months after the birth of the child) is still low and involves only 36 percent of children. In 2010, the duration of exclusive breastfeeding dropped to only 2 months after birth and involves only 37 percent of children. The percentage of children receiving food supplements dropped from 79 percent to 64 percent. The consumption of iodized salt in households dropped (from 93 percent in 2002 to 83 percent in 2007 and 50 percent in 2010) causing a risk on the nutritional status of children. However, the number of children provided with vitamin A increased sharply from 20 percent in 2001 to 55 percent in 2007 and 82 percent in 2010.

<sup>8</sup> Indeed, the number of pregnant women receiving prenatal care increased from 61 percent to 85 percent between 2001 and 2007 according to MICS 2 (2002) and EDS (2007) but since then, the percentage has remained virtually unchanged (87 percent in 2010 according to MICS 4). Similarly, the gap that was 18 percent between urban and rural areas in 2001 (81 percent as against 63 percent) probably reduced to 11 percent in 2007 (92 percent as against 81 percent) and 6 points between 2007 and 2010 (92 percent as against 86 percent). However, the average situation of the country hides huge disparities between the various provinces. The rate of births assisted by trained medical personnel also increased from 61 percent to 74 percent but remained unchanged 3 years afterwards according to MICS 4 which still stands at 74 percent. As for childhood immunization, the number of children fully immunized before the age of one (against all the diseases targeted by the Extended Immunization Program - EIP) has doubled from 14 percent to 28 percent between 2001 and 2007, and 48 percent in 2010, far below the target of 80 percent set by the government. It should be noted that there is a significant variation of the vaccination coverage based on the place of residence, province, level of education and wealth.

<sup>9</sup> The WHO, in its 2010 annual report on global health statistics, indicates that the DRC has a maternal mortality level of 1,100 maternal deaths per 100,000 live births. American NGOs indicate a maternal mortality level estimated at 1,837 maternal deaths per 100,000 live births in their websites.

<sup>10</sup> To better appreciate the evolution of the national context, it is necessary to examine changes in risk factors of maternal mortality including: unwanted, frequent, close, early or late pregnancies, births that take place without skilled medical assistance, the low capacity of management of high risk pregnancies. The situation has not improved at all in recent years. Indeed, 47 percent of women have at least one child at the age of 19, 26 percent of births occur between short inter-birth intervals (less than 24 months) and are harmful to maternal and child health.

witnessed a slight drop from 47 percent to 44 percent between 2007 and 2010. The administration of prenatal care during these visits is not always complete. For instance, only 46 percent of women who underwent prenatal consultations received iron folate tablets.

33. **The proportion of births assisted by skilled health personnel witnessed an increase** (from 61 percent to 74 percent). Taking into consideration the residential area, the gap that was 18 percent between urban and rural areas in 2001 (81 percent as against 63 percent) decreased to 11 percent in 2007 (92 percent as against 81 percent). Although many deliveries take place in hospitals (75 percent), the quality of service is not guaranteed. Indeed, only 7 percent of health centers offer a full technical support center for maternal and neonatal emergency care. Access to obstetrical and neonatal care is almost non-existent. Most structures; both basic and reference, are in a dilapidated state and lack basic equipment and medicines to address obstetrical and neonatal emergencies. Despite the fact that 74 percent of women deliver in the hands of health personnel, they are not always qualified to offer quality maternal and child health services. This is due to the shortage of basic training institutions for midwives, gynecologists and obstetricians.
34. **Congolese households have made progress on child nutrition but the situation of food security still remains disquieting in the whole country.** The nutritional status of Congolese children seems to be improving, but at a slow pace. Indeed, the proportion of children under five who are moderately underweight decreased from 31.1 percent in 2001 to 25.1 percent in 2007 and 24 percent in 2010 which is higher than the 16.8 percent expected to be on the trail of the MDGs. This average conceals disparities both in terms of areas of residence (27 percent in rural areas and 17 percent in urban areas) and provinces.

**Table 2.** Fairness in access to health services in the DRC.

	Assistance during childbirth			Prenatal care			Vaccination		
	MICS 2002	EDS 2007	MICS 2010	MICS 2002	EDS 2007	MICS 2010	MICS 2002	EDS 2007	MICS 2010
The poorest	45.2	59.2	59.8	58.7	78.0	82.6	10.2	19.6	38.2
Second	43.4	62.0	67.5	58.3	79.2	82.7	13.1	25.3	46.6
Average	59.7	73.3	69.0	68.4	87.0	87.7	20.8	30.0	49.9
Fourth	71.1	85.2	85.1	72.2	89.3	91.8	25.8	32.8	52.3
The richest	90.9	97.7	96.2	87.8	95.7	93.7	44.0	50.1	57.9
Concentration index	0.2	0.1	0.1	0.1	0.0	0.0	0.3	0.2	0.1

Source: MICS survey 2002, Demographic and health survey (EDS) 2007, MICS 2010.

35. Concerning the financing of the sector, it relies primarily on a tripod made up of the State budget, external contributions (bilateral and multilateral) and recovery of the cost of health care and services from users (up to 70 percent of running costs):
- *The State budget allocated to health remains low and well below the commitments made by Heads of State in Abuja (15 percent).* In most cases, it is less than 5 percent of the overall budget and its average disbursement rate is 70 percent (2008 and 2009). Its allocation does not respect the priorities of the sector;
  - *The international aid devoted to health remains fragmented* in a context marked by the withdrawal of the State thereby challenging the global, continuous, and integrated nature of primary health care in health zones. In addition, this grant has been used to set up many management units and steering committees. Transaction costs are very high, the cost of Technical Assistance is close to 39 percent in some projects and the coordination of the interventions is very complex;
  - *Financial resources received from the community through rating are not supervised.* In most cases, these are the only resources used to operate health facilities. Where other sources of funding exist, the contribution of the community is the main source of funding for recurrent costs of health facilities;
  - *Direct payment at the place where health care services are provided is contrary to the principles of universal coverage that are highly valued in primary health care giving.* Almost three-quarters of users are excluded from formal health care services because of poverty. Nevertheless, there are pilot experience of risk-sharing in some provinces that should be supervised and documented;

- *There is very little information on the private profit and non profit-making organizations (religious denominations, businesses and private profit-making organizations). These resources are obviously important because they provide 40 percent of hospital services at the level of health zones and certainly more at the level of the first contact with the community (health centers, health posts, dispensaries, etc...). In 1989, para-statal spent 142 million USD on their health services.*
36. As a whole, despite progress made, it should be noted that the performance level of most health indicators in the DRC is still below the average for Sub-Saharan Africa and all indicators show significant differences by place of residence and provinces. This disquieting situation is related to: i) the poor governance of the system, ii) weaknesses both in the quality and quantity of human resources, iii) financing of health systems; iv) the situation of drugs and specific inputs v) problems related to infrastructure, equipment/materials, laboratories and new technologies; vi) problems of health information and vii) the quality of delivery of health services and care.

### **C. A disquieting HIV/AIDS situation**

37. **HIV/AIDS is one of the main development problems and challenges in the DRC.** First of all, the very high incidence of poverty in the country is a major factor of vulnerability to HIV/AIDS and accentuates the poverty and vulnerability of individuals and households. The number of people living with HIV continues to increase in the DRC, with 1,431,800 PLWHA, including 168,250 new infections and 104,200 deaths in 2009. HIV prevalence is 3.25 percent in the general population and 4.3 percent among pregnant women attending prenatal consultation services. With regard to the poorer classes, the 2007 EDS data suggest that they are less affected than the rich (2 percent as against 0.6 percent for the poor). The prevalence is also higher in Kinshasa and the eastern provinces (1.9 percent each) and in the Centre-South (1.2 percent). The poor provinces of the Centre and North are less affected (0.7 percent).
38. AIDS has a negative impact on national productivity because HIV infection is the leading cause of morbidity and mortality within the productive age group of 20 to 49 years. AIDS patients often experience a decrease in income due to job loss (stigmatization) or inability to work, thus, increasing their risk of falling into poverty. In addition, the increasing number of patients rendered precarious and unproductive by AIDS imposes spending on families and communities that makes them more vulnerable and creates a burden on public spending that must cope with increasing needs of case management. In the DRC, the main household expenditure is food to which they devote 85 percent of their income. This discriminates against AIDS-related expenses that are also high (360 US\$) compared to the average annual income 298 US\$). Also, HIV/AIDS increases the vulnerability of households and communities to food insecurity and the latter increases the risk of infection of individuals and forces them into using risky ways of adapting.
39. **At the policy and institutional level, the scope of the national response is limited** by insufficient national commitment and ownership, resulting from the tendency to "leave the fight against AIDS in the hands of external partners." The AIDS problem should be considered within the economic context of the country and take into account the relationship between HIV/AIDS and the economic context characterized by high poverty, unemployment, difficulties in integrating youths and survival strategies that drive the epidemic. In this sense, AIDS by affecting the productive age groups also reduces national productivity. By exposing youths to risks, AIDS is a real threat to the country's future. The Congolese population is young with nearly 50 percent under 15 years of age (EDS 2007). This youthful population is characterized by early sexual activity, which is a determinant of fertility, but which is also an important factor in the spread of HIV. The percentage of infected youths aged 15-24 years is 3.6 percent.
40. **AIDS also has negative and disrupting effects on human capital and basic social services.** Given the difficulties faced by the health system to meet the entire demand for primary health care services, the specific needs of PLWHA cause an additional burden to which the system can easily cope without additional measures. HIV/AIDS entails major costs on the one hand, to treat the sick and, on the other, to replace health workers who are sick of AIDS or died from it. The financial impact on the education sector is very

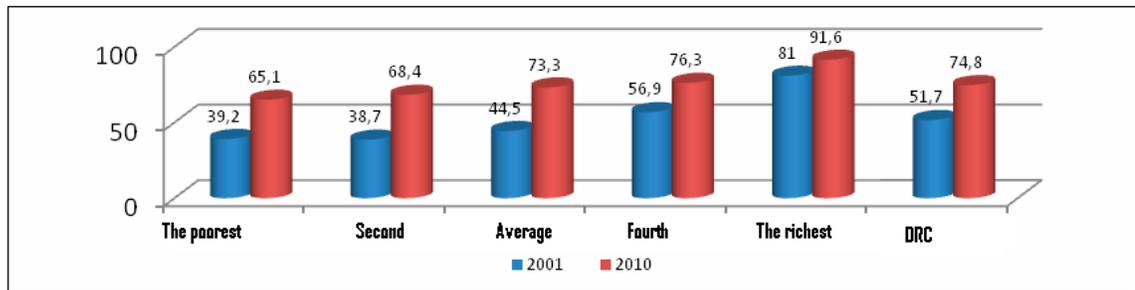
huge, especially when one considers the cost of educating orphans, treating infected staff members and replacing teachers and professors who are sick of AIDS or those who died from it.

41. **Finally, other contextual factors contribute to the country's vulnerability to HIV.** The DRC is a very vast country with remote areas and shares borders with nine countries, some of which have high HIV prevalence rates. Domestic and cross-border mobility of the population is logically one of the main factors of HIV transmission. Added to that are the post-conflict situation and humanitarian crisis that the country witnessed and their consequences. The DRC received nearly 436,259 refugees from neighboring countries of whom 276,259 have been repatriated. In addition, 500,000 Congolese sought refuge in neighboring countries and 187,777 of them have already been repatriated. Finally, it is estimated that more than 1.35 million Congolese are internally displaced mainly in the eastern provinces of the country.
42. **Despite the progress noted in recent years, the situation still remains critical.** The number of new infections in 2010 was estimated at 127,135, including 70,574 women. Only 12.4 percent of people infected with HIV receive antiretroviral drugs. 23.3 percent of infants born to HIV positive mothers are infected with HIV and only 2.2 percent of HIV+ pregnant women received ARV prophylaxis. The number of AIDS-related orphans is estimated at 984,879. The groups most affected by the epidemic are professional sex workers (16.9 percent), female victims of rape (20 percent), displaced women (7.6 percent), pregnant women (4.3 percent), youths aged 15-24 (3.6 percent). Only 15 percent of health zones, that is, 80 health zones out of 515 health zones handle cases of co-infection. (2010-2014 National Health Plan). Blood transfusion presents a high risk of transmission, in 54.6 percent of blood units donors were tested for HIV in 2010. Indicators of knowledge and use are equally disturbing. 4 percent of the adults have a knowledge of their HIV status, 13.5 percent use condoms with a casual sexual partner and only 15 percent of the 15-24 age group has knowledge of HIV prevention.
43. **The fight against AIDS faces major constraints including the following:** (i) limited access, low utilization and quality of HIV/AIDS services, (ii) fragmentation and verticality of interventions and the poor synergy between AIDS interventions and other programs; (iii) limited availability and quality of services, (iv) underutilization of existing services and low geographical and financial accessibility, (v) shortcomings in the collection and use of strategic information, (vi) problems of availability, data quality and functionality of information systems, (vii) weaknesses of health systems and institutional and technical capacity for implementation, particularly those of community health systems (viii) socio-cultural barriers and perceptions, including stigmatization and the social status of women, (ix) management of procurements and stocks with problems of estimation of needs and quantification, the unreliability of data, the multiplication of products under protocols (ARV) and guides as well as the fragmentation of distribution channels and (x) insufficient involvement of communities and the private sector.

#### **D. *An improving education sector***

44. **The analysis of all the indicators of the education sector shows improvement** over the last decade, thanks to substantial funding of the sector by the State, households and the Technical and Financial Partners. Compared to Sub-Saharan Africa, the country seems to be well endowed with educational facilities. However, the poor quality of infrastructure weighs down on their performance and distances the country from the results it should have achieved.
45. However, **the enrolment capacity at the level of primary education** has improved by 7 points between 2006 and 2007 with a gross enrollment rate of nearly 91 percent in 2007. The net attendance rate reached 51.7 percent in 2000 and 75.0 percent in 2010, an increase of 23.3 points in ten (10) years. Despite this progress, the level of the indicator remains below the expected level of 2010 (91.8 percent) to reach the 100 percent target adopted by the International Community at the Millennium Summit in September 2000. This increase has benefited the poorer classes that witnessed an improvement in their net enrollment rate from 39 to 65 percent.

Figure 3: Net primary enrollment rate



Source: 2001 and 2010 MICS SURVEYS

46. In 2008, **the transition rate between the primary and the first cycle of secondary school** was 68 percent. Progress between the first and second cycle specialization in secondary education is also high (about 80 percent). The net attendance rate of secondary schools, which has been on the increase since 2001, was 32 percent in 2010. Repetition and survival rates in the secondary are respectively 18 percent and 59.7 percent. The completion rate is particularly low with only 26 percent of students who complete high school. Equality in primary education is a MDG target within reach of the country by 2015 based on trends and the level reached in 2010 (0.93). At the nursery school level, attendance of girls is more than that of boys.
47. **In secondary schools**, disparities in access between girls and boys are even more pronounced. The gross enrollment rates recorded are 30.3 percent and 53.6 percent respectively, giving a parity index of 0.6. The intake rates recorded in 2008 confirmed this difference: 38.7 percent for girls and 61.2 percent for boys. In terms of completion rate, girls are around 17.4 percent as against 35 percent for boys. Gender disparities in access to education may be explained by cultural factors (early marriages, pregnancies, etc...), and economic factors that discriminate in favor of the education of boys at the expense of girls when choices must be made within a family. In addition, some sexist practices within the schools or the lack of separate toilet facilities may discourage girls from attending school.
48. **With regard to literacy**, the proportion of literate youths aged 15-24 increased by one point between 2001 and 2007 from 71.1 percent to 72.1 percent with a marked improvement in men (passing from 78.3 percent to 83.1 percent) and a decline in women (passing from 64.3 percent to 62.3 percent). At the level of technical education and vocational training, it is noted that the supply is not sufficiently developed across the country and is a recent creation (57 percent of the schools were built as from 1991). Similarly, the branches of vocational education totaling 37 seem to be poorly adapted to the needs of the population (two branches namely: "commercial and administrative" and "sewing and tailoring" receive 30 percent and 21 percent of learners respectively).
49. **With regard to higher education and scientific research**, demand is very high (the number of students increased from 240,000 in 2006 to 300,000 in 2008, with approximately 80 percent in the public schools). This puts pressure on a sub-sector with acute problems of infrastructure, equipment, personnel (quantitative deficit of teachers and researchers, insufficient training, imbalance between teaching and administrative staff...) and organization. Thus, there is a recent and uncontrolled explosion in the number of institutions of higher learning. In addition, the poor external response of the sub-sector reflects the current inadequacy between the needs of the productive sector and skills put into the job market by the educational sector. Finally, it is necessary to notice geographical imbalances (44.4 percent of the students are concentrated in Kinshasa) and gender imbalances (girls only represented 26 percent of students in 2008, a slight increase since 2006).
50. **Regarding the financing of the sector**, it should be noted that it receives inadequate public financing. The funding from the State is practically never made available at the right time. Public financing of the sector has drastically dropped from 24 percent of public spending in 1980 to 7 percent in 2002 and 4 percent in 2009. The financial needs

resulting from the insufficient funding of the sector by the State are mostly borne by households, most of which are poor (the national incidence of poverty is 70 percent). As a matter of fact, for 100 USD to spend on primary, secondary, and vocational education, the State contributes an average of 48 percent, households 37 percent and partners 15 percent. This situation results in the dilapidated school infrastructure, inadequate teaching facilities and material, the transfer of public burden to households resulting in a decline in school enrolment because many children are kept out of schools by the fees.

51. **This relative progress should not obscure the serious problems in the country's educational system.** As a whole, the Congolese educational system is still feeling the effects of the years of conflict and economic crisis in spite of significant efforts in recent years in the implementation of Article 43 of the Constitution which enshrines free and compulsory basic education, the construction of schools, distribution of school manuals and kits. Major constraints remain including (i) the poverty of households that make them unable to afford the high costs of education, (ii) insufficient supply of quality education (state of infrastructure, shortage of school materials, long distances separating schools from residential areas, teacher motivation and preparation), (iii) maladjustment of the education system to the lifestyle of certain specific groups (pygmies, forest dwellers, nomads, etc.), (iv) the questioning of the social utility of the school due to its inadaptation to the job market and (v) low public financing and support from Technical and Financial Partners (TFP).

*E. A living environment and access to utility services which are below standards*

52. **Access to drinking water is very low.** Available statistics indicate that in spite of the abundant fresh water resources of the country, access to drinking water still remains low, although it rose from 22 percent to 26 percent between 2005 and 2010. The coverage rate of water supply in rural areas remained far behind that of urban areas because this sub-sector has not received as much attention at the level of investments carried out. Also, the service quality in some centers is often irregular.
53. **The sanitation situation is critical.** Only a small fraction of households have flushing toilet systems connected to a sewer (that is, 1.3 percent in 2001 as against 2.5 percent in 2007). Generally, only 14 percent of Congolese households use improved sanitation facilities, with 36 percent in urban areas and 4 percent in rural areas respectively while the average for Sub-Saharan Africa is 44 percent and 24 percent respectively. Over the same period, 12 percent of households defecate in the open. From the above, we can estimate that as far as sanitation services are concerned, the target of 11.5 percent of GPRSP 1 has not been reached. The low increase of access to sanitation facilities is due to the low allocation of financial resources in a context of stagnating overall public investment (19 percent over the period 2006-2007 with a drop to 13 percent in 2008).
54. **Several constraints are at the origin of this mixed performance** including: (i) weaknesses of economic operators in the water sub-sector (REGIDESO in urban areas and SNHR in rural areas), (ii) the maladjustment of the institutional frameworks of the Drinking Water and Sanitation sub-sectors (competences shared and diluted in several ministries<sup>11</sup>), (iii) insufficient financial resources, (iv) poor involvement and ownership of communities and households, especially in rural areas, in the managing and self-management of existing systems, (v) and the low purchasing power of the population.
55. **Regarding housing and accommodation,** the large majority of Congolese are owners of the main homes according to the survey 1-2-3 (75.5 percent), a figure that seems to agree with the MICS survey data (74 percent according to MICS 2 and 4). This, however, remains a predominantly rural phenomenon with about 85 percent of house owners as against 50 percent in urban areas. However, 81 percent of these homes are made of mud or straw with straw roofs (60 percent) or in metal roofing sheets (33 percent) according to the survey 1-2-3. In urban areas, most of these houses are in the suburbs. A phenomenon of unplanned construction patterns can be observed in the cities. This brings about problems of erosion and weakening of the soil (environmental degradation), as well as problems related to land-use planning and the effectiveness of cities as a tool

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<sup>11</sup> Department of Sanitation (DAS) in the Ministry of Environment, Office of Road network and Drainage (OVD) in the Ministry of Infrastructure and Public Works and the National Service for Rural Water Services (SNHR) in the Ministry of Rural Development.

for promoting development. The Government should consider implementing swift action for better urban planning (in terms of restructuring of the housing fabric, the provision of public services) and overall land use, to avoid the uncontrolled housing from becoming a hindrance to the future development of the DRC.

*F. An environmental degradation with multifaceted causes and effects*

56. **With regard to the environment in the broadest sense of the term in which the Congolese households live, it runs the risk of degradation, especially in areas where the poor live.** As of date, the DRC has an estimated forest area of 145 million hectares according to the REDD report of the World Bank. Deforestation would have evolved at a pace of 0.7 percent per year between 1990 and 1995, and reforestation at 0.3 percent, according to a study of the African Development Bank (ADB). The result is a net deforestation rate of 0.4 points per year (0.25 percent on average between 1990 and 2000 according to REDD). The forest coverage rate that was 55 percent in 1990 only represents 45 percent as of now according to the Ministry of Environment. Environmental pressure is higher in urban areas because nearly 47 percent of the Congolese population is concentrated on only 10 percent of the territory, according to the same source.
57. **The main causes of environmental degradation** are deforestation, extension of infrastructure and agriculture, logging, soil degradation due to erosion, urban pollution, poor management of solid waste, increasing loss of biodiversity, wars and other factors. Environmental degradation has direct consequences on health, nutrition, employment, etc., and Government intends to take the necessary measures to fight against this phenomenon (See Pillar 4, chapter 2).

*G. Gender equality that is yet to be accomplished*

58. **Gender issues are still a burning issue in the DRC.** Despite advances in the legal domain and the Congolese Constitution which establishes gender equality as an inalienable principle, the situation of Congolese women is far from enviable and her empowerment remains very low<sup>12</sup>. Congolese women are discriminated against in all fronts (power and governance, political participation, socio-economic status, sexuality, health and education, etc.). A comparative analysis of the situation of men and women in the social, economic, legal and political fronts reveals that women are more affected by disparities than men, justifying the need to take specific measures in her favour to address these gaps.
59. The persistence of inequalities and inequities against women occur in the perception, distribution, control and management of resources between men and women. These disparities are also reflected in the analysis of gender differences and methods of determining the risks and vulnerabilities in the designing, implementation and evaluation of all sector-based development programs and projects. The traceability of these disparities is also remarkable in the treatment of girls compared to boys and the representation of men and women in decision-making bodies. These inequalities between men and women constitute a considerable obstacle to the promotion of human rights, poverty alleviation, economic growth and sustainable social development.
60. To illustrate the inequities, despite some progress on the legal dimension, the situation of Congolese woman is less attractive and her economic empowerment is still very low. According to the 2010 progress report on the MDGs, the proportion of women who represent the people in the Parliament and Senate was 8 percent and 5 percent respectively, far from the parity (50 percent) provided by the Constitution of the Republic. Gender inequalities are acute in higher education where the index was estimated in 2005 at 0.46. Similarly, women are dominated by men in the skilled jobs (senior staff members, supervisors, etc.). The achievement of sustainable development goals requires the effective and equal involvement of women and men at all levels of the wealth creation and distribution process.

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<sup>12</sup> The gender profile developed by AIDS (2009) reveals that men and children are also victims of violence resulting from war.

61. **The literacy parity index for women/men is very disadvantageous for women and has not evolved between 2001 and 2007** since it remained constant at 0.69. However, the percentage of women employed in the non-agricultural sector has witnessed a marked evolution from 21 percent to 34 percent between 2001 and 2007<sup>13</sup>. There also exists a high proportion of violence against women: 64 percent reported to have experienced violence since the age of 15 and 49 percent within the past 12 months. Women are more exposed to the risk of prostitution, diseases and AIDS. Women have a higher mortality than men. This high discrimination results primarily from the religious and traditional institutions.

### 1.1.3. Subjective poverty, vulnerability and household satisfaction

62. **In terms of subjective poverty, the war in the DRC and the subsequent drop in incomes that followed had a disastrous effect on the welfare of households.** Thus, the survey on the perceptions of living conditions of households (SOPPOC, 2004) indicated that 73.5 percent of households feel that they are poor, which is close to the level of objective poverty (70 percent). This casts a dark cloud on the moral of households which believed that poverty would rise over the next 5 years following the results of the same survey (33 percent). This pessimism has an effect on the moral, dynamism and productivity of households: 63 percent of household heads declared that they have nightmares while 70 percent are constantly sad. Meanwhile, 92 percent of households feel that they are useful to the country, 88 percent had plans for the future, indicating the resilience of the Congolese people in the face of adversity. According to the survey 1-2-3, households attributed poverty to lack of jobs (63 percent) and lack of infrastructure (12 percent). It should be noted that even though all the households consider that they are poor, 60 percent of them do not however consider the DRC as a poor country.
63. **In terms of vulnerability of households:** The SOPPOC survey identified the most vulnerable groups as follows: (a) children in difficult circumstances (including street children, child soldiers and those accused of witchcraft), (b) women in difficult circumstances (teenage mothers, young women who are family heads, women victims of sexual violence), (c) people living with HIV/AIDS, (d) persons with disabilities, (e) elderly persons living alone, and (f) displaced persons (due to conflicts or natural disasters). It is assumed here that this situation has remained unchanged due to the absence of a Government strategy to address the situation during the period of implementation of the GPRSP1. Accordingly, Government's priority in this area should be the establishment of a vigorous social protection policy alongside better cooperation with NGOs working in the country to help the poor. A detailed analysis of the vulnerability per socio-economic group indicates that the most affected and most exposed groups to HIV are among the most vulnerable groups. This is particularly true of women, orphans and vulnerable children, unskilled and unemployed youths, people living with HIV/AIDS and professional sex workers.
64. **The result is a generally low level of satisfaction of households.** The satisfaction of the population is an indicator of the improvement achieved in the provision and delivery of public services since 2001, during which international funds were mobilized. According to the recent survey by BERCI (2010) targeting three provinces, the Congolese population is generally satisfied with some social services received from the Government. These include especially the services of education, health, agriculture, water and electricity supply. This satisfaction mainly concerns the quality and integrity in service delivery. However, the level of satisfaction varies according to services; it is higher for health and education than for agriculture, water and electricity supply.
65. **Although the implementation of the first generation GPRS as well as sector-specific policies and strategies to fight against poverty, between 2006 and 2010, has improved the quality and supply of essential public services, there is still much to desire.** In the health sector, results indicate that the vast majority of households (80 percent) are satisfied with the availability of health personnel and three-

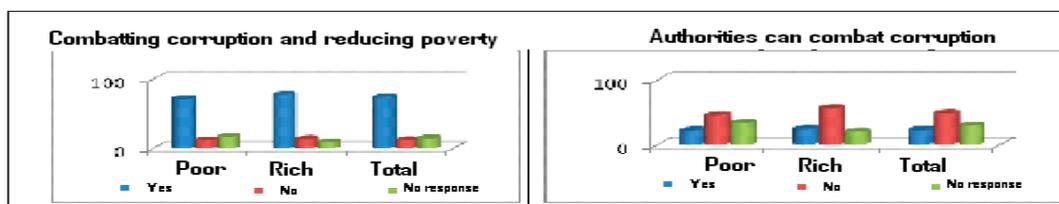
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<sup>13</sup> According to EDS 2007, in most cases (72%), married women decide to use their income, either alone (25%) or jointly with their husbands or partners (47%). In 28% of cases, the husband decides on the use of the income of wife alone. Similarly, 57% of women decide daily meals of the household alone, 75% approve of the behavior of her husband / partner (fight or neglecting children, going out without informing, etc.).

quarters of respondents (74 percent) were satisfied with the average duration of medical consultations. However, the level of satisfaction drops considerably when it comes to the availability of equipment (44 percent satisfied) and the general condition of the buildings (60 percent satisfied). In the education sector, the global assessment shows that more than 69 percent of the parents are satisfied. 24 percent of these parents are not satisfied and only 4 percent are more than satisfied. Specifically, 74 percent of parents are satisfied with academic achievements or the quality of education their children receive. However, aspects of education for which parents show dissatisfaction (less than 60 percent) are: the availability of equipment, books, school supplies, the publishing of financial reports, the general condition of toilets and school fees. Finally, the dissatisfaction of parents is also expressed in relation to the state of infrastructure (walls, classrooms, roofs, furniture), and sanitary conditions that are deplorable.

66. **The public services charged with drinking water and electricity supply are not as appreciated as the education and health services.** Households are not satisfied with water supply services. Compared to the situation in 2003, 55 percent of households think that the situation has not changed. Regarding electricity, only 36 percent of households say they are generally very satisfied while 32 percent of households are satisfied. As for agriculture, the results show that households are more or less satisfied with their activity, which enables them to have something to eat, even if they do not take three square meals a day; and to earn an income that enables them, if they can not cover all other needs, at least to purchase on the market what is lacking in their diet. However, the survey confirmed that, with time, services offered in this sector by public institutions have not improved at all. These services are considered unsatisfactory both quantitatively and qualitatively.
67. **Households point an accusing finger at corruption and generally poor governance and the absence of the State.** Thus, the Congolese almost unanimously agree that corruption contributes to increased poverty. However, more than half of the households believe the State can do nothing to remedy the situation.

Figure 4. Appreciation of households



Source: BERCI Survey (2004).

68. **Faced with adversity, poor households have developed risk mitigation strategies and classified their priorities.** Risk mitigation strategies for households according to SOPPOC survey include: (i) working more (90 percent of the population), (ii) diversifying sources of income (77 percent), and (iii) obtaining a loan from a friend or a bank (72 percent). On the other hand, most households, especially those of the rich sell their property when the situation is desperate. Community solidarity also plays an important role with 90 percent of households reported to have worked for the good of the community. We have assumed that the situation has remained unchanged and that households have kept the same mitigation behaviors. Regarding priorities, households believe that the first priority for the State is to create jobs especially for the youths, revitalize education, improve health infrastructure and enhance security. However, it is necessary to note that if in 2004 according to the SOPPOC survey, households put education (35 percent) before employment 15 percent, in 2005 employment is a top priority for 62 percent of households according to the Survey 1-2-3. In general, according to the different surveys (SOPPOC, Survey 1-2-3 and BERCI), households wish in addition to the creation of jobs, that the State should make social services accessible to households.

## 1.2. Situation of the Millennium Development Goals in the DRC

69. The Government has undertaken since 2008 to develop a strategy to accelerate the progress towards the achievement of the MDGs. To this end, government developed and validated in December 2008 a national action plan for achieving the MDGs, entitled "Advocacy paper to mobilize resources for the financing of the MDGs". This advocacy instrument revealed the inability of the DRC to meet the MDG targets in a stable and reorganized macroeconomic framework in 2015. The paper recommended the need for the country to postpone the achievement of those targets to 2020, but with a strong commitment to achieve the targets in 2015 if the socio-economic context is favorable.

70. The analysis of the evolution of the MDG indicators reveals a contrasting picture (See Box 4). In some sectors, the changing trends suggest prospects of achieving the targets set for 2015. Mindful of past trends, it is thought that these sectors have a potential for progress that will enable them achieve the MDG targets. However, considering the structural

### Box 4. Progress towards the MDGs

In terms of progress, the results of the 2010 MICS survey show that there are real chances for the achievement of certain targets by 2015 through the efforts in the fight against HIV/AIDS (Goal 6, Target 6A) and women empowerment (Goal 3, target 3A). For the goals related to the fight against poverty (Goal 1, Target 1C), education for all by 2015 (Goal 2, Target 2A), child health (Goal 4, Target 4A), the fight against malaria (Goal 6, Target C) and sanitation (Goal 7, Target 7C) no real progress has been observed. Finally, progress is mixed in maternal health (Goal 5, Target 5A), and access to drinking water (Goal 7, Target 7C).

problems and historical patterns observed in other sectors, the evolution does not present any prospects for meeting the targets even by 2020 if substantial efforts are not deployed. The table below presents the MDGs according to whether they have the potential to progress rapidly or they require substantial efforts.

**Table 3.** Evolution of indicators of MDGs

Goal	Indicators	1990	2007	2010	2015 (target)	Probability to reach the goal
<b>GOAL 1: Eradicate extreme poverty and hunger</b>	Proportion of the population living on less than one dollar per day expressed in purchasing power parity terms	80	70		40	Unlikely
	Rate of unemployment of the age bracket 15 to 24 in urban areas		32.23 (2005)		10	Unlikely
	Percentage of children of less than 5 years presenting moderate underweight	28	31.4	24	14	Unlikely
<b>GOAL 2: Achieve universal primary education</b>	Net rate of primary school attendance (6 - 11 years)	56	61	75	100	Potentially
	Primary school completion rate	51	44.3		100	Unlikely
	Literacy rate of men 15 years and above		85.8		100	Potentially
	Literacy rate of women 15 years and above		58.9		100	Unlikely
<b>GOAL 3: Promote gender equality and empower women</b>	Girl/boy ratio in primary education			0.93	1	Potentially
	Girl/boy ratio in secondary education			0.81	1	Potentially
	Girl/boy ratio in higher education		0.62 (2005)		1	Unlikely
	Proportion of seats and duty posts occupied by women at the National Assembly	6	7.7		50	Unlikely
<b>GOAL 4: Reduce child mortality</b>	Death rate of children below 5 years of age		165	158	60	Unlikely
	Infant mortality rate (mortality of children below 1 year of age)	92	98	97	30	Unlikely
	Proportion of children between 12 and 23 months who have received all the vaccines.		30.6	48	90	Unlikely
<b>GOAL 5: Improve maternal health</b>	Maternal mortality rate		549		322	Unlikely
	Prenatal consultation		85		100	Potentially
	Proportion of childbirths assisted by a qualified health personnel		74		100	Potentially
	Prevalence of contraceptives	4.6	6		15	Unlikely
<b>GOAL 6: Combat HIV/AIDS, malaria and other diseases</b>	Prevalence rate of HIV/AIDS	5		3.7	3.1	Potentially
	Percentage of children less than 5 years that sleep under treated mosquito bed nets		3.4		15	Unlikely
<b>GOAL 7: Ensure environmental sustainability</b>	Proportion of forest land	54.6	62			Unlikely
	Surface area of protected zones.	9	10.4		15	Unlikely
	Proportion of the population with access to better and sustainable water sources, particularly vulnerable groups such as women and children		46.2	47	71	Unlikely
	Proportion of the population with access to a better sanitation system especially the vulnerable groups including women and children	10	17.6		55	Unlikely
<b>GOAL 8: Develop a global partnership for development</b>	Official Development Assistance as a percentage of GDP	5.49	15.5	10.7	5	Potentially
	Public debt stock as A percentage of GDP	120	102	104.1	94.4	Potentially
	Debt service as a percentage of exports	13.5	1.97	4.1	13.3	Unlikely

Source: OCPI, Ministry of Planning, Report on MDGs 2010

### 1.3. Main causes of poverty

71. **The previous sections show that a majority of the Congolese population (about 2/3) is poor.** This poverty is manifested by the prevailing mortality of women and children which is still high due to poor nutrition, high morbidity, limited access to social services, unequal access (despite a slight improvement), low level of education, lack of modern employment, exposure to an unsafe environment, inadequate housing, etc. The education and health systems, alongside other sectors (water, electricity, infrastructure, etc.) structurally contain deficiencies that do not allow for the improvement of the well-being of the population. Lack of employment aggravates the situation.
72. **The Congolese people still remain brave and resilient in their suffering and somehow optimistic about the future.** In 2005, according to the Congolese households, three priority actions were necessary to alleviate poverty including: the "creation of jobs," "tarring of roads" and "facilitating access to education"<sup>14</sup>.
73. **This observation calls for strong policies and an unflinching leadership.** Indeed, the State should, among others, address these worries and improve basic services and infrastructure, increase funding to meet international requirements in terms of ratios, reduce vulnerability and eliminate sources of inefficiency, improve governance and promote the growth sectors that create jobs, coupled with a policy of redistribution of the fruits of growth. This analysis suggests that particular attention should be paid to: (i) the promotion of economic growth, (ii) control of population growth due to the strong correlation between poverty and large household sizes; (iii) reduction of inequalities, and (iv) strengthening of basic infrastructure.

#### 1.3.1. Governance

74. **Poor governance is a major cause of poverty,** in that it creates inefficiencies in the sectors and therefore a loss in productivity. It discourages the creation of enterprises and therefore jobs, drains the resources of poor households, encourages capital flight and loss of government revenue resulting in reduced public investment, etc. At the macroeconomic level, poor governance brings about the loss of several points of growth.
75. Although significant progress has been made, the DRC is still among the 10 countries occupying the bottom place for the various indicators due to its situation as a post-conflict country. Ongoing reforms such as the reform of the administration, the promotion of the private sector by improving the business climate, the procurement code, etc., will contribute towards improving this situation and make the country a safe place to attract foreign investment. These investments will have a tremendous potential to create jobs and thus reduce poverty. It should be remembered that poor governance, even in a disguised or masked form, has long-term effects on poverty. With this in mind, the Government is strongly committed to fight corruption and promote good governance.
76. **The business environment in the DRC today is among the least attractive in the world.** In 2011, the country was ranked 175<sup>th</sup> out of 183 countries in the "Doing Business" report. Nevertheless, the country had made progress compared to 2010 when it was ranked 179<sup>th</sup>. This situation can be attributed to the existence of a complex and unstable administrative and regulatory framework, legal insecurity and high and heavy taxation, with a myriad of small taxes and license fees.

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<sup>14</sup> Obtained from "Survey 1-2-3, results of the survey on employment and household consumption, INS Sept. 2009", pages 313 and 314.

**Table 4.** Doing Business (DB) Indicators for 2010-2011

CATEGORY	2011 DB RANKING	2010 DB RANKING	VARIATION IN RANKING
<b>Total</b>	<b>175</b>	<b>179</b>	<b>+ 4</b>
Business development	146	155	+ 9
Granting of building permits	81	139	+ 58
Transfer of ownership	118	125	+ 7
Granting of loans	168	167	-1
Protection of investors	154	153	-1
Payment of taxes	163	158	-5
Cross-border trade	172	165	-7
Execution of contracts	172	173	+ 1
Closure of business	155	152	-3

**Source:** World Bank, Doing Business report, 2011

77. **Corruption and poor governance result from particular contexts.** Conscious of the problem, the State has initiated substantive actions to promote its image and restore confidence.
78. **Firstly, in terms of political and security governance, much still has to be done, despite the progress accomplished.** After a long transitional period interrupted by two wars, efforts to establish a new political order resulted in the establishment of transitional institutions, the adoption of the new Constitution (December 2005), and the organization of the first free and democratic parliamentary and presidential elections in the country in forty years. Between 2007 and 2010, the security situation improved significantly thanks to military pressure on rebel groups and dialogue with countries of the Great Lakes region. Virtually all institutions under the Constitution both at the central and provincial levels have been established and made functional. However, all these institutions have serious capacity problems making it difficult for them to carry out their functions. The electoral process has been strengthened by the promulgation and implementation of the Law on the National Independent Electoral Commission (CENI).
79. **The situation remained particularly critical in the east of the country during part of the implementation period of the GPRSP I.** In fact, it continued to receive the attention of the Government, partly to the detriment of economic and social development. The predominance of security issues and the additional funding requirements of military spending led to fiscal imbalances observed until the end of 2008.
80. **Regarding administrative and institutional governance, there is also significant progress.** The legal framework for Public Administration prepared in 2009 with the support of all stakeholders including provinces, is pending adoption by Parliament. To ensure effective mastery of the number of civil servants, census operations and retirement of agents and civil servants have been implemented and still continue. Institutional audits of ministries have been conducted. Despite the progress, the Public Administration has been suffering from important and deeply rooted deficiencies for many years. These are characterized by inappropriate and anachronistic laws and regulations governing State personnel alongside the aging and non qualification of State employees, the lack of a social security safety net, a wage and fringe benefits policy and a career follow-up system for State Agents. In addition, the implementation of the Public Administration reform is progressing slowly due to operational difficulties encountered by steering structures of this reform and inadequate coordination of interventions from partners. In the area of human rights, beyond the prescriptive framework, actions of promotion and protection are very limited.
81. **Regarding decentralization,** the legal basis has been established: the 2006 Constitution, the laws of 2008 enshrine the free administration of provinces, the Conference of Provincial Governors and the Decentralized Territorial Entities (ETD), the organic law laying down territorial subdivisions within provinces (May 2010), the Public Finance Law (LOFIP), which clarifies certain aspects related to the transfer of financial resources and the implementation of the budgets of the provinces and Decentralized

Territorial Entities. Several important bills are also pending examination by Parliament, such as the law on the national, provincial and local public service. The Law on the nomenclature of provincial and local taxes, royalties, duties and rights is awaiting the opinion of the next Conference of Governors before it is forwarded to the National Assembly. Finally, the law on the national fiscal equalization fund should be submitted to the Government for adoption.

### 1.3.2. Insufficient economic growth

82. **A robust and redistributive economic growth situated between 8 and 12% was needed to reduce poverty during the implementation of the PRSP 1.**

However, the economic growth achieved between 2006 and 2010 was below 8 percent. This poor performance stemmed from the effects of the global financial crisis which slowed down growth to 2.8 percent in 2009 and propelled the average inflation rate to 46.2 percent over this period. In 2010, inflation fell below 10 percent and growth rose to 7.2 percent, respectively thanks to a prudent fiscal policy and the dynamism of the mining, public works and civil engineering (BTP) and tertiary sectors. Rigorous management of public finances was maintained during the first half of 2011 within an international context

marked by soaring world prices for food and energy products. That notwithstanding, the stability of the Congolese franc and the accumulation of international reserves 2 months away from importation made it possible to predict the achievement of the targets of the program supported by the Extended Credit Facility. The growth rate was expected to reach 6.8 percent, that is, an increase of per capita income by 3.8 percent. But this still remains far from the required threshold of 8 percent. The analysis of sources and factors of growth reveals a contrasting situation.

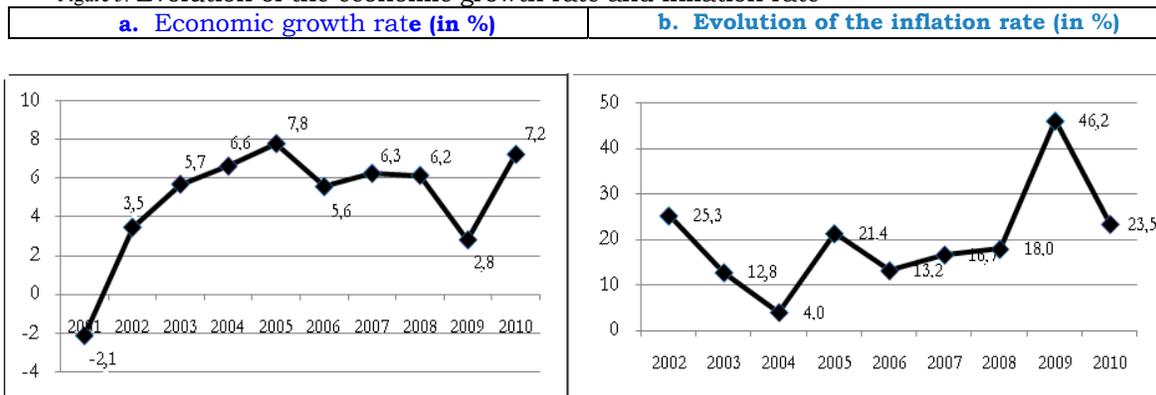
83. **Between 2006 and 2010, the macro-economic situation of the DRC** was marked by: (i) the effects of the international economic and financial crisis, (ii) debt relief, (iii) the control of inflation, and (iv) budgetary discipline. The effects of the international economic and financial crisis slowed growth in 2009. The acceleration of economic growth that began in 2002, suffered a setback in 2009. Indeed, from 5.6 percent in 2006, the growth rate rose to 6.2 percent in 2008 (Figure 5), driven among others by the positive results posted in trade and the mining sector. However, this growth was slowed in 2009 due to the effects of the global financial crisis, which led to a decrease in global demand. The growth rate for 2009 stood at 2.8 percent. In 2010, the growth rate was estimated at 7.2 percent thanks to the resumption of mining activity and the dynamism of the tertiary sector.

**Box 5. Main obstacles to economic growth in the DRC**

What prevents the DRC from reaching and exceeding an economic growth rate of 8 percent? A recent study<sup>15</sup> revealed that growth in the DRC is slowed down by (a) the failures of past governments, in terms of governance, lack of regulations and laws, the breach of contracts, and administrative leadership, (b) lack of funding, (c) the lack of infrastructure (especially energy and transport), (d) the low human capital, macro-economic risks, lack of diversification and market failures. We must also add the low investment (which is only 4 percent thus, very far below the 27 percent threshold required to achieve a double digit growth) Accordingly, the report recommends the establishment of solid institutions, the removal of restrictions by pro-active policies and diversification of the economy.

<sup>15</sup> World Bank. Country Economic Memorandum. CEM. 2011

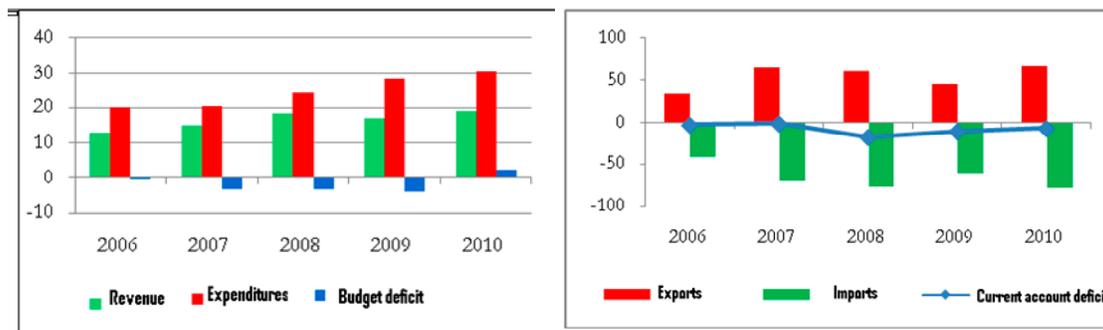
Figure 5. Evolution of the economic growth rate and inflation rate



Source: CPCM, 2011

84. **The control of inflation during the period 2006 to 2010 is partly due to the stringent measures observed in the implementation of fiscal and monetary policies.** However, in 2009 the average annual inflation rate reached 46 percent due to rising prices of food products. This high inflation rate penalized growth.

Figure 6. Indicators of flow-of-funds table of the State and balance of payment (in % of GDP)



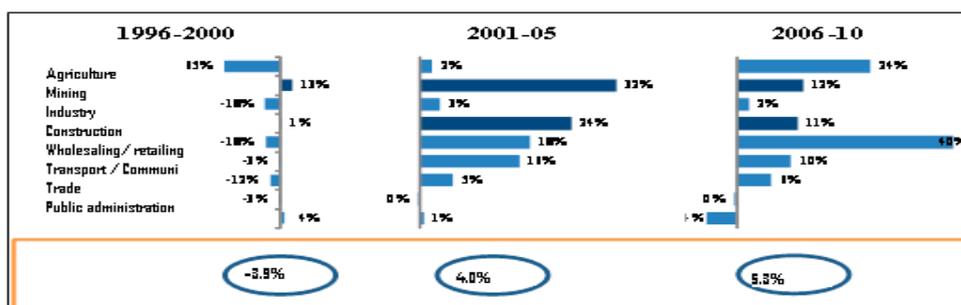
Source: CPCM, May 2011

85. **Efforts to improve public finance management resulted partly in receiving debt relief from the Multilateral Debt Relief Initiative (MDRI) and the HIPC initiative in 2010.** The financial transactions of the State were characterized in 2006 to 2010 by the consolidation in the mobilization of tax revenues and an increase in public expenditure required for the implementation of the GPRSP 1. Indeed, the tax burden rose from 13 percent in 2006 to 19 percent in 2010, an improvement of 6 points, thanks to the modernization of governance and strengthening the fight against fraud.
86. **Public expenditure accounted for 31 percent of GDP in 2010 as against 20 percent in 2006,** representing an increase of 11 points. This reflects the sharp increase in public investments in 2009 and 2010 and, to a lesser extent, an increase in the payroll. Consequently, the fiscal balance, which is the basis of payment authorization, fell to -3.3 percent of GDP in 2009 as against -0.6 percent in 2006. However, in 2010 Congo benefited from the HIPC and MDRI debt relief initiatives that allowed for the restructuring of public debt through a significant reduction in the outstanding external debt.
87. **The current account deficit of the balance of payments of Congo deteriorated over the period 2006 to 2010 due to accelerated investments since 2008.** An improvement of this deficit was, however, recorded during the period thanks to the resumption of mining exports and an increase in grants (budget support and humanitarian donations). The external current account excluding grants worsened over the period 2007-2009. Indeed, the current account deficit stood at 9 percent of GDP in 2009, compared to 8 percent in 2008 and 10 percent in 2007. This deterioration in the

external situation was caused mainly by: (i) the decline in net services and public and private transfers under the effect of the global economic crisis, and (ii) to a lesser extent, the deterioration of trade balance due to a more pronounced slowdown in cotton and textile exports.

88. **Money supply over the period 2006 to 2010 experienced an average annual increase of 49.4%, espousing the inflation profile.** This growth in money supply resulted from the accumulation of net foreign assets particularly at commercial banks, the increase credit to the private sector and deterioration of the net government position.
89. **Overall, economic performance over the last five years was reflected by an average economic growth rate of 5.6%.** This growth was below the target (8 percent) set in the GPRSP 1, a target that was deemed necessary to achieve the MDGs and poverty reduction. Thus, there are many challenges to address in order to accelerate growth and create decent jobs. These include (i) strengthening the stability of the macro-economic framework, (ii) diversifying the economy by revitalizing agriculture, improving the management of the mining sector and the continuation of the policy of public works that generate employment, (iii) improving the business climate to favor business development.
90. **The analysis of sources of growth reveals a dynamism of sectors that changes with time.** Growth during the period 1996 to 2005 was mainly supported by mining and construction, while the strong growth in agriculture and services in the second half of the decade, especially in wholesaling and retailing, contributed most to the growth rate. Also, the Government will rely on five priority sectors (trade, agriculture, mining, transport and telecommunications, and construction) to boost growth, while ensuring that the other sectors are not neglected. Pillar 2 of this strategy focuses on the new growth strategy of the Government.

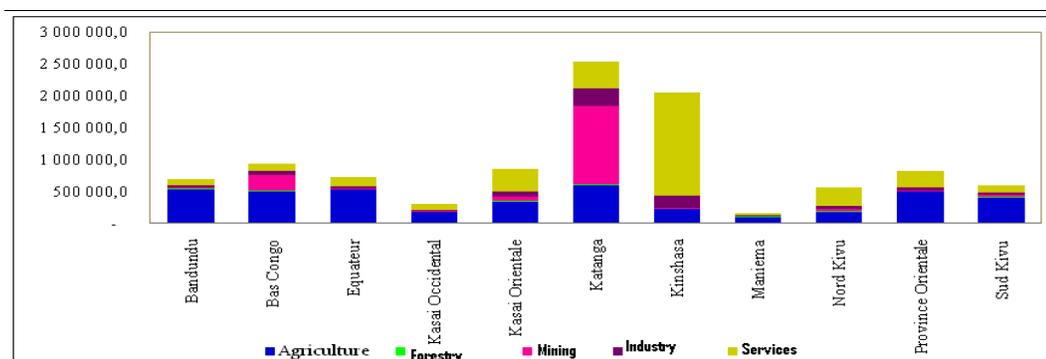
Figure 7. Sources of growth in the RDC



Source: Wold Bank, CEM, 2011.

91. **However, at the provincial level, the State should rely on the most competitive sectors,** that is, those that have the highest added value as shown in the graph below. (For example: services in Kinshasa, mining in Katanga, etc...). We notice that in 2010, agriculture contributed significantly to GDP in most provinces, hence its leadership position.

Figure 8. Value added of sectors at provincial level



### 1.3.3. Employment gap

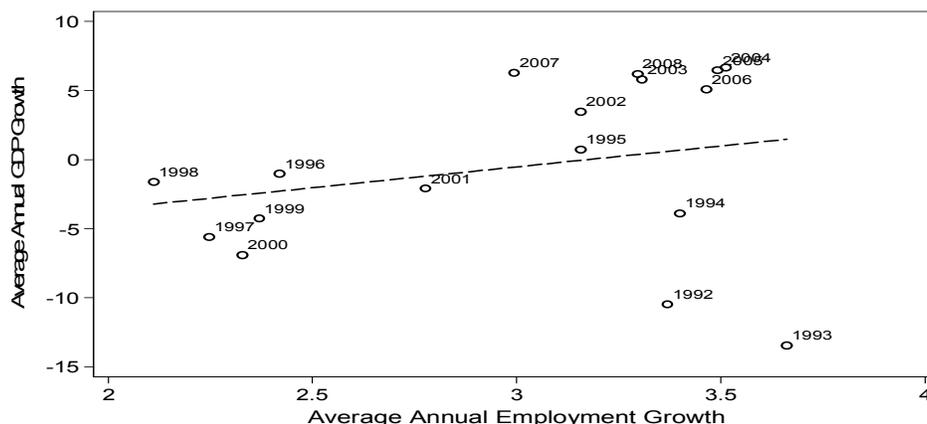
92. **The employment situation** has only been deteriorated since the 1970s and is now one of the major concerns of the Government. The population growth of 3.1 percent explained by a decreasing infant mortality over the last twenty years and a constant fertility over the period with an average of 6 children per woman, if not controlled, will double the Congolese population every 25 years. This population will remain very young and will put more pressure, both on the school system, the health system and the job market. With this demographic trend, 50 percent of the active population aged 15 to 64 years will be young and would worsen the job market situation.
93. **There is a direct causal link between poverty and employment.** Thus, the survey 1-2-3 of 2005 shows that about 70 percent of the poor are unemployed or underemployed. Wage inequalities are also very high (65.3 percent). The high number of working children (4 to 14 percent according to surveys) most of whom are out of school is equally disquieting.
94. The same survey reveals that the 15-35 age bracket represents over 25 percent of the population and records an unemployment rate of 28 percent when the national average is estimated at 6 percent. Therefore and following the population growth, there is need for an active policy that positively impacts on the labor market and youth unemployment to avoid experiencing the most alarming levels and an explosive situation, by providing Income Generating Activities (AGR) to this age bracket. In this young population, girls are more vulnerable to unemployment as a result of their under education and socio-cultural barriers. The Congolese population is characterized by a high level of activity hiding the phenomenon of underemployment and severe poverty. Moreover, the labor force participation rate was about 61 percent at the national level with 60.8 percent for men and 59.99 percent for women. It is estimated at 68 percent for rural areas and only 51 percent for urban areas. The labor force participation rate at the national level hides huge disparities between the provinces. An analysis of age structure shows that, regardless of gender and the environment under consideration, the labor force participation rate for the 39 to 49 years age bracket is 91.7 percent with 95.7 percent for men and 87.6 percent for women. The inactive population consists mainly of young people in school, housewives and retired employees.
95. Moreover, it should be noted that urbanization has introduced in the labor market both in urban and rural areas, a massive exodus that creates an informal economy and precarious low productivity jobs in the outskirts of large towns and cities. The urban population, which increased from 22 percent in 1960 to 33 percent in 2007, and the phenomenon of urbanization expected to progress in the coming years especially between 2011 and 2015, call for a new approach to the management of the labor market.
96. The average national unemployment rate is 6.5 percent, but this indicator is not very significant in a context where a majority of the population lives on subsistence farming. The unemployment rate in rural areas is close to zero. The unemployment rate in urban areas in 2005 was 17.8 percent. The situation presents formal employment (less than 10 percent on the whole, with two thirds in the public sector) versus the informal sector (underemployment or disguised unemployment, at around 75 percent in urban areas and 95 percent in rural areas). Young people constitute more than half of the workforce and are most affected by unemployment, particularly in urban areas. Thus, the unemployment rate for the 15-24 age bracket (32.2 percent) is about twice the national average for urban areas (17.8 percent).
97. **Similarly, according to a recent study<sup>16</sup>, there is a causal link between high growth and employment in the DRC (growth rate of job creation 3.2 percent).** The link is especially true when growth concerns all sectors. It should also be noted that even if there is a positive correlation between growth and employment, growth alone can not

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<sup>16</sup> World Bank: CEM of the DRC (2011), Working Paper, original, World Bank, Washington DC

completely absorb the additional demand on the labor market. The graph below illustrates the relationship between employment and overall growth.

Figure 9. Evolution of rate and average employment



Source: WDI, World Bank.

98. **The employment situation contrasts with the evolution of economic growth that has not been strong enough to generate high employment.** The growth rate of job creation of 3 percent described above remains far below the 6 percent average growth rate of economic activity over the period 2006 to 2010. The weakness recorded in job creation during the review of the GPRSP 1 can be explained by a rigid labor legislation compounded by the adverse effects of the global financial crisis which reduced working opportunities for a workforce of nearly 26 million. Thus, the Government should put in enormous efforts to promote decent and productive work by simplifying and effectively applying the labor code, improving the business climate and promoting the private sector.

#### 1.3.4. Redistribution

99. **The loopholes noted in resource allocation are mostly caused by the absence of a genuine redistribution policy of State resources.** The low impact of economic growth on poverty in the DRC results from the absence of a real redistribution policy.

100. **Government has improved the rate of mobilization of internal resources that have maintained their upward trend from 17 percent to 19 percent of GDP between 2009 and 2010, within the context of prudent fiscal management.** However, some studies<sup>17</sup> suggest that there is room for improvement and that the optimal average tax rate in the DRC is around 45 percent of GDP. Thus, despite this performance, these resources are insufficient and allocated in a non-optimal manner to contribute to poverty alleviation. This stems from the taxation policy of the State that is unfavorable for the poor, among others.

101. **Spending on social sectors remains weak due to the low mobilization of domestic resources.** As noted above, this has an effect on the level of poverty.

**Table 5. Evolution of social expenditures (as a % of total expenditure)**

	2006	2007	2008	2009	2010
<b>Health</b>					
Functioning	5.1	5.7	5.6	5.6	5.8
Investment	9.9	6.6	5.1	11.4	10.6
<b>Education</b>					
Functioning	29.4	21.9	26.1	24.5	21.1
Investment	2.9	8.7	6.5	4.2	4.9

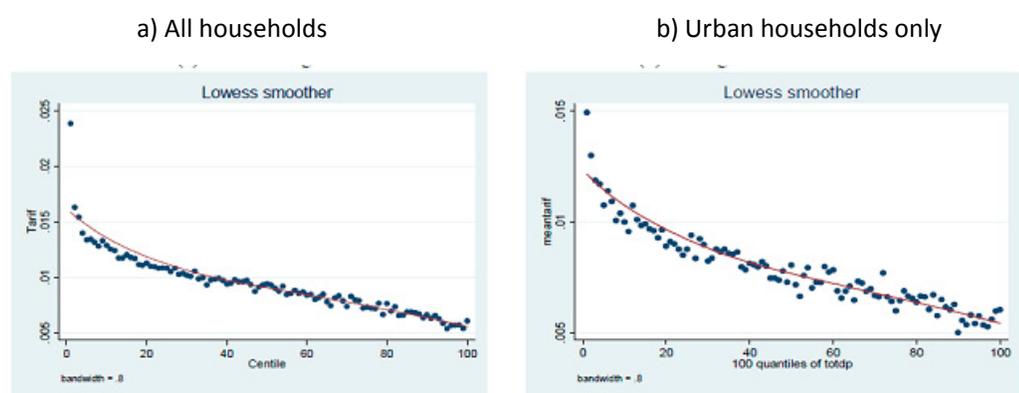
<sup>17</sup> Estimation of optimal average tax rate for the Congolese economy in post-conflict period, in IRES, economic and social Papers, Vol. XXVII, March 2010, Faculty of Economics and Management, University of Kinshasa, page 47

<b>Other social sectors</b>					
Functioning	2.2	4.1	3.6	3.6	3.9
Investment	1.3	0.7	2.9	0.1	1.3
<b>Total</b>					
Functioning	36.6	31.6	35.3	33.8	30.8
Investment	14.1	16.0	14.6	15.7	16.9

**Source:** Medium term expenditure framework committee.

102. **Thus, according to a recent study, it appears that the commercial tariff structure of the State is biased in favor of the rich.** The average rate of customs duties borne by poor households is 15 percent as against an average of 5 percent for the rich<sup>18</sup>. On the other hand, the Congolese economy is characterized by structural inflexibility, and the difficulty of keeping public finances under control in a difficult security environment. Indeed, the implementation report of the GPRSP 1 revealed that expenses related to the maintenance of peace and security in the country have had a crowding out effect on social spending. It follows that the key challenge will be to maintain the upward trend in revenues and improve allocations to ensure their pro-poor nature. Strengthening governance in all its aspects will be a decisive factor in the implementation of GPRS.

Figure 10. Custom duties on consumer goods per centile of Revenue Distribution



Each point on the figure represents a weighted average of the custom duty in the DRC in which each good is weighted by its share in the average expenses of households within a particular income bracket. Here the income brackets are Centiles of the income distribution, arranged in increasing order of income (the poorest centile is to the left). There are therefore 100 points. If the regression curve is declining, then the tariff is regressive (anti-poor); if it is rising, the tariff is progressive (pro-poor).

**Source:** EDIC/RDC Report (2010), World Bank, based on the Survey 1-2-3 (2004/5).

#### 1.4. Challenges to overcome within the next five years

103. The willingness of Government to achieve the goals (overall and specific) of poverty reduction for the next five years will depend on the ability of national development actors, with the support of technical and financial partners to address the following major challenges (i) control of population growth and revitalization of civil status services, (ii) recovery of a double-digit growth that creates decent jobs through the strengthening of the dynamics of reconstruction and rehabilitation of basic socio-economic infrastructure, particularly in rural areas and the boosting of agriculture, (iii) improvement of the security of the national territory and the consolidation of peace and democracy; (iv) improvement of financial and economic governance for more effective public policies, (v) the building of institutional and human resource capacities, (vi) mobilization of resources needed for the implementation of national strategies essential for the achievement of MDGs (vii) environmental protection through a systematic consideration of issues related to climate change; (viii) acceleration of the implementation of the decentralization process, and (ix) the strengthening of the national statistics system and (x) the reduction of gender inequalities.

<sup>18</sup> World Bank EDIC Report, 2010.

## CHAPTER 2. STRATEGIC PILLARS OF THE GPRS 2

104. The previous chapter x-rayed the poverty situation in the DRC and significant challenges that lie ahead for the next five years. This one reaffirms Government's commitment to implement coordinated sector-based and structural policies and to reform the economy while laying emphasis on cross-cutting activities related to human development, promotion of community dynamics and equity. In the first place, the following pages present the global development vision as well as broad strategy options. Thereafter, all sector-based policies will be presented one pillar after the other. For each sector or field of activity, the baseline situation and vision of the sector will be presented in line with the overall vision, broad strategic orientation as well as priority outlines for the period covered by the GPRSP 2.

### 2.1. DEVELOPMENT VISION AND OPPORTUNITIES

105. The GPRSP 2 is based on the clear and shared long-term development vision (26/25), which emerged from the participatory consultations conducted across the country in 2005 and which reads: "A society of hope, able to project the DRC to the human development level of middle-income countries, converging towards the MDGs. "

106. The GPRSP 2 will render operational several frameworks for developing development policies including:

- The five project sites of the President and the Government's policy speech;
- The MDGs through the advocacy document for the mobilization of resources to attain the MDGs in the DRC;
- The REDD + strategy of

107. **Opportunities.** This strategy clearly differs from the GPRSP 1 first by its time frame followed by the implementation framework, and finally by a context of relative easing of financial constraints. The time horizon of the strategy was extended to five years<sup>19</sup> that seems to be better suited considering the objectives set in the area of growth and poverty reduction and the time limits needed to implement reforms in a context of weak institutional capacity.

#### Box 6. The 26/25 Vision.

Pending the results of the long-term National Prospective study (the 2035 DRC Vision) which will give new development orientations, this strategy will build on three broad development guidelines of the country, in view of alleviating poverty by 2025, mainstreaming gender issues in all areas of development in order to correct the inequities and inequalities against women and thus contribute more effectively to poverty reduction:

- a country living in peace and safety that has adopted modern and effective governance practices;
- a diversified economy, sitting on efficient infrastructure, job creation, driven by a dynamic private sector and occupying a position on the African continent that is commensurate with its growth potential;
- a society governed by values of equity, solidarity and innovation, offering to the population access to generalized and equitable basic services across the territory and in which poverty and vulnerability are rapidly declining under the combined effect of accelerated growth and targeted social Programs.

108. Furthermore, this GPRS 2 falls within a planning and programming framework that has been clarified and enriched. New tools have been developed whose consolidation will allow for realistic, better prioritized programming and effectively reflected in the State budget. The revision of the monitoring-evaluation set up and its linkage with the monitoring of programmed budgets (sectoral MTEFs) should also promote greater efficiency in the implementation of reforms and development projects. At the same time, the rationalization of procedures for monitoring budget execution and regular production of budget monitoring reports will contribute to better financial monitoring of the implementation of the strategy. Obviously, much still has to be done to ensure proper control of these tools by all users and reliable information flows, particularly with regard to foreign aid.

<sup>19</sup> The period covered by the DSCR1, initially for three years (2006-2008), was extended to 2010 because its implementation only started in reality in the second half of 2007 (because of the time required for the establishment of the government and the adoption of PAP). The effective horizon has been maintained at three years.

109. On the other hand, the prospect of a mid-term review of this strategy is another advantage. It will allow for a thorough evaluation of the results of major public policies implemented during the first year and those policies that were not implemented in 2010. This review could be based on the results of the survey of living conditions of households currently being prepared that will make it possible to define an updated profile of poverty. The results of this survey are expected by late 2012. Moreover, the adjustment of priorities and programs may also take into account the conclusions of the "ENP DRC 2035 Vision" that should be available by mid-2012.
110. Also, the State will efficiently use the abundant natural resources of the country. Similarly, the 65 million Congolese (about half made up of women) constitute a large domestic market for the economy. The prospects for regional integration are also many assets on which the country could rely.
111. Another key asset is the easing of financial constraints. The recent attainment of the completion point under the HIPC initiative has actually led to a significant flexibility, which should now be channeled to the priority sectors of GPRSP 2. Similarly with the pacification of the country and the conduct of some strong reforms related to the administrative organization of the country, Government should also be able to have additional margins of allocating resources to the priorities of the new strategy.
112. Finally, the DRC is well placed, given the importance of its forest, to enjoy huge financial resources under the mechanism for reducing emissions from deforestation and forest degradation (REDD +) with annual flows of resources evaluated for the DRC at about USD 900 million till 2030. Increased funding by the Fragile States Facility (FSF) of the ADB will also be an important asset for the implementation of Programs of institutional and human capacity building in a situation of crisis.

## **2.2. MAIN OPTIONS OF THE STRATEGY**

113. The overall objective of the GPRS 2 is to improve the living conditions of the Congolese people by 2015 with special attention to vulnerable groups including women and children. This improvement will lead to the realization of an annual average economic growth of 7.2 percent, a reduction in the poverty incidence by about 11 points to be 60 percent in 2015, the creation of nearly a million decent jobs per year in the prospect of a generation without AIDS. All of these will take place in a context of protection of the environment and stabilization of the inflation at an average annual rate of 9 percent.
114. The expected development results reflect four major cross-cutting threats that are likely to undermine economic and social achievements. The first is the environmental threat that becomes meaningful in a country which must preserve its huge natural resource base and that can make a major contribution to the fight against global climate change. The second threat relates to disabling illnesses such as malaria and HIV/AIDS against which the struggle should be further intensified to allow for a steady decline in the number of people affected by these scourges, and in turn enable them to contribute to economic growth. The third threat is the high population growth which will create challenges for employment and requirements in the social sectors, and eventually weigh on public finances and the development of the country. The fourth and final threat is the instability of the international environment that aggravates the vulnerability of the Congolese economy and fuels social tensions.
115. At the level of sectors, the goals are realized through the pursuit of the achievement of MDG targets in accordance with national ambitions and international commitments as stated in the following table.

**Table 6. Global and sector objectives of the strategy**

<b>Poverty and employment</b>	<ul style="list-style-type: none"> <li>• To bring back the incidence of poverty by 2015 to 60 percent</li> <li>• To create at least 1 000 000 decent jobs per year by 2015</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>• To assure a real average growth rate of GDP of 7.2 percent per year during the period;</li> <li>• To increase the level of public investments in order to reach an annual average investment rate of 19 percent</li> </ul>
<b>Stabilization</b>	<ul style="list-style-type: none"> <li>• To stabilize the average annual inflation rate at about 9 percent</li> <li>• To reach an average annual domestic fiscal balance of -1.5 percent</li> <li>• To adjust the average annual current account deficit to 6.7 percent</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• To ensure primary education for all, resulting by 2015 in totally free primary education, a net enrolment rate of 93.2 percent and a retention rate of 66 percent</li> <li>• To reduce the illiteracy rate among adults above 15 years from 30 percent to 8.4 percent by 2015</li> <li>• To increase the number of trainers in the educational, technical and technological domains</li> <li>• To step up the current girl - boy ratio in higher education from 0.3 to 0.5 in 2015</li> <li>• To improve the educational supervision rate in higher institutions of learning</li> </ul>
<b>Gender</b>	<ul style="list-style-type: none"> <li>• To ensure girls/boys parity in the primary</li> <li>• To improve women empowerment, especially with regard to economic capacities.</li> <li>• To step up the involvement of women in democratic governance at various levels.</li> </ul>
<b>Health</b>	<ul style="list-style-type: none"> <li>• To reduce the proportion of children less than 5 years of age suffering from underweight: 16.3 percent</li> <li>• To reduce infant mortality rate to 60 per 1.000 live births in 2015 as against 158 in 2010</li> <li>• To increase the immunization coverage ratio of children to 80 percent</li> <li>• To reduce maternal mortality rate to 348 per 100,000 live births as against 549 currently</li> <li>• To increase the rate of assisted childbirth to 93.6 percent</li> </ul>
<b>Access to drinking water</b>	<ul style="list-style-type: none"> <li>• To increase the coverage in drinking water supply: urban 50 percent, rural 30 percent</li> <li>• To increase the coverage ratio of drinking water to 38 percent as against 26 percent currently</li> </ul>
<b>Access to electricity</b>	<ul style="list-style-type: none"> <li>• To step up the rate of electricity supply from 9 percent in 2010 to 19 percent in 2015</li> </ul>
<b>HIV/AIDS</b>	<ul style="list-style-type: none"> <li>• To reduce the rate of seroprevalence to a level below 3.23 percent</li> </ul>
<b>Environment &amp; CC</b>	<ul style="list-style-type: none"> <li>• To increase the ratio of protected areas in the country to 17 percent</li> <li>• To slow down the rate of deforestation and expansion of GES</li> </ul>

**Sources:** Prepared based on different surveys and sector-based documents.

116. To achieve these goals, Government undertakes to implement a strategy based on four (4) major pillars each comprising clear strategic sector-based and cross-cutting orientations and priorities that will be adjusted in the light of the evolution of environment, the availability of resources and progress in their implementation. These include:
- Pillar 1: Strengthening governance and peace;
  - Pillar 2: Diversifying the economy, accelerating growth and creating jobs;
  - Pillar 3: Improving access to basic social services and strengthening human capital;
  - Pillar 4: Protecting the environment and fighting against climate change.

### **2.3. PILLAR 1: STRENGTHENING GOVERNANCE AND PEACE**

117. This first pillar is aimed at fundamentally strengthening the foundation of political stability, security, State authority and satisfactory public governance - that are prerequisites for the effective conduct of development activities in the country and the achievement of results in all sectors and those related to the need for development results targeting gender equality. This pillar is organized around seven key priorities: (i) strengthening State authority, (ii) accelerating the decentralization process, (iii) pursuing the reform of public finances, (iv) improving the business climate and promoting the private sector, (v) building institutional and human capacity, (vi) supporting the national statistics system and (vii) restructuring the Central Bank of Congo.

#### **2.3.1. Strengthening State authority**

118. Government's vision is to see the emergence of a Democratic Republic of the Congo living in peace with strong democratic institutions ensuring national unity, territorial integrity and citizen participation in the political system. To achieve this, the Government intends

to (i) strengthen political and democratic institutions, (ii) strengthen the intervention capacity of the army and police to ensure national security, and (iii) accelerate the judiciary reform and promote human rights.

#### **A. Strengthening political and democratic institutions**

119. Government has been striving to strengthen the political and security institutions of the DRC, following the conduct of the first free and democratic elections in forty years. Major efforts were made in particular to strengthen parliamentary capacity. The Organic Law on the Constitutional Court was approved in 2010. Despite the establishment of these democratic institutions, the organizational structure and the laws and regulations are obsolete. The population is involved in designing development Programs, but their involvement in the evaluation of these programs is still low. In the field of cooperation relations, some progress can be noticed but the participation of the DRC in international meetings, international and regional organizations is still limited.
120. To strengthen democratic institutions and policies, priorities for this strategy include: (i) strengthening the capacity of Parliament and political parties to fulfill their missions within the political system, (ii) promoting the participation of citizens, both women and men, by targeting the action of the media and key civil society organizations, (iii) consolidating the framework for the organization of elections and ensuring that the election calendar is respected in compliance with the necessary rules of fairness and transparency; and (iv) strengthening cooperation with neighboring countries through greater involvement in regional organizations.
121. With regard to **parliamentary institutions and political parties**, actions will continue and complement the initiatives undertaken especially since 2008. The capacity building activities undertaken both at the National Assembly and the Provincial Assemblies will be extended. Emphasis will be laid on the training of members of parliament on the budget because of the new powers given to Parliament by the public finance act. Furthermore, the data processing plan of the National Assembly will be implemented. As for support to political parties, they will be targeted on issues relating to terms of approval, the system of grants and the production of financial reports.
122. The development of **citizen participation** will continue in keeping with the two priorities retained in the governance program, namely: the building of the capacity and independence of the media and civil society organizations, children and youths and the extension of forums of dialogue and consensus-building between non-governmental actors and public authorities. In particular, the activity of monitoring public policies by the civil society should be developed within the purview of the reactivation of the monitoring-evaluation system of the GPRSP and the revival of breakout groups. The participatory approach is an operational choice of the GPRSP. As such, grassroots communities, target groups, especially women and youths will be involved in the process of formulation and implementation of actions in the field. Basic associative structures and trade unions will be represented in all the institutional arrangements of the GPRSP. Regarding **the Congolese diaspora**, a reflection on the principle of exclusive nationality is required for its best involvement in the economic growth and/or development of the country.
123. Actions to **strengthen the electoral process** will concern in the short run the full functionality of the office of the National Independent Electoral Commission (CENI), the finalization of the revision of electoral registers in the provinces, the rounding up of the financing of the electoral process, the dissemination of electoral laws and the organization of security throughout the elections. Over the whole period, measures will be taken to (i) to ensure compliance with the agreed electoral calendar, including local elections, already postponed due to lack of resources and which will constitute an essential step in the consolidation of the political decentralization of the country, (ii) to ensure impartiality and proper functioning of the National Independent Electoral Commission alongside the necessary update of voter registers, and (iii) to enable the Constitutional Court to be fully operational.

124. **In the area of International and Regional Cooperation**, Government's vision is to set up development diplomacy. This vision shall be translated into the search, negotiation and mobilization of external resources through the conclusion of cooperation agreements with various technical and financial partners. Thus, the government will focus its activities on the promotion of International and Regional Cooperation.
125. **Regarding international cooperation**, Government will encourage the participation of the DRC in main Committees and Joint Committees, the meetings of organizations of the United Nations system and other international organizations to arrive at the signing of agreements for external resource mobilization. **Concerning Regional Cooperation**, Government will encourage the consolidation of bilateral cooperation between the DRC and African countries in view of the mobilization of external resources from partners, member or non-member States of Regional Economic Communities to which it belongs. **Bilateral development cooperation** with Africa will focus on technology transfer through the training of Congolese senior executive staff in African Universities and Institutions with an international reputation and capacity building through experience sharing.
126. Furthermore, the DRC will focus its new actions on the promotion of regional economic integration within the COMESA-EAC-SADC tripartite free trade area, in particular, and within the purview of its multiple memberships to other communities such as the Economic Community of Central African States (ECCAS), the Economic Community of the Great Lakes Countries (CEPGL), the Gulf of Guinea Commission etc., are a factor of growth and stability.
127. The organization of a National Forum on regional integration should contribute in awareness-raising among key national stakeholders and identification of key actions in this area. Greater participation in development integration projects between countries in the sub-region will particularly be encouraged. In order to intensify the actions of Military Cooperation, the Government will deepen its cooperation with neighboring countries and take part in peacekeeping activities on behalf of the sub-regional organizations mentioned above.
128. Regarding **diplomacy**, Government undertakes to implement effective diplomacy through the restructuring of diplomatic missions and consular posts. It also undertakes to renew the diplomatic corps by the gradual settlement of arrears of salaries and rents of diplomats and the strengthening of their capacities. Similarly, it will refocus diplomatic missions in the short-run on information and seeking for foreign investors. To strengthen partnership and migration dialogue, Government intends to pursue its policy of promoting the diaspora by greater involvement of Congolese living abroad in the process of nation rebuilding.

***B. Strengthening the intervention capacity of the army and the police to ensure national security***

129. Despite some progress in this area, the issue of strengthening security and peace still remains a priority. In the same light, the advanced dilapidation of existing military infrastructure, poor logistics, poor social conditions of the military and police, as well as inadequate basic and specialized professional training should be noted.
130. Government's vision is to enable the DRC to live in peace within itself enjoying national unity and consolidated territorial integrity. The strategy will be to modernize the army and national police to step up their presence throughout the national territory and strengthen State authority. In this context, it will be a question of (i) improving the overall institutional framework of the defense and security forces and building the intervention capacity of the military to defend the nation, (ii) establishing domestic public security services based on a new professional national police, close to the citizens, accountable and transparent, and (iii) fighting against gender-based violence including sexual violence.

131. **Reorganizing the army and strengthening intervention capacity of the defense forces will be based on three key priorities.**
- Firstly: Measures include restructuring, reorganizing and equipping the different defense forces, specialized corps and specialized services in compliance with the Organic Law No. 11/012 of 11 August 2011 on the organization and functioning of the Armed Forces;
  - Secondly: Reorganizing and properly controlling the number of soldiers, organizing retirement for military officers who have reached retirement age and recruiting new elements, providing quality military education and training, and also setting up literacy and vocational training programs for military personnel and their dependents;
  - Thirdly: improving intervention capabilities will entail among others the construction and rehabilitation of infrastructure (training centers, camps, military bases, etc...) as well as acquisition of new military equipment. These Programs will help to reduce poverty, develop and improve the living conditions of soldiers and their families and the population in general.
  - Fourthly: improving intervention capabilities will require new investments in infrastructure (constructions or rehabilitations) and in military equipment.
132. In the same manner, Government will pursue measures to improve the living environment of the military and their families. In particular, the social conditions in military camps and the precarious conditions affecting military dependents, women and children will be improved.
133. The police reform is a long-term endeavor but additional resources will be committed. This reform is guided by an organic law adopted by government in its implementation phase. This new phase will materialize the activities planned under the 15 year strategic framework and in the three-year action plan, with the objective of significantly improving the working conditions of the police both in its organization, functioning and governance. The first priorities will involve finalizing the legal and regulatory framework in the sector. The ultimate aim of the process is to create a modern, apolitical, unified, and professional police force at the service of the public.
134. In implementing the national strategy, several implementation projects are already underway including: (i) the initiation of police data collection, (ii) the implementation of a proximity police through the construction and equipment of reference police stations, (iii) training of police elements, (iv) the acquisition of transportation and transmission equipment in the pilot provinces of South Kivu, Western Kasai, Lower-Congo and Kinshasa.
135. Other reform actions will mainly concern: (i) the implementation of a computerized human resources management system, (ii) revitalization of the Departments of Finance, budget, inspection and audit of the Congolese National Police (iii) the redefinition of responsibilities and procedures of budget management, (iv) the reorganization of general intelligence services, the border police and school inspections.
136. The Police Reform Monitoring Committee (CSR), a joint inter-ministerial consultative body with international partnership, chaired by the Minister of Interior and Security who coordinates all activities conducted within the purview of the reform. The responsibility for implementing the actions identified now falls within the remit of the General Commissioner's Office of the Congolese National Police (PNC), supported by international partners.
137. Given the persistence of the phenomenon, the **fight against gender-based violence including sexual violence** will be intensified, building on earlier achievements (validation of the strategy of communication and prevention of sexual violence; advocacy activities, establishment of a Green Line, popularization of the law on sexual violence; holistic care of victims of sexual violence). The awareness-raising actions will be extended in particular to target security forces, local authorities or students and representatives of NGOs from the civil society.

### **C. Accelerating the reform of the judicial system and promoting human rights**

138. Notwithstanding the efforts made in recent years to reform the justice sector, the Congolese justice system continues to suffer from multiple problems: outdated legal framework in several areas, incomplete judiciary coverage and lack of local justice, low capacity of administrative, judiciary and penitentiary staff, less functional training schools for judiciary personnel, malfunctions in the administration of justice, flaws in criminal and administrative statistics. Concerning human rights, beyond the regulatory frameworks, actions of promotion, protection, monitoring and the communication of information (periodic reports to different committees in charge of human rights) are still very limited.
139. Government's policy is to provide the country with impartial justice accessible to all (men, women, boys and girls), and allowing the Congolese to fully exercise their economic, social and human rights. To do this, Government will strive to: (i) modernize the legal framework, (ii) improve access to justice, (iii) build human and institutional capacity, (iv) fight against corruption, impunity and money laundering, and (v) promote human rights and their enforcement.
140. As for the **legal and organizational framework**, measures will be taken in the first place to ensure the full operationalization of the new organizational framework of the Ministry and the other recommendations of the institutional audit. It will also be necessary to put into effect the measures taken in respect of high judicial institutions. Finally, the modernization of the national legal framework will continue to make it consistent with the new requirements of justice and international standards, including giving priority to the implementation of the OHADA system. To facilitate the modernization of the domestic legal system, the Congolese Standing Commission on Law Reform (CPRDC) will be restructured and support will be extended to sub-committees charged with revising the legislation in different sectors. Similarly, it should be noted that the two bills on the establishment of the Human Rights link entity, which were presented on 13 June 2011, are being studied by Parliament.
141. **Strengthening of infrastructure** will be introduced gradually to improve the judiciary coverage. The program of construction, rehabilitation and equipment of the new courthouses and other provincial judicial infrastructure will be accelerated and higher budgetary priority will be given to the sector and strengthened in its execution. In addition, access to justice will also be improved through increased mobile court hearings, the setting up of Peace Courts, Juvenile Courts and the adoption of the Law on free legal assistance. Simultaneously, priority rehabilitations taking into account the specificities of women and men will be carried out in detention facilities and children detention centers with a special effort to stabilize the main prisons in the DRC in order to better fight against impunity and improve the protection of persons and property. Support will also be provided to improve prison environments.
142. **Staff training** will target (i) judges and other legal officials, (ii) managers of financial and human resources, (iii) officials involved in the planning, programming, monitoring/evaluation and statistics as well as the management of archives. Support to schools charged with the training and recycling of judicial staff will be pursued within this framework and the proposed construction of a National School of Magistracy will be implemented.
143. Regarding **the fight against impunity and corruption** in the justice sector, actions will be focused on (i) capacity building of control structures of the Ministry of Justice and the judiciary (General Inspectorate of Judicial Services and Disciplinary Chambers of CSM), (ii) implementing codes of conduct and (iii) improving the financial security of judges and their specialized training in the fight against gender-based sexual violence.
144. **As part of the fight against money laundering**, Government is aware of the undoubted potential of the country to serve as a platform for money laundering and terrorist financing, because of its under-developed banking sector and dominant informal nature of its economy. Even if this is not yet demonstrated, there is certainly a high potential for this plague to destroy the business environment of the country. It is within this context

that Government has adopted a national strategy to fight against corruption, money laundering and organized crime since November 2002. A national Financial Intelligence Unit (CENAREF) was established to collect and process financial information on money laundering channels and the financing of terrorism. The aim is to strengthen republican institutions for optimal functioning of democracy. This strategy is based on prevention, awareness raising and moralization, the reform of public institutions, terms of repression as well as strengthening of the partnership between the public sector, private sector, civil society and the international community. Government undertakes to implement this strategy following an approach that will both be educative (sensitization of different stakeholders in the fight on principles of prevention), fiscal (development of appropriate fiscal measures) and repressive (sanctions in proven cases).

145. **Protection and promotion of human rights.** Following the establishment of the Human Rights link entity, support will be mobilized to strengthen the institutional setting in this area. These will focus on outreach campaigns on human rights conventions and on targeted themes (sacredness of life, gender balance, protection of individual freedom, equality of citizens, abolition of death penalty, and protection of children) as well as sensitization and guidance actions to improve the detention conditions of prisoners.

### **2.3.2. Accelerating the decentralization process**

146. The legal basis for decentralization has been established. However, the process is hindered by multiple constraints: weak political and social ownership of the process, delays in establishing the delivery framework, difficulties in finding consensus on the carving out of the national territory or the operationalization of transfers (powers, human and financial resources, assets), gaps between financial resources and projects to be implemented or even the instability of provincial executive officers.
147. Government's vision in the decentralization process is to bring administration closer to the people, promote national development through the revitalization of local and provincial economies and the establishment of democratic values following participatory mechanisms.
148. To achieve this, Government intends to continue the decentralization process through the Strategic Framework for the Implementation of Decentralization (CSMOD), whose implementation Action Plan was approved by Government on 24 March 2011. This is based on seven strategic areas including: (i) effective ownership of the decentralization process, (ii) transfer of powers and resources following a progressive approach, (iii) capacity building, (iv) development of planning and management tools, (v) harmonization of the decentralization and devolvement process (vi) effective coordination between the central government and provinces, and (vii) financing of decentralization.
149. Government also intends to strengthen the legal and regulatory framework and finalize the institutional architecture under the Constitution, by organizing local elections and establishing new provinces. In addition, it will determine the terms and calendar of effective transfer of powers, resources and responsibilities to the provinces and Decentralized Territorial Entities, according to a progressive approach.

### 2.3.3. Pursuing the public finance reform

150. Following the resumption of structural cooperation, Government has organized with support from development partners several evaluations of the management system of public finances. These evaluations reveal several weaknesses including: (i) the outdated nature of the legal framework, (ii) lack of credibility of the budget, (iii) inefficiency of government auditing, (iv) weaknesses in the accounting and cash-flow management system, (v) poor budget preparation and execution procedures and finally (vi) ineffectiveness of the tax system.

#### **Box 7. Key actions of the Strategic Plan for Public Finance Reform**

In summary, the key actions of Strategic Plan for Public Finance Reform include: (i) the introduction of a new budgetary framework, (ii) the modernization of public accounting, (iii) reform of cash-flow management, (iv) the establishment of an integrated information system of public finance management (GESIFIP), (v) reform of the execution of budgetary expenditures and revenues, (vi) improvement of debt management, (vii) modernizing the tax system and revenue management, (viii) improvement of the public procurement system.

#### **Other major reforms include:**

- Establishment of a minimum platform for GFP in the area decentralization (PMFP)
- Strengthening the external audit of the management of public funds
- Support to the work of parliamentary committees, ECOFIN and development of dialogue between Parliament and the Court of Auditors
- Building the capacity of the Audit Office (powers, conditions and means of work, etc...)
- Adoption of an organic law and other legislations relating to powers, organization and functioning of the Audit Office

151. Despite these weaknesses, Government has implemented some reform measures mainly including: (i) the promulgation of the law on public finances, (ii) the promulgation of the public procurement code and the setting up of the organs provided in the code, (iii) the promulgation of the customs code, (iv) the promulgation of the ordinance instituting the VAT, (v) streamlining the payroll procedures through the designing and implementation of the Simplified Transitory Procedure (vi) strengthening the expenditure chain by acquiring a new software and computer equipment and (vii) adoption of a new manual of procedures.

152. **Concerning revenues**, actions carried out included structural and the legislative reforms. The aim of these reforms was to modernize the tax instruments and tax administrations. In the area of public accounting, Government has established the double-entry accounting system applicable to the treasury that makes it possible to know the balance to be recovered and what remains to be paid through the real-time production of trial balances.

153. Moreover, in March 2010, Government adopted a strategic plan to reform public finances which is part of the development strategy for the whole country. This strategic plan is built around five pillars notably: (i) budgetary reform, (ii) income tax system and tax policy reform, (iii) rationalization of expenditure management, (iv) improvement of bookkeeping and cash management, and (v) strengthening the control device.

154. **The Strategic Plan for Public Finance Reform (PSRFP)** presents the Government's vision and objectives in connection with the management of public finances alongside key reforms that the DRC is committed to implement in this area over the next years. At the same time, it offers a convenient system of references for national actors (public sector, private sector, civil society) and development partners so that their respective contributions fall within a coherent framework that affords synergy.

155. Government's vision in the area of public finances is to provide the country a modern public finance system that meets the expectations of the nation and international standards and is based on good practices in this matter. As part of this vision, Government intends to place public finances at the service of growth and poverty reduction by seeking the efficiency of government action whose performance is measured and monitored.

**Box 8. Performance indicators**

- **Budget credibility** - The budget is realistic and implemented as intended.
- **Coverage and transparency** - The budget and tax risk analysis are complete and fiscal and budget information are made available to the public.
- **Budgeting based on public policy** - The budget is prepared taking into account government policy.
- **Predictability and monitoring of budget execution** - The budget is implemented in an organized and predictable manner, and arrangements are made for monitoring the exercise.
- **Accounting, recording of financial information and financial reporting** - Archives and adequate information are produced, maintained and disseminated to meet the requirements of monitoring, decision-making, management and financial reporting.
- **External supervision and auditing** - Systems for rigorous examination of public finances and monitoring of implementation are set up.

156. In the medium term, Government's goal concerning public finances is twofold, namely to: (i) to provide public finances with a modern legal framework and (ii) restore the central place of the budget in the implementation of government's economic and social policy and particularly in the management of public funds.

157. **The Strategic Plan for Public Finance Reform (PSRFP)** will serve as reference framework for the implementation of actions to be undertaken in the medium term. It will be operationalized through a three-year rolling action plan and specific action plans per pillar:

- The fiscal reform identified in the first pillar will allow for the construction of a comprehensive and multi-annual fiscal framework that is consistent with national priorities. Government intends within this framework to carry out actions concerning: (i) the strengthening of coherence between the State budget and the development strategy, (ii) the production of good quality macro-economic and macro-budgetary justifications, (iii) the reorganization of the management of budget process, (iv) the promotion of transparency and comprehensiveness of budget information.
- In the second pillar relating to the tax system and tax policy, Government will continue efforts to mobilize fiscal revenues, non fiscal revenue and customs receipts. Particular emphasis will be placed on the mobilization of revenue from the natural resource sectors. Government intends to introduce a new legislation for the collection of non-fiscal revenue through the promulgation of the law fixing the nomenclature of taxes, dues and royalties' revenue that contribute to national income. There will also be a legislation fixing the nomenclature of taxes, fees, duties and royalties in the provinces.
- **In connection with the management of expenditures**, Government's priorities target the strengthening of the expenditure chain, the reliability of the computerized payroll procedure and its extension to provinces and all payment elements before the establishment of an integrated administrative and financial management system, improving the system of procurement and the management of public debt.
- As for the pillar on bookkeeping and cash-flow management, actions will focus on building the capacity of the Department of the treasury, setting up of an accounting system for the keeping of public accounts, organization of the network of public accountants and bye-laws of accountants. These actions will be undertaken in a modern legal framework to govern the accounting system. It is against this background that Government will introduce a new general regulation for government accounting.

158. To strengthen the control set up, actions to be carried out shall aim at providing institutional and technical support to the traditional structures of control. Within the purview of the results-based management approach, efforts will be made to strengthen prior and post administrative control, judicial and policy control. Ongoing actions on the revision of the organization of the Audit Office are expected to result in the adoption of an organic law to lay down the composition, organization and functioning of the Audit Office. To strengthen prior administrative control of fiscal operations, actions will be taken to revise the regulations on prior control.

**Box 9. Why the performance?**

The measurement of performance is an essential tool to address a particular issue - the democratic requirement for reporting - and a specific constraint of public action - the absence of information due to lack of market mechanism. Not measuring the performance would affect negatively both the quality of democratic debate and the management efficiency. Firstly, public actors, whether they are politicians or managers, more than organizations or private businesses, are accountable for the use of public resources. Articles 14 and 15 of the Universal Declaration of Human Rights express this democratic requirement which consists of reporting to the citizens, users, taxpayers and their representatives. This reporting requirement is strengthened to the extent that it is the natural counterpart of management freedoms offered by the new fiscal framework and the globalization of credits within programs. The setting of goals at the start and the measurement of results achieved form the basis of giving responsibility to management for results.

159. Within the framework of the implementation of fiscal decentralization, a minimum platform of public finance management in the provinces was adopted. This platform brings together the minimum priority needs of provinces in the area of public finances involving the four pillars, namely: (i) the construction of provincial taxation, (ii) the improvement of expenditure management through the establishment of provincial spending chain, the computerized payroll procedure and the improvement of the public procurement system, (iii) the establishment of the planning, programming and budgeting system, and (iv) the modernization of the legal and regulatory framework on public finances.

160. Conscious of the importance of managing a reform regardless of the relevance of its content, Government took necessary institutional measures in 2009 including the setting up of the Steering Committee for Public Finance Reform (COREF). COREF is responsible for promoting, facilitating, coordinating and monitoring the implementation of reforms while the different ministries and agencies retain the duty to prepare in detail and implement reform actions on a daily basis in their respective areas.

161. The objective is to enable the financial sector to play its role of financing the economy, and support actions relating to community dynamics. Priorities include strengthening banking intermediation and development of payment systems and regulations to further promote banking intermediation, the reform of the micro-finance regulatory framework (through the development and adoption of framework laws to govern Micro-Finance Institutions and Savings and Credit Cooperative societies). The restructuring and recapitalization of the Central Bank of Congo have also been projected.

### **2.3.4. Improving the business climate and promoting the private sector**

#### **A. Improving the business climate**

162. Government's vision is to make the business climate attractive to private investors, thereby indirectly supporting economic growth and promoting employment. The business climate improvement process involves reforms that require the implementation of strategic objectives and priority actions focused on the following four strategic areas: (i) harmonizing the legal framework by eliminating administrative bottlenecks and simplifying and computerizing procedures, (ii) promoting trade by establishing an integral one-stop financial centre, harmonizing the legislation with international treaties or agreements subscribed by the country, and simplifying and harmonizing the procedures of cross-border trade with those of sub-regional bodies and international standards, (iii) implementing taxation and incidental taxation reforms by reducing the tax burden, simplifying and rendering transparent the taxation and incidental taxation system, and (iv) promoting access to finance through the implementation of security system reforms

and modernization of the banking risks office. Priorities shall focus on the enhancement of the business climate, the implementation of the OHADA legislation, the strengthening of the operation of four market courts recently established, the preparation of a Law on Public-Private Partnership (PPP) to be tabled before Parliament for adoption and the training of administrations on the changes in the regulatory, institutional and legal environment of businesses.

### ***B. Promoting the private sector***

163. The Congolese private sector is dominated by small and medium-sized enterprises (SMEs) constituted as small or medium-sized private limited companies, with local or foreign capital. SMEs face enormous difficulties in accessing finance from credit institutions. These difficulties stem from the companies, banking system and Government. On the part of companies, banks have three worries: the generally low equity capital of SME; low human resource capacity and lack of future vision of SMEs. Concerning the banking system and government, the following shortcomings should be highlighted: the absence of a coherent policy on the financing of SMEs, the absence of a financial institution specialized in the financing of medium and long-term investments, the low equity capital of credit institutions, flaws in the functioning of financial intermediation. Moreover, the Congolese government enterprises have not accomplished the economic and social goals assigned to them.
164. . The major objective of Government is to enable the private sector to become the driving force behind economic growth. The strategy is based on the one hand on improving the business climate (including simplifying and facilitating the administrative procedures to reduce costs and delays, and ensuring legal security) and, on the other hand, improving the financial intermediation including the development of the micro-finance sector (in keeping with the National microfinance strategy, that has been finalized and adopted), and the reform of government enterprises by the gradual withdrawal of the State and strengthening of public/private partnership.

### ***C. Improving the financial intermediation***

165. A sound, strong and credible financial system is one of the factors that can promote growth and development in a country. Similarly, a financial system is considered to be credible when it is governed by good regulations and properly supervised.
166. The Central Bank of Congo supervises the Congolese financial system through its Directorate in charge of the supervision of Financial Intermediaries. The Central Bank of Congo conducted a self-assessment exercise of its compliance to 25 core principles for effective banking supervision. Following this exercise, the Issuing Institute developed and executed an Action Plan that was approved by the Technical Support Services of the International Monetary Fund (Department MCM and AFRITAC Center).
167. In essence, this dynamic action plan, has two (2) major objectives, namely to help the Central Bank of Congo to: (i) complete the reform of the legal and regulatory framework for banking supervision and (ii) strengthen the operational capacity of the Central Bank to conduct its business.
168. Within the frame of the said plan, the Central Bank of Congo / Directorate in charge of the supervision of Financial Intermediaries has undertaken to implement certain reforms and/or actions identified below:
- Development of detailed and operational procedure manuals for the supervision of Financial Intermediaries;
  - Establishment of a system of rating banks based on the CAMELS model for banking supervision;
  - Development of an Instruction to Banks on the preservation or business continuity plan within credit institutions;
  - Adoption of a strategy to strengthen the health of banks against exogenous shocks;

- Implementation of authoritative accounting pronouncements of Credit Institutions and Institutions of Decentralized Financial System in accordance with International Financial Reporting Standards, abbreviated IFRS;
- Integration into the prudential arrangement of an instruction to Banks on shareholding, investments and non-banking operations of these institutions;
- Development of regulations governing institutions operating on electronic money and the implementation of Mobile Banking in the Democratic Republic of the Congo for the purpose of financial inclusion;
- Reflection on the implementation of a solidarity mechanism in the financial center;
- Simplification of procedures for the recovery of disputed financial claims of credit institutions;
- Reflection for the beginning of the implementation of the Bâle II prudential framework;
- Defining a general framework of liquidation transactions of credit institutions and institutions of the Decentralized Financial System;
- Formalizing the procedure and methodology of analysis of the business plan, financial statements and the quality of management staff as part of the procedure of issuing approvals;
- Publication on an annual basis of reports on the activities of supervision of financial intermediaries;
- Conducting a study on the establishment of a deposit insurance in the DRC;
- Conducting a reflection on how to control the activities of Congolese banks abroad and on the formalization of a prudential framework for consolidated supervision;
- Reflection on financial education particularly with the launching of the International Day of Savings in the DRC;
- Creation and organization of a reliable and updatable data base on the institutions of Decentralized Financial System;
- The construction of an inclusive financial sector particularly by weaving links between banks and other credit institutions;
- Publishing a special report on microfinance activities;
- Reflection on the development strategy of institutions of the Decentralized Financial System, notably by introducing the networking of Savings and Credit Cooperative societies that are increasing in number.

#### ***D. Reforming investment companies***

169. Government's strategic objective is to streamline the management of State enterprises in view of improving their contribution to the creation of national wealth. To achieve this objective, Government intends to finalize the ongoing withdrawal process (particularly the assessment of the situation of assets of enterprises that have been transformed into commercial companies, consolidate their accounts and manage the liquidations to completion), upgrade some companies through a minimum investment plan, and liberalize sectors of State monopoly. In the same context, the Ministry of Portfolio will be reformed to adapt to a post-reform environment.

#### ***E. Promoting a Congolese middle class and using the potential of the diaspora***

170. The emergence of a middle class is one of the essential factors of economic growth, job creation, competitiveness of the national economy and economic dynamics associated with consumption. In addition, the DRC has a dynamic and talented diaspora in different countries around the world that contribute significantly, through transfers, to investments and the promotion of social activities.

171. Government's goal is to promote the development of a strong national middle class to serve as a development actor and the exploitation of the potentials of the diaspora. This will be done through (i) major institutional, economic and financial reforms and governance, (ii) development of a strategy for promoting and strengthening the capacity of agricultural small and medium-sized enterprises (iii) promotion of banks and financial credit institutions, and (iv) the establishment of tax, incidental tax and administrative incentives to encourage the creation of small and medium-sized enterprises and industries by nationals. All this is in line with the strategic objective of improving the business climate and promoting foreign direct investment (FDI).

172. **Concerning the diaspora**, the main incentives for investment are: (i) the organization of forums to inform them about investment opportunities in the DRC and administrative facilities in their favor, and (ii) strengthening the role of embassies in mobilizing the diaspora.

### **2.3.5. Building institutional and human capacities and modernizing the public administration**

173. The Public Administration continues to show significant shortcomings. In addition, the implementation of the Public Administration reform is progressing slowly due to operational difficulties encountered by steering structures of this reform and inadequate coordination of interventions from partners.
174. Government's aim is to promote a modern public administration, sized according to the priority sovereign and development supervisory missions vested in the State. Such a public administration should be accessible to the citizens and meet their needs. More specific objectives include: (i) reforming the legal framework in which civil servants work, (ii) securing the Management of the workforce of the Public Service, (iii) human capacity building, (iv) reorganization of services and development of results-based management tools, and (v) the modernization of the public administration.
175. The legal framework will be improved thanks to the promulgation of the **new Public Service personnel code** and the adoption of its implementation measures, the creation of a Health Insurance Fund and finally, updating other elements of the legal framework and adoption of the Pension Code. In this regard, it should be said that the draft pension Code was finalized in 2010.
176. **Securing the Management of the Public Service Workforce** will be achieved through strengthening the consistency between files, the lasting reliability of updating procedures and the control of personnel flows (retirements/recruitments) and the establishment of the basis of a computerized system for the management planning of human resources.
177. **For human capacity building**, actions should focus on: (i) the prior consolidation of existing needs identification exercises and an update of the ongoing evaluation of Programs and local supply capacity, (ii) implementation in a coherent overall program framework (PRONAREC) on the basis of a coordinated fundraising and a training program based on strategic priorities of the GPRSP 2, and (iii) strengthening the human resource management services (HRM) of Ministries to enable them to have a link with the technical Departments and monitoring of training.
178. Concerning the **reorganization of services and the development of results-based management tools**, it will be necessary first of all to: (i) ensure the full use of the findings of organizational audits conducted and pursue efforts to clarify the missions and organisation of different ministries, and (ii) progressively develop activity plans per Program based on the structure adopted in the ministerial MTEF and monitor them. To usher in the culture of results, Government will strive, in the upstream, to strengthen the necessary conditions of motivation (regular payment of wages, revision of bonuses, etc.).
179. Besides these four priorities, other components will be implemented as part of the **modernization of the public administration** in keeping with available resources at the overall level of the government or specific ministries. They are focused on (i) strengthening the communication device through the promotion of Information and Communication Technology (ICT) in the ministries, (ii) promoting ethics, integrity and rules of professional conduct and (iii) promoting the control of the quality of services rendered between departments and to users.

### **2.3.6. Supporting the planning set up and the national statistics system**

180. The diagnosis conducted in 2007 and which is currently being updated in view of developing the National Statistics Development Strategy (SNDS) raised the need to address four groups of problems for the development of the National Statistics System

(SSN), namely: (i) insufficient human (quantity and quality wise), material and financial resources for the production, analysis and dissemination of statistics, (ii) the absence of a classical and ongoing staff training plan, (iii) the coverage of the national territory is limited with the National Statistics institute (INS) represented only in 8 out of 11 provinces in the headquarters while the decentralization process requires an implementation in all the 26 future constitutional provinces; (iv) the absence of laws and regulations defining the collaboration between the INS, the central organ of the National Statistics System (SSN), and the other producers of statistics.

181. To meet the **needs of steering the economy and monitoring the GPRS and the MDGs**, Government undertakes to establish and operationalize a National Statistics Development Strategy (SNDS) that will facilitate the development of an integrated information system. The latter will be developed through: (i) the conduct of a population census and wide household surveys, (ii) development of statistical tools for steering the economy (national accounts, Outlooks of the economic situation, etc.), (iii) reactivation of administrative statistics in several key sectors, and finally (iii) the establishment of the IMIS Base (Integrated Information Management System) that will consolidate the results of all major surveys conducted and facilitate access to data (web interface).

**Box 10. DRC Statistics: Problems of data comparability**

The DRC suffers from a faulty statistical system in several respects, even if efforts of the INS and other structures in the production of reasonably reliable data should be acknowledged. The last census was in 1984. Since then, the list of administrative bodies with the size of their population, which constitutes the sampling frame for household surveys, has never been updated and therefore, sampling of these investigations is based on growth assumptions and projections. This greatly affects the quality and accuracy of data.

In this chapter, we focused on data from surveys conducted till present, but wherever information is missing, it is supplemented by routine data (often of lower quality) and other sources (reports, studies, etc...). Some surveys, including MICS and EDS, differ in their methodology and survey design. A comparability problem arises and we invite our readers to keep this in mind throughout this document.

**2.3.6. Restructuring the Central Bank of Congo**

182. Since 2004, the Central Bank of Congo began an ambitious plan of internal restructuring and reforming the financial system. In this context, it designed a five year strategic plan (2004 to 2009) called "Strategic Development Plan for the Central Bank of Congo and the National Financial System."
183. As part of the implementation of this plan, the general organizational chart was amended on 12 June 2009, in order to increase service efficiency and improve decision making, particularly the delegation of powers and the decentralization of management, the strengthening and monitoring of outreach activities alongside incentives for more horizontal collaboration between organs to promote their synergy.
184. This restructuring has brought some advantages especially: (i) the lightening of the workload of the Senior Management team with the establishment of two Directorates: one responsible for Monetary Policy and Bank Operations, reporting hierarchically to the Governor, and the other, in charge of Administration and Technical Services attached to the Vice-Governor, (ii) the development and implementation of the Strategic Plan by a dedicated organ, known as the Department of Change, (iii) the establishment of a Division solely responsible for compiling statistics, (iv) the consistency of transactions in national and foreign currencies by merging the three former Operational Departments, namely: the Department of Foreign Services, the Department of Credit and Financial Markets and the Department of Current Accounts in National Currency and Public Funds, into a single Department of Banking Operations and Markets, and finally (v) the autonomy of the legal function by upgrading the Legal Sub-Department to a Department.
185. Furthermore, in keeping with good practices, restructuring has led to the establishment or reorganization of existing governance structures, including the Audit Committee and Governance Committee, the Monetary Policy Committee and the Management and

Strategy Committee. The refocusing of Bank activities related to its core missions has required reflection to arrive at appropriate withdrawal assumptions for the Mint and the Hospital Centre.

186. **Faced with new challenges as well as changes in the socio-economic and legal environment**, a new Strategic Plan 2010-2013 was launched in view of making the Bank a modern and innovative institution that performs its mission in a meaningful and efficient manner for a sustainable development of the Congolese economy. Based on this vision and priorities, three strategic objectives were set, namely: (i) strengthening the governance of the Bank to ensure its transparency and accountability, (ii) strengthening the institutional capacity of the Bank to provide quality services to stakeholders, and finally, (iv) promoting the development of the national financial system.

#### **2.4. PILLAR 2: DIVERSIFYING THE ECONOMY, ACCELERATING GROWTH AND PROMOTING EMPLOYMENT**

187. This pillar refers to policies of wealth creation and infrastructural development to support production activities and those related to the revitalization of these activities. The strategy also proposes trade and employment promotion policies. Thus, this strategy will be supported by a growth policy aimed at defining potential of production sub-sectors, identifying ways and means to facilitate access to markets and production channels and the conduct of feasibility studies on the creation and localization of new poles. The successful implementation of these policies depends on strengthening governance (pillar 1) within a context of environmental protection and the fight against climate change (pillar 4) and equal access for women and men to resources, benefits, management and control of growth areas.

188. The diversification of the economy and the reduction of its dependence on the mining sector will necessarily be achieved through integrated agriculture and agro-business identified as priority growth sectors. Their development will improve food security and quickly create employment opportunities, particularly for youths. Other sectors such as building materials to accompany the high demand for infrastructural development are also vectors of growth and creation of sustainable jobs. The development poles program will be based on an integrated, proactive and pragmatic approach to support Government in the implementation of the growth and poverty reduction strategy.

##### **2.4.1. Boosting agriculture and ensuring food security and the well-being of rural dwellers**

189. After a long decline of the sector aggravated by the recent conflicts and the abandonment of farms, agricultural productivity dropped by 60 percent between 1960 and 2006 and the vast majority of farms are mostly small and oriented towards self-subsistence. Agricultural exports currently account only for 10 percent of GDP as against 40 percent in 1960. As a result, the country remains dependent on the importation of food products (400,000 tons of cereals, 120,000 tons of frozen fish and more than 50,000 tons of frozen chicken and variety meats a year). We also regret the continued practice of slash and burn agriculture, source of many abuses that contributes to the degradation of aquatic ecosystems and biodiversity.

190. Government's vision is to revitalize the productive structure of the rural areas based on the development of modern agro-industrial production and the strengthening of small-holders, while ensuring the protection of the country's natural resources. This vision is realized through the harmonized strategy of the agricultural and rural sector, adopted in April 2010, whose strategic areas include the following: (i) improving access to markets and rural infrastructure and marketing capacity building, (ii) developing crop, livestock, fisheries and handicraft production (iii) strengthening governance and institutional capacity as well as human resources, (iv) organizing the rural sector into self-administered structures and providing funding for the sector. Within the purview of the implementation of the Agriculture and Rural Development Sector-based Strategy (SSADR), Government adopted the Comprehensive African Agricultural Development

Program (CAADP)<sup>20</sup> in March 2011 to cope with the food crisis. In the same context, a National Agricultural Investment Plan (PNIA) will be developed to serve as priority intervention framework of the sector.

191. **Improving access to markets and rural infrastructure alongside marketing skills.** This area will be the basis for boosting actions. To do this, the following infrastructure should be put in place: access roads to consumption areas, storage and conservation facilities for agricultural products, treatment and product processing infrastructure, water and electricity supply infrastructure, housing and socio-cultural infrastructure as well as the construction of rural markets. Market and price information systems will be developed and strengthened.
192. **Developing crop, livestock, fishery and handicraft production.** To boost crop, livestock and fisheries production, Government intends to promote access to improved seeds and high performance breeding lines by promoting artificial insemination, restructuring agricultural organizations and research institutions, setting up agricultural training centers, intensifying agricultural mechanization, facilitating access to inputs and land, ensuring the development of fisheries and aquaculture, developing cash and industrial crops and progressively building up the agricultural channels.
193. **Strengthening governance and institutional capacities and human resources.** This strategic area concerns a proposition of an in-depth institutional reorganization of the ministries of Agriculture and Rural Development and other institutions involved in agricultural and rural activities through institutional reforms and material and human capacity building. Among the reforms, we can cite the separation of the role of the State and that of the private sector with a resizing of the public sector leaving more places to private actors and reconverting the streamlined staff of the restructuring of the Ministries of Agriculture and Rural Development. In addition, efforts will be made to strengthen the coordination of interventions in the sector and revitalization of the thematic group of the sector.
194. **Organizing the rural world in self-managed structures and ensuring the financing of the sector.** A participatory assessment of organizations of community dynamics was organized to promote the emergence of a class of development actors in the rural world. It favors the involvement of rural organizations in the process of decentralization and support to community dynamics and local development. Rural outreach and access to information will be relaunched. The strategy also promotes and supports feminine community organizations and rural youths. In order to finance grassroots communities, the sector strategy recommends the establishment of: (i) credit unions, mutual insurance companies, cooperatives of micro-credits, micro-finance institutions; (ii) National and Provincial Agricultural and Rural Development Funds (FNDAR) and CCAs, and (iii) basic financing mechanisms from foreign resources under the guarantee of the FNDAR.

#### **2.4.2. Developing support infrastructure for production activities**

##### **A. Strengthening the transport sector**

195. Congolese territory remains partially locked; only the airline helps to reach all provincial capitals. The 152,400 km long national road network, which has only 2 percent of paved sections, is in an advanced state of dilapidation. Priority roads of general interest covering 30,786 km have 25 percent of roads in good condition, 16 percent in average condition and 59 percent in poor condition. As for the 86,821 km agricultural road network, only 11 percent is in good condition. Road transport exploitation, dominated by small informal businesses results in generally very high costs to users. The 5,033 km long national railroad network, of which 858 km are electrified, is in very bad state due to

<sup>20</sup> The objective in the context of CAADP is to increase the budget allocated to agriculture to at least 10 percent or more of the national budget and to communicate a growth rate of agricultural production of at least 6% per year over the period 2011 to 2015. Government is committed to sign the CAADP Charter. Production of major food and cash crops will then advance to a minimum as follows: cassava (about 15 million tons at present to at least 20 million tons in 2015), maize (1.2 million tons in 2002 to at least 1.5 million tons in 2015), rice (from 325 000 tons to over 423 000 tons in 2015), rubber (from 10 thousand tons presently to at least 13 000 tons in 2015), coffee (from 15 000 tons of Robusta and 10 000 tons of Arabica currently to 20 000 tons and 13 000 tons in 2015), cocoa (from 2 000 tons to over 2700 tons in 2015) and tea (from 2 thousand tons currently to 2.7 thousand tons in 2015).

lack of routine maintenance and rehabilitation works. The 16,238 km river and lake waterway faces a problem of navigability caused by the absence of dredging and inadequate investment in infrastructure, particularly beacons. Its exploitation is dominated by private operators. In addition, far from concentrating along the roads, the settled population in the rural community is rather scattered in micro villages of 10 – 20 – 30 houses, and very rarely concentrated such that it can be possible to provide all of them with access to basic services, at reasonable costs.

196. Government's vision in the transport sector<sup>21</sup> is to ensure national mobility in order to support economic growth and national security, through transport economic policy reform to achieve a modern transport system.
197. To realize this vision, Government's strategy consists in: (i) modernizing the institutional and regulatory framework of the sector and sub-sectors of transport; (ii) proceeding to the transformation of public companies of the sector into commercial companies to make them competitive, reliable and capable of providing regular and quality services to users; (iii) implementing public-private partnerships towards mobilizing significant financings for infrastructure and equipment; (iv) upgrading the technical staff of companies and the administration.
198. **With regard to transport infrastructure**, the Government seeks to achieve stability and economic growth, improve access to social services and reduce the vulnerability of the poor through opening up the national territory and developing priority transport roads.
199. **In the road sector**, the intervention strategy involves: (i) rehabilitating old asphalt roads and constructing new roads particularly the Kinshasa-Lubumbashi-Bukavu-Goma-Kisangani major roads and Batshamba in Kananga to ensure the opening up of the Center and East provinces of the country; (ii) reopening the ground network which remained closed for long to help restore traffic etc.; (iii) protecting and maintaining roads in good condition by instituting particularly manual road mending in rural areas; (iv) capacity building of organizations in charge of managing road networks. The three priorities in this area include (i) maintaining roads by consolidating the National Road Maintenance Funds (FONER), secondly by mobilizing the manual road mending; (ii) continuing current investment plans by rehabilitating major road corridors and rural roads necessary to access the agricultural sector in markets; (iii) reforming public operators of the sub-sector.
200. **With regard to urban roads**, particular emphasis will be placed on the provincial city of Kinshasa, headquarter of National Institutions, without excluding other Provinces, where the Government is committed to the rehabilitation and upgrading of roads in all administrative centers and other major cities.
201. **In the railway sector**, the great priority is the financial and operational restructuring of the SNCC<sup>22</sup> whose role is strategic to the mining sector; a comprehensive recovery plan is committed to this effect.
202. **Regarding air transport**, priority will be improving airport infrastructure and equipment as well as improving and disseminating the regulatory framework on civil aviation and air safety.
203. **Concerning water transport**, priorities are: (i) the development of inland waterways, (ii) the rehabilitation of river banks, and (iii) the realization of major port investments, with the construction of deep seaport in Banana at the top of priorities.
204. During the period of implementation of the strategy, the pursuit of the reform of other public transport companies, on the basis of recently promulgated new organizational provisions will constitute a key priority. A governance plan applicable to the entire sector will be developed. In addition, specific restructuring actions aimed at improving the

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<sup>21</sup> Transport sectoral strategy note of 4 December 2009, p. 21.

<sup>22</sup> SNCC: National Railroad Company of Congo, one of the three operators of the rail sector.

efficiency of operations and emergency equipment acquisitions will be achieved for the Inland Maritime Company (CVM), the Air route Company (RVA), the Commercial Company of Transports and Ports (SCTP), and the Board of Inland Waterways (RVF). Regulatory measures will also be taken to establish an enabling environment for the development of public-private partnerships and improve compliance with international and regional standards. The consideration of the environment will also be promoted in the sector (see Pillar IV).

***B. Increasing electricity production and improving the population's access to electricity***

205. The electrical power plant installed in the DRC constitutes only 2.5 percent of its enormous hydropower potential estimated at over 100,000MW and of which nearly half is down due to lack of maintenance and renovation. Furthermore, the capacity of transportation and distribution systems is insufficient. Electricity production does not meet national demand and electricity supply is subjected to several power cuts, seriously disabling the productive sectors of the economy and impeding growth. Electricity supply is also the least public service appreciated by users. The National Electricity Company (SNEL) is also experiencing very serious financial difficulties due particularly to non-payment of State arrears and parastatal services, thereby making the sector's contribution to GDP very low.
206. Government's policy aims at meeting national energy needs through the development of electricity production, improving the population's access to electricity, increasing electricity exports to the sub-region and developing renewable energy (green energy) for environmental protection (see Pillar IV).
207. The achievement of these goals is through the reform and liberalization of the sector (production et/or distribution), and increased public and private investment in the sector. In this context, the Government intends to complete the restructuring of the National Electricity Company (SNEL), enact electricity code and set up a Regulatory Authority. There are also plans to strengthen electricity interconnection with neighboring countries, particularly with the SAPP (Southern Africa Pool, comprising most electricity corporations of Southern Africa), rehabilitate hydroelectric plants and existing transmission and distribution infrastructure, construct new energy infrastructure and extension of the distribution network to new cities.
208. In order to increase access to energy in rural areas and secondary cities, a National Electrification Agency and a National Electrification Fund will be created. In addition, the Government plans to launch four projects of hydroelectric plants in Kakobola, Grand Katende, Zongo II and Ivugha. It also plans to launch the mega projects of Inga III and Grand Inga and other development projects among the 213 other hydroelectric sites already identified. As part of the promotion of other forms of renewable energies, the Government will set up a legal framework and develop projects in solar (towns of the territory), wind and biomass energies and energy generation from gas (e.g. methane gas from Lake Kivu).

***C. Developing the Post, Telecommunications and Information and Communication Technologies sector***

209. Postal networks and fixed telephony, whose main actors are public companies, could not resist the development of the mobile telephone due to lack of infrastructure to support this development, financial resources and strategic vision. The coverage rate is thus estimated at 50 percent of the territory and 20 percent of the population. Access to internet is very limited. Currently, the DRC is not yet connected to the global network of submarine optical fiber cables. The regulatory framework of mobile telephony is based on a model that was never established and private operators developed their own networks.
210. Government's vision is to significantly improve the contribution of Post and Information and Communication Technologies (ICT) to the economic and social development of the country in accordance with the Development Strategy of Telecommunications and Information and Communication Technologies of the DRC (July 2009) and the

Comprehensive Plan of Postal Reform and Development (PIDEP). To realize this vision, the strategic themes of the sector's policy include strengthening the regulatory and institutional framework, developing networks and services of post and telecommunications and developing the information and communication technologies.

211. Regarding **the regulatory and institutional framework**, the actions chosen concern adapting the legal and regulatory framework, distributing roles at the institutional level, adapting systems and modes of licensing and permits, increasing regulation, planning and managing radio frequencies, specific assessing of the sector and implementing universal access. Concerning the **development strategy of post and telecommunications' networks and services**, the restructuring of the SCPT (e.g. OCPT) and RENATELSAT, the implementation of a national broadband network and international broadband access. Concerning **development strategy of Information and Communication Technologies**, Government intends to set up an institutional framework of ICTs, computerize State services, control and build capacities of companies and the population in taking ownership of ICTs.

#### **D. Promoting tourism**

212. The Democratic Republic of the Congo is among the 16 countries of the world qualified as the haven of mega biodiversity (high level of endemism of flora and fauna). It therefore has a significant touristic potential which remains untapped to date. However, few positive notes were observed in the field of ecotourism, for example, in the Virunga National Park where tourism generated more than 150, 000 dollars only in terms of visiting rights of gorilla families for the month of August 2010, barely a year after the revival of tourism in the park. However, the entire industry is today very limited due to major constraints such as: (i) the "image" of the country as perceived in the international scene by the target population of touristic actions; (ii) the cost of visas and various harassments, particularly in airports; (iii) insufficiency of hotel infrastructure compared to needs despite the fact that the number of hotels increased from 936 in 1998 to 1,774 in 2010; (iv) the dilapidation of reception infrastructure and lack of maintenance of touristic sites, and (v) difficult access to touristic sites.
213. The strategic goal pursued by the DRC in this sector is to promote all forms of quality tourism (ecotourism, social tourism, cultural tourism, scientific tourism, sports tourism, business tourism). To achieve this, the following actions are planned. These include: (i) the implementation of institutional reform, including human, technical, logistical and financial institutional capacity building of all stakeholders of the sector, particularly National (General Secretariat and the National Tourism Office) and Provincial Administrations of Tourism; (ii) the development and implementation of the Integrated National Master Plan for the development of tourism; (iii) the establishment of an integrated database on tourism information in the DRC thanks to an adequate computer equipment; (iv) the promulgation and extension of the law – framework on the organization of tourism; (v) improving and implementing the regulatory framework; (vi) rehabilitating hotel infrastructure, touristic sites, and natural touristic reserves; (vii) securing touristic sites.

#### **E. Promoting other areas of the tertiary sector**

214. The Government will generally promote any activity of the tertiary sector particularly all structures supporting industries or the administration (security, cleaning, gardening, mail delivery, etc.). This will help promote the creation of private companies and as such, contribute to reduce unemployment.

### 2.4.3. Revitalizing the productive capacity

#### A. Developing the forestry sector

215. The forest area of the DRC is about 155 million hectares or 66 percent of the national area, distributed in moist dense forests (101 million ha), mountainous forests (1 million ha), dry forests (24 million ha) and savannah mosaics (29 million ha).

216. The forest produces several services which contribute formally and informally to national development. It is worth mentioning some which contribute directly to economic growth like: (i) sampling services through industrial and traditional wood products and the development of non-timber forest products (game, traditional medicines, fruits and vegetables); and (ii) regulatory services through regulating ecosystems, particularly: water resources (consumption, agriculture, energy and transportation), soil and land protection against erosion and the adverse effects of climate change.

217. With only 12.4 million hectares of land effectively granted for exploitation to date, that is, less than 10 percent of the total forest area, the DRC is still behind compared to other countries of the Central African sub-region.

218. Government's strategic goals in this sector aim at: (i) increasing its contribution to the country's economic growth, through sustainable forest and land development; and (ii) ensuring economic and social benefits, particularly for the local population and indigenous people living in the forest and from the forest.

219. To achieve these goals, the Government undertakes to finalize and consolidate a series of priority actions. These include: (i) signing forest concession contracts including specifications signed with local communities and indigenous peoples<sup>23</sup>, (ii) installing and operationalizing National and Provincial Advisory Councils of forests; (iii) establishing the Information System of Forest Management (SIGEF) to improve production, processing and dissemination of forest information; (iv) promoting activities related to local processing, biomass energy production in general and wood energy in particular; (v) clarifying mechanisms of distribution of resources and competences among different levels of the central and provincial administration, in accordance with Article 122 of the Forest Code; (vi) strengthening cooperation mechanisms among sectoral ministries on the one hand and, forest concessionaries and local communities and indigenous people and the Civil Society on the other hand; (vii) supporting the development of permanent production forests; (viii) strengthening forest control with the support of the SGS and the Independent Observer of the Sector on the one hand and adequate investments in capacity building, equipment, technology and infrastructure; (ix) formalizing and supervising operators of the sector of hand-craft exploitation of timber; (x) publishing the legislative framework relating to community forest for granting forest concessions to local communities and/or indigenous people; (xi) launching the FLEGT process; and (xii) supporting research organizations/institutions of the forestry sector.

#### Box 11. Forestry Code

The DRC Forestry Code, promulgated by Law No. 011/2002 of 29 August 2002 aims at organizing forest areas and their exploitation by classifying forests into three categories, each responding to a priority vocation:

**Classified forests:** Their vocation of conserving biodiversity is expressed by their payment to the public domain of the State through an act of classification which limits usage rights to the strict satisfaction of domestic needs of customary rights holders. Their management lies with the State through the Congolese Institute for Nature Conservation (ICCN), public establishment under the supervision of the Ministry in charge of environment. Their management can be delegated by the State to legal entities under public law or to recognized public utility associations.

**Protected forests:** Their vocation of socio-economic development is reflected even in the definition given by the Code: it is local community forests that have them by virtue of the custom. They can be converted to other uses by the local communities which are free to exploit the resources or to obtain a community concession at their demand.

**Permanent production forests:** Their vocation of sustainable timber production or other forestry goods and services is expressed by their removal in the domain of forests protected at the end of a public inquiry.

<sup>23</sup> In accordance with Article 89 of the Forest Code and Decree No. 023/CABMIN-ECN-T/15/JEB/010 of 10 June 2010 fixing the type of agreement constituting the social clause of specifications of the forest concession contract.

## **B. Boosting mineral production**

220. The Democratic Republic of the Congo (DRC) is among the world's mining giants today. Indeed, its soil and subsoil contain enormous potentials unevenly distributed across the country. The vastness and diversity of these mineral resources make her a mining country. Nevertheless, in the DRC, the importance of the mining sector is not to be overemphasized. In fact, formerly the driving force of the national economy, the mining sector experienced a serious drop during the 90s. This is certainly due to mismanagement and political interference in parastatal mining companies on the one hand and, the implementation of inappropriate policies which did not encourage private investments on the other hand.
221. Today, with the advent of the new mining code and with regard to the possibilities it offers, the Congolese mining sector is experiencing a recovery of activities. As example, in 2010, the DRC produced more than 460,000 tons of copper and over 90,000 tons of cobalt. According to the statistics of the Central Bank of Congo, during the same period, the share of extractive industries constituted 45 percent of the GDP with 38.91 percent for the mining sector.
222. However, these resources still remain underexploited (only 14 percent of the national territory is geologically mapped) and underutilized. In 2010, operating permits (421) constituted only 12 percent of exploration permit (3439).
223. The main goal consists in relaunching mineral production to sustainably support economic growth, increase short term tax revenues and improve social and environmental conditions in mining areas. To achieve this, the Government intends to: (i) strengthen institutional capacities of the mining sector by strengthening the legal and regulatory framework, modernizing the administration and organization of strategic planning; (ii) intensify geological and mining researches in order to improve knowledge of the soil and subsoil; (iii) improve the management of the sector for sustainable development (improving the management of mining and developing social and environmental aspects of mining); and (v) organize hand-crafted and industrial mining.
224. The first priority will be to develop a real sectoral strategy involving all actors. Governance of the sector should also be significantly improved upon by giving the administration and specialized services of the mining sector (CAMI, CEEC, SAESCAM, CTCPM) the means to carry out their mission, by continuing the effort committed to improve the performance of mining revenue collection and ensure transparency of all samples taken, by clarifying the respective interventions of the State and the provinces and by fighting against fraud and smuggling.
225. Similarly, the Government commits to publish all mining contracts, the map of mining impacts and lists of mining permits. It will strengthen competitive access to abandoned and cancelled mining perimeters. In the craft sub-sector, priorities are: the creation and supervision of cooperatives, the continuation of the institutionalization of traditional mining areas, support to the transformation of traditional mining to semi-industrial mining and the establishment of a system of traceability and certification. Government intends to consider environmental issues in the sector (see Pillar 4), particularly through greater synergy with the Ministry of Environment and capacity building to enforce the respect for important regulations.

## **C. Increasing the production of hydrocarbons**

226. The DRC has a considerable potential for hydrocarbon production, even though it is largely underexploited (oil production remains stagnant since 1975, below 30,000 barrels per day, far below its potential). Congolese sedimentary basins, potentially rich in hydrocarbons, so far remain poorly investigated and mapped. There exists only one refinery in the country which is also at a standstill since 1999. Storage, transportation and distribution operations, are under public companies which are finding it difficult to ensure supply throughout the country and satisfy national demand (the supply rate

would be 70 percent today), particularly because of financial problems and insufficient infrastructure.

227. Government's vision in this sector is to propel the DRC among hydrocarbons producing African countries, in order to favor growth and reduce the country's energy deficit, improve domestic supply of hydrocarbons, and start the production of bio-fuels. The strategy in this sector pursues the strengthening of the legal and regulatory framework, the improvement of the administration of the oil sector and the modernization of oil exploitation while focusing on environmental protection.
228. In this context, Government intends to update the policy letter of the oil sector, clarify and publish the legal and regulatory framework and oil agreements and the map of blocks on the website of the Ministry of Hydrocarbons which will be set up. In the same context, it intends to grant oil exploration and exploitation rights according to the principle of competition and in accordance with good international practices. The priorities set by the Government include: (i) strengthening exploration and prospecting; (ii) starting the production of natural gas; (iii) improving the transportation, storage and distribution network; (iv) updating public companies of the sector and improving processing capacities and (v) establishing a policy and regulation framework of the sector.

#### ***D. Promoting industries***

229. After a long process of deindustrialization which led to the disappearance of several key industries (textiles and clothing, automotive assembly, food processing, batteries) and significant job losses, the weight of this sector throughout the economy greatly reduced (its share in the GDP dropped from 37 percent in 1970 to less than 4 percent in 2010). The main constraints to industrial development include: deficiencies and dysfunctions in the supply and electrical price setting, shortcomings of the transport system and the fragmentation of domestic markets, insufficiency of supply and the conditions of granting credit, and finally, shortcomings at the level of the business climate.
230. The choice of priority sectors falls within a dynamic approach which should enable their continuous update in order to take into account new sectors which appear mature during the studies on the value chains of new products during the implementation of the GPRSP II. Already, the first priority sectors concern food processing with cassava, palm oil, processed fruits and fishing as target products, building materials with cement and processed wood as target products, mining and metal recovery with iron, copper and aluminum as target products, and finally packaging, selected as support sector.
231. Conveyed by the strategy of the sector (Industrial Strategies and Policy Paper, abbreviated DPSI, August 2011 version), Government's vision is to contribute to the emergence of an industrialized, diversified, productive, competitive economy, fully integrated in the dynamics of regional and foreign trade, finally based on significant development of resources and potentials of the country through the development of industries that are primarily modern, civic, and responsible in terms of environment and sustainable development. From this perspective, in order to increase the productivity of existing companies and support the emergence of new competitive companies of all the industrial sub-sectors, Government's policies are based on seven areas, namely: (i) building industrial capacities and skills, (ii) developing standardization and patent rights, (iii) supporting the preservation of the existing industrial base, (iv) developing industrial areas, (v) promoting an environmentally friendly industrial development, (vi) strengthening institutional capacities of the Ministry of Industry and support structures to industrial development, finally (vii) promoting the deployment of an effective synergy and vertical and horizontal integration relations between industry and the sectors upstream and downstream of the latter.
232. To attain the above goals, we will implement policies that promote the creation of new agricultural production units and rehabilitation of old ones, promote green industry and industrial waste management, create productive job opportunities for the youth and women, strengthen financing mechanisms of the productive sector, promote electric power and renewable energies and organize distribution channels and markets for the promotion of manufacturing industries. As such, institutional capacities of the sector will

be strengthened so as to promote the setting up and deployment of an effective synergy with other sectors.

#### **2.4.4. Promoting foreign trade**

233. The DRC is a country which depends heavily on foreign trade. The first Trade Policy Review (TPR) of the DRC took place in 2010; the DRC also undertook a diagnosis study of trade integration (EDIC) in the same year. Trade constituted almost 80 percent of the national GDP in 2010. Only exports accounted for 45 percent of the GDP. However, exports are not sufficiently diversified and the vast majority is limited to mineral products. While the DRC exports basic commodities, it imports mainly manufactured products and foodstuff. One of the barriers identified by EDIC and TPR faced by Congolese products for exports is non-tariff, particularly the issue of quality standards. The current account of the DRC still shows a deficit. Although formally complies with most provisions of the WTO, the country's trade system hides a reality where barriers to trade are very many (see business climate). The sector is also characterized by the absence of an adequate legal framework. The DRC is also signatory to several regional agreements (SADC, COMESA, ECCAS), without implementing free trade agreements.
234. Government's vision in trade policy consists in creating a regulatory, tax, and institutional environment where domestic and foreign trade will take off unimpeded, thereby opening up the vast national territory and integrating in regional and international trade circuits. The DRC should start rationalizing its participation in the abovementioned regional agreements in order to actively participate in regional trade and start a process of implementation of these agreements. The non-implementation of regional agreements creates an atmosphere of skepticism from the private sector, investors and regional partners. It will also be necessary to study the possibility of participating in the tripartite free trade zone among COMESA, EAC and SADC. Several studies proved, like the reduction of non-tariff barriers and not, among member countries of the same regional agreement can give an impetus to trade relations and growth.
235. As such, the Government intends to pursue four main goals, namely: (i) promoting trade and diversifying exports of manufactured goods; (ii) increasing national production of foodstuffs in order to reduce imports; (iii) consolidating markets of the DRC; (iv) strengthening the monitoring of trade regulations to better participate in the multilateral trading system.
236. Concerning the first goal, the short-term priority is to boost some growth areas (Cfr. EDIC), which dominate national exports such that they alone can ensure a substantial increase in total exports. Regarding the second goal, the Government intends to focus on training and sensitization of farmers on standards (including the conservation, packaging and creation of labels). Regarding the third goal, non-traditional export sectors (cattle, fruits and vegetables, offer significant opportunities but are currently unable to make investments in training, logistics, and equipment necessary for a dynamic export strategy. In this regard, the Government intends to provide support in the form of cross-cutting and sectoral measures. Measures to promote cross-cutting exports, that is to say, affecting all the sectors, are of three categories: regulatory, pragmatic, and institutional. It is the same for improving business climates. Regarding the fourth goal, the Government undertakes to ensure: (i) the accreditation and upgrading of certification laboratories; (ii) membership in the international convention for plant protection (CIPV); (iii) the establishment of a new phytosanitary and animal health regulatory framework; (iv) the setting up of an SPS national committee, the establishment of an information focal point on SPS measures; (v) the support for product quality; and (vi) the establishment of an information point and notification of existing industrial standards.
237. Under the General Agreement on Trade in Services (GATS), the Government made commitments in a number of service sub-sectors, namely: (i) construction and related engineering services; (ii) communication services, services provided to companies; (iii) educational services, tourism and traveling services; (iv) recreational, cultural and sporting services. Some of these sub-sectors are subject to a quasi-total opening, while others are only partial. The extension of multilateral commitments of the DRC to all categories of services already liberalized should enhance the credibility of achieved

reforms, improve predictability and transparency of the procedures involved, and contribute to attract the capital which the country needs to implement its immense potentials.

#### **2.4.5. Promote employment**

238. The issue of employment is a major concern of the growth and poverty reduction strategy in the DRC. Survey 1-2-3 of 2005 shows that most poor people are unemployed or under-employed. Besides, we deplore the high number of child laborers and a high rate of unemployment among the population range of 15-35 years.
239. Government's vision is to ensure full employment and equal opportunities for all, including women and youths, find decent and productive employment. As such, orientating the Congolese Government is to base its employment policy on the achievement of the Millennium Development Goals (MDG) and the promotion of the private sector through improving the business environment and public investments, particularly infrastructure. This strategy will stimulate the creation of direct and indirect jobs in quantity and quality.
240. To achieve this, Government's actions revolve around four strategic areas: (i) placing employment at the center of macro-sectoral concerns; (ii) increasing the provision of decent jobs and developing the private sector; (iii) improving the employability of target populations and vocational training and; (iv) organizing the information system and improving the functioning of the labor market.
241. **Place employment at the center of macro-sectoral concerns.** For this purpose, four priorities were identified: (i) increasing the level of public investments in Highly Labor Intensive (HIMO) projects and programs; (ii) facilitating access to benefits of the code of public investments in job-creating private investment projects; (iii) integrating a significant weight of the "employment" criterion in the award of public contracts and; (iv) strengthening the Employment Promotion Unit in Public Investments (CPEI).
242. **Increase the supply of decent jobs and develop the private sector.** To achieve this, the Government identified priorities for the next five years, namely: (i) removing institutional constraints to the development of private companies; (ii) developing an action plan for the implementation of the promotion strategy of highly labor-intensive approaches in public investment programs; (iii) setting up a conducive framework for decent wage job creation; (iv) creating a range of incentives necessary for wage job creation; (v) establishing a mechanism favoring the creation of small units that generate jobs and resources; (vi) developing specific programs for vulnerable populations and establishing a legislation on microfinance sensitive to gender equality; (vii) creating the National Employment Fund (FONEM) decentralized to Provincial Employment Fund (FOPEM) in provinces; (viii) promoting long term employment of the unemployed and establishing a first job negotiated convention among stakeholders; (iv) promoting small and medium size enterprises of youths and strengthening their job-creation capacity; and (x) promoting the spirit of corporate culture for the youths in particular.

**Box 12. Job creation and achievement of MDGs**

The relation in growth and employment is evidenced by the Okun Law (1962). As part of Sub-Saharan African countries, this relationship was generally positive during the 1995-2003 period, with a variable elasticity from one sector to the other (0.4 for agriculture, 0.6 for industry and 1.05 for services). In addition, different studies carried out showed that: (i) the enrichment of growth in employment is indispensable for the success of policies of the fight against poverty; (ii) growth may be job killer if technological progress from which it results are not labor intensive; (iii) measures directly affecting growth are less favorable to employment than measures indirectly affecting growth (Yogo, 2010).

For simulations of the impact of the implementation of the GPRSP 2 on employment, sectoral growth – employment elasticities are drawn from the works of Kapsos (2004) and the distribution of employment per branch of the national accounts of 2005 designed by the INS. The implementation of different projects, programs and reforms contained in the GPRSP and its Priority Action Program will be expressed by creating about 4 500 000 jobs over the 2011-2015 period, or an average of 900 000 jobs per year.

**Simulation of the number of jobs created per sector**

	2011	2012	2013	2014	2015	Total
Primary sector	350 589	235 113	357 520	300 426	288 246	<b>1 531 894</b>
Secondary sector	52 291	52 711	84 820	95 170	87 795	<b>372 787</b>
Tertiary sector	316 198	418 383	711 163	528 332	603 702	<b>2 577 778</b>
Administration	154 964	154 312	155 051	153 318	153 715	<b>771 360</b>
<b>Total jobs created</b>	<b>719 079</b>	<b>706 207</b>	<b>1 153 502</b>	<b>923 928</b>	<b>979 743</b>	<b>4 482 459</b>
Number of persons brought out of poverty	680 916	2 514 063	2 496 178	2 838 209	2 711 469	<b>11 240 836</b>
Number of persons brought out of poverty by jobs created	1	4	2	3	3	3

**The achievement of the MDGs will enable the Government to create at least 780 000 direct jobs over the 2011-2015 period and it is in the health, primary and nursery education and agricultural sectors, including fisheries and livestock. In addition to these direct jobs, the achievement of the MDGs will stimulate direct job creation, particularly in the agricultural sector with the recruitment of agricultural employees.**

**Evolution of direct jobs created through the implementation of the MDGs**

	2011	2012	2013	2014	2015	Total
Health	71 845	68 836	65 926	63 257	60 645	330 508
Nursery and Primary Education	82 435	84 653	88 162	88 959	91 829	436 038
Agriculture	2 189	2 491	2 799	3 115	3 438	14 031
<b>Total direct jobs created</b>	<b>156 469</b>	<b>155 979</b>	<b>156 887</b>	<b>155 330</b>	<b>155 912</b>	<b>780 578</b>

**243. Improving the employability of targeted populations and develop vocational training.** The Government intends to carry out the following priority actions: (i) establish mechanisms to ensure the adequacy of supply and demand of competence; (ii) implement measures that can help workers and companies to adapt to change and improve their competitiveness; (iii) implement measures to acquire and maintain skills towards satisfying future needs of the labor market; and (iv) develop training courses through a reformed learning.

**244. Improving the information system and governance of the labor market.** Government intends to strengthen the intelligence capabilities of the changing labor market (supply and demand) through: (i) capacity building of the staff of the National Employment Office (NEO); (ii) improving social dialogue through its extension to employers, trade union representatives, social organizations of youths, women, the unemployed and all vulnerable groups; (iii) establishing a system of treatment and management of job applications by private employment agencies; and (iv) creating effective labor courts to improve governance of the labor market.

#### 2.4.6. Developing the country and cities

245. Besides the provision of social services to the population, the city is also an important place for economic exchanges both with the outside and rural world. As such, it constitutes an important development tool. The DRC has a fairly well distributed dense urban framework.
246. Statistics show that the urban economy has been the main impetus of growth in the DRC in recent times. Thus, the sectors of construction and public works, trade, transport and telecommunications and finally services, increased from 35 percent of the economy in 2003 to 42 percent in 2008, while agriculture (characterizing the rural world) dropped.
247. It is estimated that 40 million people will live in cities by 2025 with 15 million in Kinshasa. As mentioned in the previous chapter, the main characteristics of Congolese cities are: uncontrolled population growth, a sprawl, recognized isolation, etc.. Consequently, most of these cities are in decline, and more expensive to manage. Most of these urban growths took place without connection to neither infrastructure nor access to basic services. Generally, there are no new constructions, the level of infrastructure remaining the same as in 1980, for a population three times larger. This creates serious urban poverty.
248. City management should return to councils; in addition, the State must bring order in response to the plethora of services, establish real measures for urban management, ensure security of tenure, work in close collaboration with the private sector and grassroots communities, develop trading tools (markets, railway stations, etc.). All urban policies, and beyond territorial development, must be done in conjunction with a broader planning.
249. The State shall: (i) develop and implement the National Policy on Land Management and the National Scheme on Land Management to reduce provincial and socio-economic disparities and open up the country for a balanced development; (ii) fit into the regional development for a more harmonious regional and international market; (iii) promote business areas related to population concentration areas; (iv) improve the living environment of the population; (v) better manage and enhance the natural resources of the DRC and establish industrial fabrics throughout the provinces; (vi) promote food self-sufficiency and access to social services (water, electricity, etc.), and (vii) improve the environment and the ecosystem.

#### 2.4.7. Formalizing the informal sector

250. The global economic downturn of the 70s in the DRC resulted to a sharp deterioration of the terms of trade by higher export prices and lower world prices of raw materials. Faced with the collapse and desertion of public authorities at the time, the informal sector somehow rescued the population. Today, the informal sector may constitute more than 80 percent of the economy in diverse sectors like transport (toleka, wewa ...), sewing, hairdressing, trade .... As such, the informal sector is a vector of growth and social cohesion; it also serves as host platform of economic agents excluded from the formal sector.
251. **However, the informal sector is an obstacle to faster development and a reduction factor of the tax base**, which discourages private initiative in the SME/SMI formal sector which the country needs. This sector also suffers from lack of long-term vision and supervision. All these gave a fatal blow to the economy. To resolve this crucial and immediate problem, the Government committed to take advantage of the potentials offered by the informal sector (source of creativity, entrepreneurship and fertile ground for the emergence of a work ethic based on a new form of autonomy). To achieve this, the Government intends to conduct studies which will gradually build up the transition from informal economy to formal economy in spirit and practice through the implementation of policies and strategies enabling the informal economy to achieve its goals (job creation, the fight against poverty and the extension of social security coverage for all). Review of legal and regulatory provisions in the informal sector is the prerequisite for formalization.

#### **2.4.8. Promoting spatial development**

252. Spatial development through « Growth Pole » is to lay the foundations for sustainable job creation and food security through an integrated and multisectoral approach. The implementation of a Growth Pole Program will constitute a real opportunity for the country to accelerate its reconstruction program and economic recovery based on economic potentials of provincial poles, corridors and growth centers towards creating rapid and sustainable jobs. Such a development approach will also be an ideal platform to achieve the following goals: (i) accelerating economic, social and geographical integration; (ii) developing a domestic market and improving food security; (iii) promoting the dissemination of enhanced and inclusive growth; (iv) stimulating industrial innovation and competitiveness; (v) optimizing spatial development throughout the national territory; and (vi) strengthening decentralization and governance.
253. This program will be implemented gradually on the basis of a long term approach. Practically, the possibility to depend on fast-result initiatives (Quick wins) will be promoted to boost the confidence of stakeholders affected by years of conflict.

### **2.5. PILIER 3. IMPROVING ACCESS TO BASIC SOCIAL SERVICES AND STRENGTHENING HUMAN CAPITAL**

254. Based on apt policies to strengthen the country's human capital, this pillar has as main issue to allow access to quality basic social services to all. Focusing efforts on social sectors should also help to provide the DRC with well educated and healthy human resources. This third pillar is thus based on five major priorities: strengthening human capital, fighting against HIV/AIDS, reducing inequalities, improving the living environment of the populations and promoting community dynamics.

#### **2.5.1. Strengthening human capital**

255. Strengthening human capital is based on two main social sectors, namely: education (with particular emphasis on primary and secondary education, vocational training, adult literacy, higher and university education and scientific research), and health (including problems of nutrition). Social protection, culture and sports are also concerned.

##### ***A. Improving access to education and vocational training***

256. Significant efforts in recent years (construction of schools, distribution of textbooks and school kits) improved the level of satisfaction of users. Even if collection problems affect the quality of statistical data, it is undeniable that most indicators recorded improvements both at the level of disparities depending on the milieu (rural/urban) and the provinces and gender.
257. Despite quantitative progress, the Congolese education system still feels the years of conflict and economic crisis that the country experienced. A significant number of children aged 5-17 years (7.6 million according to available estimates<sup>24</sup>), with a high proportion of girls and children from disadvantaged backgrounds, are still excluded from the education system. Beyond the repercussions of insecurity and armed conflicts, major constraints remain: (i) public under-financing of the sector; (ii) insufficient supply of quality education (state of infrastructure, scarcity of school materials, too long distances to cover to get to school, motivation and preparation of teachers); (iii) adaptation of the education system to the lifestyle of some specific groups (pygmies, forest dwellers, nomads, etc.) and failure to take factors of vulnerability in the system into account; and (iv) the issue of the importance of training (particularly technical and professional at the higher level) and the social usefulness of school, particularly by its inadequacy to the job market.
258. Regarding the PSB, it should be noted that pre-school education remains optional, very expensive and is mainly organized by the private sector which has 64.6 percent of

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<sup>24</sup> 2011 Preliminary report on studies on children and adolescents out of school.

schools. The gross enrollment rate, which remains very low (3.2 percent in 2009/2010), recorded a drop of 0.6 percent due to a reduction of the level of enrollment. However, the development policy of arousal community areas, which depends on a holistic approach to child development (education, health, nutrition) and which is based on sustained commitment of local communities, is likely to revive this level of education.

259. With regard to primary education, several schools are far from the beneficiaries and do not have the minimum necessary in terms of equipment, latrines, potable water and electricity<sup>25</sup>. Moreover, there exist disparities in the distribution of schools across provinces and within provinces. School fees paid by parents are a major barrier to schooling for children from poor households. Concerning entry into primary schools, children of legal age constitute only 50 percent of successful candidates, leaving the other half outside the system. For an overall participation rate of 90.8 percent, only 56.7 percent of children complete the primary education. Girls constitute 46.3 percent of enrollments and women constitute 27.4 percent of enrollments of the teaching staff.
260. General secondary education is relatively underdeveloped and contains relatively large disparities among provinces and according to gender. The gross enrollment rate is 36.5 percent overall but the girls are 26.4 percent educated against 46.2 percent for boys. In addition, only 25.3 percent of students complete secondary school with 15.9 percent for girls. A little over 65 percent of teachers are under-qualified.
261. Technical and vocational education constitute 19.7 percent of students enrolled in the secondary and has several challenges including: (i) the absence of curricula and important programs; (ii) the inadequacy of vocational training courses to the needs of the economy and the realities of the job market; (iii) the dilapidation and inadequacy of existing facilities and equipment; and (iv) the lack and/or aging of the qualified teaching staff. In addition, this sub-sector has a bad reputation in the society and lacks enthusiasm for the people who believe that this sector will only gather students who failed in mainstream education and that it does not usually lead to the university.
262. Concerning Higher Education, the situation is characterized by an uncontrolled and unbalanced quantitative growth accompanied by a rapid deterioration of quality. However, this sub-sector is experiencing a trend of improvement following the closure of over 800 institutions at the end of sustainability audits carried out in 2009. Demand is still very high (number of students increasing from 240,000 in 2006 to over 300,000 in 2009, with about 75 percent in the public sector). This state of affairs exerts pressure on a sub-sector already having acute problems of infrastructure, equipment, staff and organization. Finally, disparities in gender, distribution of students and administrative posts in universities and higher institutes are very strong. The parity index stands at 0.45; however it is very low in the various fields of engineering (0.22). The City Province of Kinshasa and the Katanga Province constitute close to 55 percent of students in the country. These two entities have 79 percent of official teaching positions. We realize the proportion of two administrative staffs for a teacher and lack of links between universities and institutions in charge of piloting and conducting research. This is due to the dependence of teachers and the administrative staff vis-à-vis various ministries.
263. Concerning scientific research, after several problems linked at the same time to: (i) the precariousness of finances allocated to this sub-sector; (ii) the quantitative and qualitative insufficiency of a critical mass of researchers; (iii) brain drain; (iv) the decay and inadequacy of equipment; (v) the inadequacy of research and development; and (vi) different conflicts which have occurred in the country, research is no longer the leitmotif in the development of our country.
264. With regard to literacy, the situation is presently alarming with a high illiteracy rate estimated at 30.2 percent (17.5 percent for women and 42.8 percent for men). It is stated in the 2006 global monitoring report on Education For All (EFA) that the DRC is ranked among the 30 countries which run the serious risk of not achieving the adult literacy goal by 2015. Considerable efforts are to be made in this area. Focus should be on literacy

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<sup>25</sup> According to the directory of 2009/2010 statistics, 33 percent of classes are in trodden earth, 8.7 percent in straw and 22.4 percent in semi-permanent material.

and informal education of youths and adults.

265. Following the constraints mentioned above and the need to improve human capital, and to have a holistic view of the sector, the Government undertakes to: (i) clarify institutional mechanisms of ministries in charge of education; (ii) operationalize a framework for planning and evaluation of national education and (iii) gradually increase the budget share of education to achieve 25 percent of the national budget by 2016.
266. Government's vision in the educational sector consists in training competent men and women, filled with human values and capable of contributing effectively to economic growth, the fight against poverty, the promotion of peace and an active democratic citizenship.

▪ **Primary, Secondary and Vocational Education**

267. In March 2010, Government adopted a new educational policy (Development Strategy of Primary, Secondary and Vocational Education 2010/11-2015/16). This targets three major strategic goals: (i) increasing access, affordability, equity and retention in the different levels of education and particularly basic education; (ii) improving the quality and relevance of education and (iii) strengthening governance of the sector.

268. **To ensure universal access to basic education**, the Government intends to promote an obligatory and free primary education, in accordance with the constitutional provisions. This important area to the Government is based on: (i) progressively abolishing school fees; (ii) identifying and integrating children excluded from school; (iii) reducing geographical disparities and inequalities between sex and social groups; (iv) increasing capacity; and (v) supporting local communities for pre-school educational development to facilitate transition to primary education.

269. **To improve the quality and relevance of education**, the Government recommends mainly: (i) an improvement of internal efficiency through quality standards; (ii) the revision and implementation of a strategy to upgrade the teaching profession; (iii) the development of a national policy of production and distribution of educational materials; and (iv) updating curricula and their take over by the teaching staff.

270. **Concerning governance of the sector**, priority will be: (i) supporting and implementing the decentralization of the education system (decentralized capacity building of planning and programming); (ii) updating the school map by involving provincial executives) and the improvement of financial management (development of a management and control mechanism of resources allocated to decentralized entities and schools); (iii) restructuring the Control Service and Payroll of Teachers (SECOPE); (iv) improving the reliability of sectoral data by operationalizing the Information System for Educational Management (SIGE) and (v) improving school management, particularly by strengthening the involvement of stakeholders.

**Box 13. Accompanying measures to free primary education**

This free education will be through the progressive suppression and complete take over by the State of school fees paid by households. This concerns school fee and school fee promotion and forms, school insurance premium and TENAFEP participation fees (End-of-Primary School National Test). The State will assume responsibility for the functioning of schools and management offices.

Towards medium-term suppression of motivation costs, Government embarked on the standardization of wage areas, and will proceed to: (i) identifying the teaching and administrative staff; (ii) the complete mechanizing of all teachers. This provision would enable the gradual reduction of motivation costs in rural areas in particular. The suppression of these costs will also contribute to reduce geographical disparities, gender inequalities and promote the integration and orientation of those excluded from the school system. The implementation of this measure began with the suppression of direct fees paid by households from the first to the third year of primary school from the 2011 school opening. (except in Kinshasa and Lumumbashi), the generalization of the measure that can be achieved in 2015/2016.

▪ **Literacy and informal education**

271. The DRC Government is finalizing a new policy on literacy and informal education. This proposes three strategic areas: (i) increasing access, affordability and equity, (ii) improving quality, relevance and effectiveness of literacy and informal education programs and (iii) strengthening governance.
272. **To increase access, affordability and equity**, the priorities are: (i) the capacity building of host structures in charge of literacy, (ii) the involvement of local communities in the organization of literacy and informal education activities through capacity building of organizations and community facilitators, and (iii) the intensification of sensitization campaigns of the population and literacy and informal education actors.
273. **To improve quality, relevance and effectiveness of literacy and informal education programs**, efforts will be focused on: (i) harmonization, dissemination of programs and translation into national languages; (ii) training of trainers on planning, management and monitoring-evaluation; (iii) development and provision of training materials, including specific aids in national languages and for women; (iv) capacity building of humans, equipment and financial intervention to meet efficiency requirements both at the central and decentralized levels; (v) intensification of learning and vocational training actions in rural areas, particularly for women.
274. Strengthening governance is a cross-cutting strategic goal insofar as it constitutes a prerequisite to improve the management of the system and effectiveness in the use of available resources. Actions to undertake consist in: (i) improving the information system and managing the literacy sub-sector and (producing and disseminating directories); (ii) developing a particular statute for teachers of informal education; (iii) developing strategy and promoting the literacy of young girls and women and any other vulnerable group; (iv) setting up an integrated institutional framework to better coordinate interventions.

▪ **Higher and University Education**

275. Strategic orientations of this sub-sector respond to the need to establish necessary institutional mechanisms directed towards the knowledge-based economy. These guidelines are based on four themes: (i) improving governance, (ii) improving quality, effectiveness and adequacy of Training – Employment; (iii) revitalizing research and renewing professorial resources; and (iv) promoting equity (gender, provincial disparities, disadvantaged population, moral values).
276. **To improve governance**, the Government will proceed: (i) to revive the system by pursuing viability audits; (ii) to strengthen the information system for strategic planning and result-based management; (iii) to simplify the legal and administrative framework; (iv) to set up management instruments and external evaluation mechanisms; and (v) to establish performance contracts with Higher Education Institutions (EES)
277. **Improving quality, effectiveness and appropriateness of Training-Employment will pass through:** (i) establishing quality insurance cells for self-assessment in EESs; (ii) establishing an evaluation agency of quality insurance; (iii) developing and restructuring specific institutions for engineering, technical and vocational sectors in growth poles and sectors; (iv) rehabilitating and equipping infrastructure to renew courses and programs as part of securing the Bologna process; and (v) penetrating ICTs in EESs.
278. **Revitalizing research and renewing professorial resources** will require: (i) granting scholarships to doctoral candidates; (ii) enhancing postgraduate studies and University Press of the Congo; and (iii) establishing a competitive research fund.
279. Finally, to promote equity, it is envisaged: (i) the granting of scholarships to girls who take up engineering, technical and vocational courses; (ii) the reduction of university disparities in terms of allocation of official teaching positions and means; and (iii) the access to higher education for disadvantaged populations.

▪ **Scientific Research**

280. In its new vision which is that of making scientific and technological research a sustainable development tool of the DRC, the Government set three main goals. These are: (1) **building institutional capacities** through: (i) developing the scientific and technical potential; (ii) developing sectoral strategy; (iii) updating legal and regulatory texts; (iv) finalizing the Strategic Development Plan for science, technology and innovation; (v) finalizing the national scientific and technological program and (vi) organizing a round table of donors. (2) **Building research supply capacities** through: (i) improving research infrastructure (equipment and rehabilitation of buildings hosting central organisms and services); (ii) developing capacities of researchers; (iii) building new research centers and poles. (3) **Strengthening the supply of scientific, technical and innovative knowledge** through: (i) carrying out studies in key areas of life and (ii) appreciating research results.
281. To play its role of development of the DRC, a synergy must be created among research institutions under the supervision of the Ministry, higher and university education institutions and private organizations. As such, research must be of a cross-cutting character, affecting all the development areas of the DRC particularly education, agriculture and food security, energy, health, environment and natural resources, industry, mines, water, ....

### **B. Improving health condition and nutritional status**

282. The health situation in the DRC demonstrates significant progress. Despite progress recorded, it should be noted that the level of performance of most health indicators in the DRC is still below the average of Sub-Sahara African countries, and all the indicators show significant differences according to the residential and provincial milieu. This disturbing situation is partly explained by the low level of equipment of health institutions and the insufficient availability of inputs, the irrational management of human and financial resources, and inadequate and somewhat fragmented financings of the system. Improving maternal health and the fight against endemo-epidemic diseases remain the major challenges to be taken up in the Democratic Republic of the Congo.
283. To redress this situation, in March 2010, the Congolese Government updated its sectoral strategy (Strengthening Strategy of the Health System) and declined it in a five-year plan, the National Development Plan for Health 2011-2015. The general goal pursued by the sector is to contribute to the improvement of the health condition of the population within the context of the fight against poverty, by focusing on access to quality primary healthcare services towards the fight against major diseases like malaria, tuberculosis, onchocerciasis, trypanosomiasis, including malnutrition and HIV/AIDS and non-transmissible diseases (see 3.3.2).
284. Priority programs for the period will focus on four strategic areas: (i) the progressive development of health areas and the continuity of care; (ii) supporting the provision of quality healthcare; (iii) strengthening leadership and governance; (iv) strengthening intersectoral collaboration. In these programs respect for the right to reproductive health, education and the consideration of differentiated women, adolescents and men, and contribution to fertility control, prevention and screening of cancer of the breast, uterus and HIV/AIDS in couples will be ensured.
285. **The development of Health Zones** is the basic strategy of the National Health Development Plan 2011-2015 to ensure access to basic health services to the general population. The ZS is the space in which primary healthcare services (PHC) are offered in the DRC. Such care must be global, continuous, accessible and comprehensive. This strategic theme aims at improving the coverage of the population by its quality healthcare and services and streamlining the functioning of health training at all levels of the system. In addition, improving the use of curative services require the establishment of the Promotion of community participation in health activities, the promotion of health services and the improvement of financial accessibility to healthcare and services.
286. Support to the supply of quality healthcare involves the development of human resources for health, support to the drug sector, reforming the financing of health as part of the Kinshasa agenda on the effectiveness of aid, modernizing medico-sanitary infrastructure

and equipment, strengthening the national health information system and new information and communication technology as well as improving health information management.

287. **Strengthening leadership and governance** is an important component of Government's strategy on public health. It is focused on: (i) developing and updating the legislative, regulatory, strategic and normative framework through reforming and decentralizing the health sector; (ii) institutional capacity building and adaptation to the mission of the health sector in the context of decentralization; (iii) coordination at all levels of the sector; (iv) an effective and efficient management.
288. **Strengthening inter-sectoral collaboration** aims at ensuring the effectiveness of the contribution of the actions of other sectors to improve the health of the population (education, health, water, housing, employment, etc.). In this context, consultation frameworks will be established to promote dialogue with other sectors to ensure that they fully play their role in improving the health condition of the populations. This theme emphasizes the role of the Ministry of Public Health (MOH) in developing and implementing policies and strategies of related sectors, and within the framework of international issues.
289. Concerning nutrition, national priorities established in the strategic nutrition plan (2011 to 2015), are the promotion of early and exclusive breastfeeding (0-6 months) and complementary feeding (6-24 months), the fight against micronutrient deficiencies (vitamin A, iron, iodine, etc.) and the management of sick and/or malnourished children. However, for efficiency in their implementation, these activities must be integrated in the minimum package of activities performed in the health area.
290. **In the field of population** and considering its importance on maternal and neonatal health, the revitalization of family planning is a priority of the Government. Family planning enables the reduction of one third of maternal mortality. Government's priorities after the National Conference on the Repositioning of Family Planning (Kinshasa, December 2009) are summarized as follows: (i) increasing the coverage rate of family planning services; (ii) establish an integrated communication plan on family planning; (iii) regularly supply family planning services in inputs; (iv) advocate for the revision of unfavorable legal provisions to family planning; (v) involve the community in the process of revitalization of family planning.

### **C. Promoting youth and sports**

291. The area of youth and sports is facing several difficulties, particularly the insufficiency of managerial and youths' vocational training and sporting infrastructure, the mismatch between youths' training and the needs of the employment market, ignorance of youths on reproductive health and HIV/AIDS and the precariousness of youth with various consequences.
292. Government's vision in this sector is to promote youth and sports for a better future of the country. To achieve this, priorities for the GPRSP 2 period consist in: (i) developing the national policy of sports and recreation, as well as establishing related activities; (ii) constructing infrastructure for informal education of youths who meet the specific needs of girls and boys; (iii) establishing a national integration fund for youths; (iv) supporting the establishment of coordination and channeling of the actions of Technical and Financial Partners for the monitoring of the involvement of youths in the GPRSP; and (v) constructing and rehabilitating sporting and recreational infrastructure.

### **D. Promoting culture and arts**

293. The culture and arts sector is suffering from the following major problems: (i) no or low perception of the place and importance of culture in national development; (ii) the existence of a national cultural charter and a coherent program of cultural promotion; (iii) the absence of adequate infrastructure and industries; (iv) the endangerment of the tangible and intangible national cultural heritage; and (v) the lack of managerial policy and the drop in the quality of arts and culture.

294. The post-conflict situation of the Democratic Republic of the Congo requires a new look on culture as a strategy of prevention of conflicts and intercultural dialogue and the need for an economy and an engineering of the culture. Thus, requiring the drawing up of an inventory and statement of state of repair, making available even rudimentary statistical data and rethinking management policies.
295. Government's vision in the field is to: (i) integrate the cultural dimension at all levels of development programs; (ii) recognize, preserve and enhance cultural values and identities to promote intercultural dialogue; (iii) recognize, preserve, enhance cultural heritage, support capacity building in this area; and (iv) develop cultural industries and improve market access opportunities for cultural goods and services.
296. The realization of this vision will be made through the following strategic axes: (i) strengthening institutional capacity, (ii) promoting cultural and artistic production towards changing mentalities and backward customs on the image of women, young girls and children; (iii) protecting creative works, authors' rights and neighboring rights; and (iv) preserving, promote and enhance national cultural heritage.
297. To achieve this, the Government undertakes to achieve the following priorities: (i) developing a cultural policy and a national cultural charter; (ii) developing spaces, cultural sites and historical monuments; (iii) promoting cultural diversity and transmitting cultural values; (iv) establishing and/or encouraging creative projects of cultural industries; (v) fighting against anti-values; (vi) aiding creativity; and (vii) strengthening capacities of different cultural operators, protecting the status of the artist and all other cultural trades through the definition of specific laws and regulations, training and efficient supervision of talents in different areas of art.

### 2.5.2. Fighting against HIV/AIDS

298. This area confirms and renews the longstanding commitment of the Government and the Congolese population in the fight against this scourge. This commitment and the programs implemented under the National Strategic Plan for the fight against HIV/AIDS (PSNLS) 2010-2014 helped to observe some progress in this area. Generally, the trends observed in the foregoing chapter show that in current conditions, it will be difficult for the country to achieve the Millennium Development Goal of halting the spread of HIV/AIDS (**MDG6**). Also, failure to achieve this goal would have a negative impact on the other goals, particularly those relating to gender equality, infant mortality and maternal health (**MDG4 and 5**).
299. Government's vision in the area of HIV/AIDS is an ambitious vision to have men, women and children free of HIV/AIDS and healthy. This vision reflects the wish of the President of the Republic of AIDS-free generation by 2035 and is based on: (i) **a gender and human rights approach**, of equity and social justice that promote and protect rights and ensure equal access of vulnerable groups particularly women and children to treatment and care and community mobilization towards a change of behaviors and mentalities with regard to specific factors of vulnerability to men, women, boys and young girls; (ii) **a perspective of universal access** to HIV services and consistency with international and regional commitments particularly the Declaration on MDGs, UNGASS, the Zero2015 Strategic Goal of UNAIDS, the Declaration of Abuja, Maputo and Brazzaville; (iii) **the consolidation of a national consensus** on the fight against AIDS and the central priority which must be granted it in national instruments and sectoral policies; (iv) **the principle that AIDS is a multidimensional development problem** which requires both its integration in national instruments and sectoral policies and strengthening of the multisectoral and integrated approach; and (v) **the search for complementarity**, synergies and optimization of resources under the GPRSP. This is to eliminate the mother to child transmission by 2 percent, reduce new HIV infections by at least 50 percent, reduce postpartum infant and maternal mortality due to HIV by 90 percent, and achieve ARV coverage by 90 percent by 2015.

300. In order to launch a new national dynamic impulse of the fight against AIDS with a view of universal access to treatments, preventive HIV care and services, Government's vision lead by five guiding principles in line with national, regional and international commitments includes (i) maintaining AIDS as a development problem and national priority in national development instruments; (ii) national ownership, leadership and commitment in favor of AIDS; (iii) pragmatic and budgetary integration of HIV in the GPRSP and in other national instruments; (iv) strengthening the involvement and empowerment of communities, basic community organizations, and Civil Society Organizations; and (v) mobilizing and optimizing of resources.
301. In order to meet the challenges, reverse the trends of epidemics and attain a generation without AIDS, the HIV/AIDS component of the GPRSP rests on four strategic areas: (i) reducing the transmission of STIs and HIV; (ii) improving universal access to care and treatment; (iii) mitigating the socio-economic impact of HIV and AIDS and; (iv) ensuring support to the implementation of the National Strategic Plan.
302. **Reducing the transmission of STIs and HIV.** This first axis refers to four main priorities, namely: (i) enhancing access to preventive services for high-risk populations; (ii) reducing risky sexual behavior among vulnerable groups; (iii) reducing the transmission of HIV through blood transfusion particularly by ensuring the quality of blood transfused and establishing blood banks; and (iv) reducing the transmission from mother to child (PTME).
303. Improving universal access to care and treatment. This axis is to improve medical care by ensuring universal access to nutritional support, care and treatment including antiretroviral drugs to all people living with HIV/AIDS by: (i) preventing and managing opportunistic infections; (ii) supporting ARV, and (iii) supporting psychosocial and community participation in management.
304. **Mitigating the negative impact of HIV/AIDS.** Three priorities are identified: (i) reducing the socio-economic impact of HIV for people living with or affected by HIV(PV)/PAVIH; (ii) promoting an environment fighting against stigmatization and discrimination; and (iii) caring for orphans and vulnerable children (OVC). The first component aims at fighting against the vulnerability of PLHIV by targeting particularly jobless people and experiencing risks of exclusion.
305. Supporting the implementation of the national strategic plan. The implementation of this plan requires accompanying measures in six directions: (i) strengthening core systems for the fight against AIDS; (ii) strengthening coordination structures; (iii) sustainable financing of the fight; (iv) improving resource management; (v) producing and managing strategic information; (vi) strengthening partnership; and (vii) enhancing access to viable and reliable information in and out of school.
306. In addition to positioning AIDS as a cross-cutting priority of the GPRSP, the macroeconomic and social policies defined in the four pillars contribute to the achievement of the fight against AIDS and support the convergence of efforts for a generation without AIDS. Thus, policies to stabilize the macroeconomic framework and institutional reforms, the strengthening of governance and peace, the diversification of the economy, the acceleration of growth and the promotion of employment, the improvement of basic social services and the strengthening of human capital and environmental protection will all have positive effects on risk groups and contribute to the emergence of a new national context, global factor and determinant of the epidemic. The cross-cutting nature of the HIV/AIDS component will be expressed concretely by integrating HIV/AIDS in sectoral policies and other national instruments. Strategically, integration has the advantage of optimizing resources and facilities, enhancing synergies and complementarities and improving targeting according to the needs, priorities and comparative advantages of each sector and coordinating activities. Integration in national instruments will be at two levels. The first is that of improving the process of AIDS sectoral plans of key departments concerned and integrating AIDS during revision or reformulation of their strategy or program and the second is that of the specific integration of HIV in health services particularly maternal and child health programs, reproductive health and family planning and immunization and nutrition programs.

307. Mainstreaming HIV/AIDS in terms of programming and implementation is ensured through (i) implementing priority actions of strategic axes of the National Strategic Plan for the fight against AIDS at the national and provincial levels; (ii) implementing and updating sectoral plans for the fight against AIDS at the central and provincial levels; (iii) including AIDS in the MTEF and sectoral MTEFs; and (iv) assigning an HIV/AIDS budget line in the financing scheme of the GPRSP. Roles and responsibilities of sectors are defined in the appendix “Institutional framework for implementation”.
308. The problem of financing the fight against HIV/AIDS is crucial especially as the current situation shows deficits in terms of coverage of financial needs. According to the PNMLS, in 2009, overall spending stood at \$18 6945 819 with 54 percent from households. Out of the 46 percent institutional spending, 98.9 percent came from foreign partners, 0.87 percent from the private sector and 0.19 percent from State budget. A number of lessons are useful to be highlighted (i) there exist large deficits and financial deficiency between available resources and actual needs of the response to HIV/AIDS. These resources cover only close to 30 percent of requirements; (ii) expenditure patterns show that nearly 65 percent go to labor and 35 percent to institutional support and strengthening of systems for implementation; (iii) with respect to mobilized financing and results, there is clearly a problem of resource optimization and efficiency of expenditure which may be linked to distribution criteria and keys of resources and lack of clear targeting of priority groups and areas.
309. Considering the facts of the impact of the financial crisis on the financing of the fight against HIV/AIDS, the differences between needs and current available resources and the end of the MAP Fund of the World Bank anticipated this year, the GPRSP retains the financing pattern of the HIV component based on (i) allocating national financial resources by including a budget line for the fight against AIDS (PSNLS, Sectoral Plans and Provincial Plans); (ii) allocating the budget line of each institution and each ministry for the response to HIV; (iii) reflecting on the establishment of the tax system to generate additional resources (there exists a range of possible taxes to finance the fight against HIV/AIDS: taxes on pollutions, traffic offenses, tobacco and other products, communications, gambling, tourism, etc.); (iv) establishing alternative financing mechanisms through micro-credit, mutual insurance companies and health insurance systems; (v) promoting the role of the private sector; (vi) integrating the component of the fight against HIV, AIDS and STIs during the formulation and evaluation of any development project or program particularly those of the sectors of infrastructure, transports, mines and rural development; and (vi) advocating for the mobilization of additional foreign resources.

### **2.5.3. Reducing inequalities and vulnerability**

#### **A. Ensuring gender equality**

310. In 2009, the Government adopted the National Gender Policy<sup>26</sup>, endowed with an action plan for implementation which takes into account the cross-cutting and strategic dimension of gender in the fight against poverty. Policy is a guiding document that integrates all sectoral strategies including more specific documents (National Strategy for the Fight against Violence based on Gender and National Strategy for the Political Participation of Women in the Democratic Governance for a more effective political participation).
311. Government’s gender vision is built around the principles of equity, equality, the participation of all in development, representation, respect of all subscribed and ratified commitments by the DRC. Thus, the goal is firstly to establish a socio-economic and institutional environment favorable to gender equity, and secondly to ensure the consideration of gender in all development sectors.

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<sup>26</sup> It is based on four fundamental pillars, particularly (i) the equitable promotion of the situation and social position of the woman as well as the man in the family and the community; (ii) the equitable promotion of the potential and position of the woman as much as the man in household and market economies; (iii) the promotion of the equitable exercising of rights and obligations of women and men and the enhancement of access and position of women at the level of decision spheres; and (iv) the improvement of the impact of interventions in favor of gender equity and equal access of women and men.

312. To do this, Government's priorities will focus on self-empowerment, economic empowerment, vulnerability reduction, civic participation of women and the girl child, construction of houses and neighborhood councils for women (for better information exchange, vocational training and economic and social empowerment) through the country and finally the revision of discriminatory legal provisions against women.
313. **The economic empowerment of women** will succeed by improving the educational and training system and access to employment and micro-credit. **To reduce the vulnerability of women**, the Government will promote their access to basic social services and protection against all forms of violence by implementing prevention strategies, applying the law on sexual violence and strengthening services available to support victims of gender-based violence, establishing a protective and preventive system, and the holistic care of sexual violence, gender-based violence and any other form of violence as well as the extension and application of relevant law.
314. Civic participation of women will be achieved particularly through consideration of gender in the reform process of the judicial and security sector, participation of women in the process of peace building, capacity building of women in leadership positions and the imminent adoption of the implementation law of parity in the political, economic and social domains (which include measures such as the suspension of any political part which might not respect gender equality), promotion of participation and representation of women in public and private life including the process of peace and security (resolution 1325 of the UN Security Council)

#### **B. Ensuring social security**

315. One of the major challenges faced by the DRC is the extreme poverty of a greater part of its population. This situation is exacerbated by the large gap between supply and need for social protection. The proportion of people covered by any form of social assistance is low, due to insufficient resources in the face of huge needs and scattered interventions, undertaken by a wide range of actors (State, NGOs, international agencies, churches, basic communities, associations of vulnerable groups)<sup>27</sup>. Socio-economically, poverty affects some specific vulnerable groups in a particular manner. Nevertheless, in recent years, the Government adopted in 2008 a National Strategy for Social Protection of Vulnerable Groups, completed in 2009 by a National Action Plan in favor of Orphans and Vulnerable Children in the DRC. She also took initiatives to improve the protection of vulnerable groups, like the promulgation of the law on child protection in 2009 and the withdrawal of 12,000 children working in mines. Validation of the diagnostic study, in May 2011 on social protection adapted to the needs of children respond to this concern of the Government to provide sustainable support to the most vulnerable.
316. Faced with this challenge, the Congolese Government seeks to ensure equal opportunities to all Congolese (men and women) through assistance, social promotion and justice and socio-professional integration of vulnerable individuals and groups. Government's priorities in this area by 2015 are: (i) improving the care and welfare benefits for vulnerable people; (ii) sensitizing and community capacity building across protected communities for the management and monitoring of situations of vulnerability; (iii) capacity building of institutions, coordination and monitoring-evaluation of the welfare system; (iv) establishing the social protection platform; (v) implementing the law on child protection. Moreover, a National Social Protection Policy is being developed, as well as the new Code of Social Security, a law on social welfare insurance companies and the National Action Plan for the fight against the Worst Forms of Child Labor and (vi) developing and implementing targeted programs for more vulnerable groups like that of social transfers.
317. In humanitarian action, the Government intends to ensure prevention, reduction and management of natural disasters and other calamities through three priorities, namely: (i) developing the Emergency Rescue Plan (ORSEC-DRC Plan) and installing operational

<sup>27</sup> Only 9 percent of Orphans and vulnerable children (OVC) benefit from foreign aid, 15 percent of children who have broken away from their families are catered for in an institution and 86,000 are subsidized by special types of social security and 42,000 people of independent means and pensioners are catered for.

services; (ii) Vulnerability and Capacity Study (EVC) of different populations at risk for known disasters and, (iii) creating the National Commission for Rehabilitation of Victims (CNRS) and a National Solidarity Fund.

#### **2.5.4. Improving the living conditions of populations and access to services**

318. Improving the living conditions of people is based on improved access to potable water, health and housing. The priorities of these sectors by 2015 are summarized as follows:

##### **A. Pursuing land reforms, building roads and improving housing**

319. **Land reform.** Tenure insecurity is a major obstacle to investment in the DRC and therefore an element limiting the performance of a growth strategy and poverty reduction. Moreover, the sector is also plagued by conflicts constituting 80 percent of cases before courts and tribunals. Allocation of clear property rights over land and natural resources is also a critical condition of the sustainable management of the environment, by providing inadequate incentives to owners. The Government has already initiated a process of land reforms which should be expressed by a revision of the land code, its extension and harmonization of different legal texts on the issue (currently there exist several stacked and uncoordinated land registries under different ministries: land register, mining registers, forest registers and agricultural registers under execution, hydrocarbons registers and that of water in anticipation.
320. This land reform should also include the development of a national policy of land management, whose absence gives free movement to unskilled predators, thus, constituting another source of conflict. This may be incorporated in the policy of land development, implemented gradually. Hence, the Department of Land Affairs is urgently planning: (i) the setting up of a consultation framework which brings together all sectors performing their service on land (Mines, Hydrocarbons, Environment, Agriculture, Land Development, Urbanization And Housing, Energy, Infrastructure and Public Works) to harmonize and reform various laws and (ii) modernizing and equipping land services to better demarcate and secure different zones according to their destinations, and also the recovery process of registration of properties and conflict resolution.
321. **Decent housing.** The Congolese population is plagued with serious housing problems with an annual deficit estimated at 240,000 units in 2008. While the average household size is 5.4 persons, two thirds of households live in a housing of less than 3 pieces. Cities are characterized by the self-construction on lands often at risk, without any form of planning and without the necessary accompanying infrastructure. The main constraints to social housing development are: (i) the absence of specialized private or public operators (land developers, real estate promoters, financing institutions); (ii) the ineffectiveness of the land management system and, (iii) lack of incentives for better urban management.
322. Faced with this situation, the first priority is to open major avenues facilitating decongestion of urban circulation, rehabilitate dilapidated roads, and restructure the worst-off neighborhoods or spontaneous occupation sites.
323. Four goals were defined in the National Action Plan for Housing developed since 2001. These are: (i) absorbing deficits in housing, basic infrastructure and socio-community facilities; (ii) cleaning up the urban fabric; (iii) creating financing systems of land and property; and (iv) capacity building of planning and urban development both at the national and local levels.
324. To do this, the Government intends to conduct several actions including: promoting the construction of social housing, improving the legal framework of the sector (through the development and adoption of the town planning code, the enactment of texts on the protection of private ownership, land tenure and leasehold) and developing urban development plans, setting up housing financing institutions such as the bank of Housing.

## **B. Improving access to potable water, hygiene and sanitation**

325. Since the launching of the GPRSP I, there has been an effort to mobilize resources for the water sector and for the establishment of institutional and legal reforms necessary for the sustainable development of the sector. However, the sub-sector of Potable Water in rural areas and that of sanitation did not receive the same attention at the level of agreed investment compared to the sub-sector of Potable Water in urban areas.
326. Government's priority for the period will be to pursue the reform of the sector of Potable Water and Sanitation and optimize investments through planning capacity building at national and provincial levels, promoting autonomous systems in small centers and suburban areas.
327. The reform includes the restructuring of the legal and institutional framework of the sector particularly, by (i) enacting the Water Code; (ii) developing and implementing national policies of public services of Water and Sanitation; (iii) reorganizing structures involved in the sub-sectors of Potable Water in urban and rural areas and Sanitation, and (iv) promoting partnership with the private sector in order to ensure increased access to potable water and environmental sanitation.
328. **In the sub-sector of Potable Water in urban areas**, increasing access to drinking water in urban centers will be done through vast programs of rehabilitation and extension of infrastructure and the construction of new systems. Any program or project to supply drinking water must be accompanied by a sanitation and hygiene component. To obtain the desired results, the reform of the Potable Water sub-sector in urban areas should include the transformation and recovery of the REGIDESO in accordance with the decentralization and disengagement laws of the State.
329. **In rural areas**, strengthening territorial brigades of sanitation and raising "sanitized villages and schools" to national level should be a priority. This program is to improve access to potable water through developing sources and digging of wells and boreholes, using improved latrines, maintaining the cleanliness of the immediate environment of habitation and adopting the correct practice of washing hands with a detergent (savon) at critical moments.
330. **Concerning sanitation**, priority will be given to the development of the national strategy based on capacity building of provinces and ETDs to assume their responsibility in order to find solutions adapted to each type of habitat and environment, reorganize the sub-sector in accordance with laws of decentralization and promotion of hygienic latrines, waste management systems (liquid, solid and gaseous), the fight against vectors of diseases and nuisance, education, information and communication for behavior change. Also, systems of collecting, transporting and processing solid waste (including landfills) should be set up in major cities of the country.
331. Government aims at raising, by 2016, the percentage of the population having sustainable access to potable water supply, from 26 percent in 2010 to 40 percent in 2016, or 39 to 52 percent in urban areas and 20 to 30 percent in rural areas, and the number of people having sustainable access to sanitation services though MDGs target coverage of 71 percent and 55 percent respectively in potable water and sanitation. The sub-sector of potable water in urban areas aim at increasing the number of existing business operation centers (from 71 in 2010 to 94 in 2016) for the REGIDESO, creating new operating centers and improving the yield of the network (from 58 percent in 2010 to 75 percent in 2016).

### **2.5.5. Promoting community dynamics**

332. The insecurity that characterized the Democratic Republic of the Congo for several decades stimulated the population to learn how to take care of themselves without depending much on public authorities. The persistence of conflicts, poor governance and the slowness of the process of decentralization of state structures created a vacuum that community organizations are trying to fill to ensure the population's access to basic

social services in various areas: health, education of children, drinking water, agricultural production, transport, housing, access to financial resources, etc. These community organizations are therefore cross-sectional and intervene in all sectors of national life.

333. Conscious of this new reality and the importance of decentralization in the local development process, Government decided to involve organizations of community dynamics in designing, implementing and monitoring-evaluation of its social and economic development programs. To do this, it will need support to resolve some of the problems it is facing and the most important are: (i) weak institutional capacity mainly due to lack of legal personality and other recognizing and authorizing administrative documents; (ii) weak structuring from bottom to top sometimes making partnership with the public authority difficult; (iii) lack of specialization which characterizes organizations of community dynamics; (iv) weak capacity of human resources in accomplishing tasks (accompany the people in their efforts to survive, and the monitoring-evaluation of Government programs; (v) insufficient material and financial resources needed to implement development programs and projects; (vi) insufficiency of the culture of democratic management and accountability; (vii) low mobilization of financing of citizens living at home or abroad for savings and sustainable investments; etc.
334. Four strategic goals were selected for this purpose, namely: (i) strengthening the capacity of organizations of community dynamics; (ii) improving governance in organizations of community dynamics; (iii) strengthening citizen control of public actions; and (iv) enhancing resource mobilization to finance local development.
335. **To strengthen the capacities of organizations of community dynamics**, the Government undertakes to (i) facilitate the acquisition of legal personality and business permit; (ii) strengthen human, organizational capacities and the framework for consultation and partnership; (iii) grant financial and logistical support to improve their interventions in the implementation, monitoring and evaluation of development programs and projects; (iv) pursue the establishment of Local Development Committees; and (v) integrate youths in local committees of governance and development.
336. **Regarding the improvement of governance in organizations of community dynamics**, the Government undertakes to promote: (i) the development of the culture of democracy, accountability vis-à-vis the population, the public authority and technical and financial partners, and (ii) the development of instruments of administrative and financial management of their organizations and development programs.
337. **To strengthen citizen control of public actions**, the Government undertakes to strengthen decentralized frameworks of citizen planning and evaluation of public services by the beneficiaries themselves.
338. **Concerning the mobilization of resources to finance local development**, the Government commits to (i) support the mobilization of local and internal resources of Organizations of Community Dynamics; (ii) channel local financial resources and those of the Diaspora towards the country's social and economic development; (iii) use the expertise of the national Diaspora to the benefit of the country in general and channel financial flows generated by the informal sector towards savings and sustainable development.

#### 2.6. **PILLAR 4. PROTECTING THE ENVIRONMENT AND FIGHTING AGAINST CLIMATE CHANGE**

339. Today, it is proven that environmental protection and the fight against climate change are structural elements of a sustainable economic and social development. The GPRSP-2 just added a new pillar to take into account the challenges that the issue of environment and climate change constitute to the DRC. The fight against climate change constitutes both challenges and opportunities in terms of adaptation, mitigation, finance, technology transfer and capacity building.

340. The DRC confirmed its wish to participate in global efforts by virtue of its adherence to international agreements and conventions on climatic negotiations to enable her to make her voice heard and advance their concerns. Since 1975, the DRC developed an institutional framework for environmental management and nature conservation. This institutional framework, through its administrative structures operating at the central and provincial levels, is undergoing a series of actions. It is in the same vein that it recently adopted at the national level, an outline law on environmental protection and at the sectoral level, the MECNT just finalized its National Program for Environment, Forests, Water and Biodiversity (PNEFEB).
341. With an estimated population of 70 million inhabitants and a population growth rate of 3 percent per annum, the DRC is faced with serious problems of management of the human environment. This is compounded by the state of poverty of these populations of which 70 percent live in rural areas, by the decay of basic infrastructure and adverse post-conflict effects.
342. This pillar focuses on two main components, namely: (i) managing and protecting the environment and natural resources which involve the sustainable management of the environment and the sustainable management of renewable natural resources and (ii) fighting against climate change which involves mitigation and adaptation.

### **Component 1: Managing and protecting the environment and natural resources**

343. The environment here is taken in the context of living conditions of human beings whose improvement of welfare conditions face many challenges, particularly the pollution of water, soil and air, the impoverishment of biodiversity, poaching, waste disposal (solid, liquid and gaseous), soil desertification and degradation, destruction of the ozone layer and the negative effects of climate change.

#### ***1.1. Sustainably managing and protecting the environment***

344. Government's policy consist in: (i) strengthening institutional capacities; (ii) fighting against all forms of pollution; (iii) cleaning up the environment and improving the standard of living in accordance with International Conventions and Treaties especially in relation with the Millennium Development Goals (MDGs)
345. To do this, the government will implement the following actions: (i) effectively applying legislative and regulatory frameworks capable of ensuring an effective management of the pollution system; (ii) implementing a legislative and regulatory framework which governs basic sanitation and managing institutions classified as dangerous, unhealthy or uncomfortable; (iii) establishing a National Observatory for monitoring the state of the environment and a National Agency for Environment; (iv) taking into account the "gender equality" dimension in the management of renewable natural resources particularly those of women; (v) improving management capacities through education, training, research and institutional strengthening; (vi) institutional capacity building in the practice of environmental protection and the pursuit of organizational reforms; (vii) organizing campaigns to sensitize and educate the population on human environment for behavior change; (viii) active involvement of all stakeholders, particularly Ministries and Sectoral Public Administrations, the Civil Society and the Private Sector.

#### ***1.2. Sustainably managing and protecting renewable natural resources***

346. The policy of the Government of the DRC is to sustainably protect and manage forest, water and biodiversity resources in order to ensure its renewal and improve living conditions of the Congolese population.
347. **For forest resources**, the DRC intends to reap benefits in the context of the REDD + and other alternative mechanisms for paying services rendered by the sustainable management of its forest ecosystems and goods and services that they generate (wood, non-wood forest products...) necessary for more than 40 million Congolese who depend

on them for their survival and whose poverty rate is higher than the national average and socio-economic development of the country.

348. **Regarding water resources**, besides its 40 kilometers long Atlantic Coast which opens it to the world, the Democratic Republic of the Congo is provided with abundant fresh water, land, underground and air estimated at more than 52 percent of fresh water in Africa which makes it the second global pool of water after Brazil with its Amazon basin. These waters are drained by three drainage basins.
349. Concerning natural ecosystems in the DRC, they are not the only providers of raw materials, but are also habitats for wild and aquatic animals. Through their various functions, they undergo different demands from man, some of which lead to irreversible changes and damages. Indeed, over 70 percent of the Congolese population resorts to them directly for their livelihoods and for their satisfaction of elementary needs for survival. Thus, natural ecosystems become places where different people come together with often divergent interests necessary to be reconciled.
350. The Government intends to implement the following actions: (i) adopting a participative approach for sensitizing and implementing actions of nature conservation (reforestation, fight against bush fires ...); (ii) pursuing and competing the post-conversion process of old forest titles with the signing of contracts of forest concessions together with the signing of environmental and social specifications; (iii) taking into account the “wood-energy” and “biomass” problems in order to organize the sector from the perspective of sustainable management; and (iv) pursuing the extension of the forest code and its enforcement measures throughout the national territory.
351. **Besides its primordial role in ecological balance**, water in the DRC plays a very important economic role. It is used as: (i) communication channels; (ii) source of electric power; (iii) factor of agricultural production; and (iv) factor and/or material in industrial production and as food (drinking and domestic use). Though abundant and assigned to these different uses, water in the DRC requires being sufficiently valued and better managed to deal with the fight against poverty and the country’s development.
352. Government’s policy in this sector seeks to evaluate the country’s water resources, increase their value and ensure their quantitative and qualitative sustainability.
353. As such, the Government proposes to undertake the following actions: (i) the quantitative and qualitative assessment of water resources; (ii) the development and regulation of multi-purpose use of these resources; (iii) strengthening the technical, material and financial capacities of the Department of Water Resources for the implementation of the IWRM and the establishment of a database; (iv) strengthening regional cooperation for a harmonious cross-border management with the CICOS (International Commission of the Congo-Oubangui-Sangha Basin) and the NBI (Nile Basin Initiative) for the Congo Basin and for the Nile Basin respectively; (v) the acceleration of the enactment process of the water code; and (vi) the development of national policy for water resource management based on the IWRM.
354. **Regarding biodiversity**, by virtue of the variety of physical and climatic conditions, the Democratic Republic of the Congo, contains significant genetic reserves whose wildlife species include the rarest animals that are found nowhere else in the world.
355. This significant biological richness enjoys relative protection in the context of protected areas whose existing network now covers 11 percent of the land surface. In accordance with international commitments undertaken by the DRC, the goal is to gradually increase this territory to 17 percent of the national territory to include all the natural ecosystems found in the country.
356. The effective implementation of this national vision will help to optimize efforts necessary for conservation of biodiversity and natural resources through the network of protected areas. Thus, several endemic species of wildlife, particularly: the Okapi, the Northern White Rhinoceros, the Bonobo, the Congolese peacock, the mountain gorilla, are protected through this network.

357. Government's policy in this sector aims at maintaining and strengthening the biodiversity of natural ecosystems in a participative approach involving local communities and indigenous people. As such, the government proposes to undertake the following actions: (i) establishing mechanisms for management and biodiversity conservation which promotes sustainable and economic development of forest and halieutic resources; (ii) developing initiatives of community conservation; (iii) systematic integration of sustainable management of environmental resources in development projects and programs; (iv) rehabilitating the network of protected areas, particularly through establishing a legislative, financial, institutional and social environment favorable for the rehabilitation of the network of protected areas of the DRC and its extension.

## **Component 2: Fighting against climate change**

358. Climate is a particular structuring dimension of the environment. Temperatures and rainfall are indeed determining factors of the type of ecosystem that we may find in a given place. By this fact, climate changes can result in significant disruptions in the functioning of terrestrial and marine ecosystems. They could as such, exacerbate the environmental degradation in the DRC and as such, constitute a serious threat to the fight against poverty.

359. Conversely, the development process should facilitate the adaptation of populations to the expected changes in climate. Sustainable management of natural resources of the DRC is an element of the national strategy as part of the country's contribution to global effort to the fight against climate change at the global level and constitutes a significant tool in terms of actions of mitigation and adaptation.

### ***2.1. Mitigating effects of climate change***

360. Government's policy consists in reducing greenhouse gas emissions following the reduction of deforestation and forest degradation. Currently, the forest makes the DRC a net sink of carbon: the sequestration of carbonic gas by the forest is indeed higher than the total GHG emissions of the country. Deforestation and forest degradation constitute the main part (about 80 percent) of GHG emissions of the country. Bush fires are also responsible for the vast majority of GHG emissions from the agricultural sector, constituting 15 percent of total emissions.

361. According to the exploratory study of the REDD+ potential of the DRC, annual net emissions linked to deforestation and forest degradation will increase by more than 100 percent during the next 20 years in a "business as usual" scenario under the influence of a strong population and economic growth. To determine precisely the expected evolution of GHG emissions from other sectors, the quality of the inventory of these emissions should be improved. The DRC has a significant potential to mitigate climate change, mainly through reducing emissions from deforestation and forest degradation within the framework of the REDD+ and carbon sequestration through afforestation and reforestation. These two levers could help the country to generate \$900 million per annum between 2010 and 2030.

362. The REDD+ strategy of the DRC, which is in its initial phase of implementation, will seek a double goal of reducing deforestation and forest degradation on the one hand and poverty reduction on the other hand. The key levers to reduce pressure on forest identified by the exploratory study of the REDD+ potential of the DRC mostly constitute means of reducing poverty. The development of rural communities with low impact on the forest should thus be promoted, particularly through increasing productivity and subsistence farming, community management of forests or promotion of alternative income generating activities that reduce pressure on forest such as ecotourism or the processing of agricultural and/or forest products.

363. Similarly, access to electricity, improved stoves and other sources of renewable energy (biomass, wind, solar, bio-fuel) will be driven and will help to improve living conditions and incomes of poor people. Large scale afforestation and reforestation should promote

employment, particularly through resorting to highly labor intensive (HIMO) approaches. This strategy should also include the achievement of institutional reforms.

## **2.2. Adapting to climate change**

364. Government's policy seeks to: (i) fight against land degradation; (ii) protect biodiversity and promote drought resistant varieties; (iii) ensure integrated management of water resources with adequate development of water infrastructure; (iv) increase access to energy, particularly decentralized system of renewable energy; (v) manage natural hazards, particularly through the development of early warning system, strengthening the legal and institutional framework; (vi) fight against erosion and flooding; (vii) strengthen the capacities of meteorological services, particularly to anticipate changes in climate and meteorology, to manage epidemics and finally, (viii) fight against vector-borne diseases.
365. Climate change in the DRC should be manifested by an increase in temperatures of about 3°C at the end of the XXI<sup>st</sup> Century and a slight increase of average precipitations at the national level with regional disparities in rainfall patterns. The occurrence of extreme weather events is expected to grow strongly in the DRC, particularly heavy rains causing flooding, heat waves and drought crises.
366. Following the example of anticipated manifestations of climate change, the effects such changes will have on the Congolese population are still unclear and research in this area should be strengthened. However, it is estimated that climate changes could seriously damage the living conditions of populations, particularly their diet, health and security, through an increase in water stress, land degradation, vector-borne diseases and natural disasters. Indeed, they will be particularly affected by climate change because poverty makes them very dependent on the environment and therefore vulnerable to degradation. It also limits their ability to adapt through for example, access to drought-resistant seeds, drinking water, healthcare, electricity, etc.
367. Since climate change could aggravate the poverty situation of the Congolese population, adaptation efforts should be central in the strategy of poverty reduction of the country. The DRC is still at the beginning of the development of a veritable national policy in the area based on a long term vision, which should help to enrich the National Action Plan for Climate Change Adaptation (PANA) developed in 2005. Given the cross-cutting nature of this new pillar, the integration of the environmental dimension and climate change should be ensured in priority operational sectoral strategies identified at this stage and which concern the sectors of: (i) agriculture, particularly the fight against land degradation, protection of agro-biodiversity and the dissemination of drought-resistant varieties; (ii) water, particularly the integrated management of water resources and the construction of wells and rainwater reservoirs in order to cope with the anticipated increase in water stress in some provinces of the country (Bas-Congo, Katanga ...) and in neighboring countries of the DRC; (iii) energy, development of access to energy, particularly decentralized systems of renewable energy, is a prerequisite to allow the effectiveness of other adjustment levers; (iv) management of natural hazards, particularly through developing early warning systems, strengthening the legal and institutional framework, the fight against erosion (particularly in coastal arrears) and floods; (v) weather, capacity building of meteorological services is necessary to anticipate changes in climate and meteorology, particularly to supply early warning systems; (vi) health, including institutional capacity building, particularly devices of managing epidemics and the fight against vector-borne diseases; and (vii) forest, whose protection promotes the regulation of microclimates, reducing erosion and flooding, soil fertilization and the subsistence of populations in crisis situations.
368. Forest and water resources of the DRC are also the main lever of the country in terms of adaptation and mitigation of climate change and its importance gives it a major role to play internationally in this area. Forest, water resources, arable land, good waste management and improved environmental sanitation are particularly priority areas for the fight against climate change, both at the level of adaptation and mitigation.

369. The main priorities for the 2011-2015 period are: (i) to complete the legal framework on environment, with enforcement of the new outline law on general principles of environmental protection; (ii) the adoption and promulgation of the Law on Nature Conservation; (iii) the development and adoption of the bill on biodiversity; (iv) the development and promulgation of texts of application of the abovementioned laws; (v) the strengthening of the capacity of analysis, understanding and implementation of environmental issues within their mandate and the capacity of inter-ministerial coordination in general; (vi) the capacity building of the Environmental Study Group of Congo (GEEC) which today is responsible for the validation of environmental impact studies; and (vii) the preparation of the country for the REDD+, including the establishment of institutional structures, implementation mechanisms, and the development of a Measurement, Reporting and Verification (MRV) device particularly the Land Monitoring System by Satellite (SSTS), the National Forest Inventory (NFI), and the National Inventory for Greenhouse Gas emissions (GHG).
370. Other priorities concern: (i) the fight against hunting and illegal logging of timber by strengthening controls (deployment of the corps of eco guards); (ii) the promotion of sustainable timber harvesting through measures aimed at developing trade concessions (cf. growth sectors); (iii) management transfer of some protected forests to local communities, and (iv) afforestation/reforestation by using labor intensive (HIMO) approaches to maximize job creation.
371. **The strategy of the DRC is essentially transverse** and its interventions will be implemented by several sectoral ministries and are identified in a Climate Plan, albeit with a certain coordination role recognized in the Ministry in charge of environment. If several interventions are already planned by various ministries in their strategies and PAP-MTEF, others will have to wait for the establishment of the REDD+ device to qualify for substantial financing.
372. **In terms of agriculture**, environmental priorities will be: (i) reducing the impact on forest for agricultural development, particularly through the diversification of rural activities (processing, perennial crops, ecotourism, handicrafts, etc.); (ii) promoting agro-forestry models for some cash crops, (cocoa and banana trees) and, if possible, orienting commercial agriculture towards savannah areas; (iii) reducing bush fires, which are responsible for most agricultural land degradations (and a major source of GHG emissions), through measures of sensitization, incentives and implementation of the law; (iv) promoting agro-ecology (particularly adapted to the Congolese context by virtue of the reduced cost and the local availability of agro-ecological solutions) by formulating a National Strategy for Integrated Management of Soil Fertility and by developing the certification of organic products; (v) restoring degraded soils, by relying on successful experiences in this area<sup>28</sup>; (vi) adopting the draft Code of agriculture currently being discussed in parliament; and (vii) organizing and supervising farmers particularly through CARG and CDL.
373. **In terms of energy**, the main priorities are: (i) the promotion of improved stoves with greater energy efficiency and the extension of access to electricity; and (ii) the promotion of renewable energy particularly in rural areas by developing and disseminating agro-forestry techniques like the MAMPU project on the BATEKE Plateau. These measures

**Box 14. Mitigating measures of the environmental impact of Pro-Routes project.**

The Pro-Roads project to rehabilitate NR4 and 5 spends about 16 percent of its investments to mitigate the negative social and environmental impacts and the accompanying positive effects of the project, a rate significantly higher than that which should be required in the future by the law. This budget targets particularly the capacity building of institutions involved in environmental protection for a better enforcement of the law, public awareness, reforestation, strengthening of self-monitoring local mechanisms and co-management of natural resources, the adaptation of codes and regulations to current circumstances and research.

<sup>28</sup> The Village Agro-forest Program for sustainable agriculture uses an agro-forest technique which associates the cultivation of subsistence crops with that of acacia. This approach enables the restoration of the fertility of often degraded soils of the Batékés Plateau, and the sustainable production of wood charcoal, maize and cassava. Sowing on plant cover with minimum ploughing has also been successfully tested by the project. Yields obtained from cassava cultivation under the project are more than three folds higher than those obtained by other farmers of the area. The Ibi Batéké project successfully replicated this model by adding the development of carbon sequestration within the framework of the Clean Development Mechanism, achieved by planting trees.

should ensure a more sustainable use of firewood, resulting in a reduction of deforestation, GHG emissions and improvement of the living conditions of the population.

374. Concerning transport and means of communication, priorities are: (i) the mitigation of environmental impact of construction of transport infrastructure, like the Pro-Roads project (see box ...); and (ii) the control the growth of GHG emissions of the transport sector, particularly by promoting the development of public transport, waterway transport and rail transport, and the use of bio-fuels (cf. Pillar II, section on hydrocarbons) and adoption of more stringent technical standards.
375. Regarding the mines and hydrocarbons extractive sectors, they constitute relatively few GHG gas emissions. Priorities in the sector are: (i) integrating measures of mitigation of environmental impacts of mining and hydrocarbons projects (by drawing inspiration from those implemented by the Pro-roads project, see box ...) which control air, water and soil pollution which have negative effects at the local level; (ii) capacity building of environmental taxation, both of concerned State services and the civil society; (iii) a better supervision of craft; (iv) improving energy efficiency in the mining sector; and (v) promoting flaring alternatives in the hydrocarbons sector allowing for the reduction of GHG emissions of the sector and promote these reductions on the carbon market.
376. At the level of water and sanitation, priorities are those mentioned in Pillars III and IV.
377. **Regarding land**, the government has already initiated a process of land reform which should result in a revision of the Land Code, its extension and harmonization of various legal texts on the subject (currently, there exist several stacked and uncoordinated land registers under the auspices of different ministries: the land register, the mining register, the forest register and an agricultural register in preparation). This reform also involves the modernization of land services, the revival of the process of registration of properties and conflict resolution.
378. **In terms of health**, priority will be the strengthening of the medicinal plant sector through the integration of traditional medicine in the national health system and the research-development on medicinal plants and respiratory diseases caused by solid biomass energy by using firewood.
379. **Concerning tourism**, priorities retained are the same as those outlined in Pillar II.
380. **In the industrial sector**, priorities will be industrial waste management and control of air, soil and water pollution.
381. Regarding environmental risk management, priorities will be: (i) developing early warning systems (with a component of capacity building of meteorological services); (ii) improving the legal and institutional framework; (iii) fighting against coastal erosion (particularly on the Atlantic coast of Moanda) and floods; (iv) integrating questions on the problem and protection of the environment in different educational plans and programs at all levels of training; and (v) creating and establishing a multisectoral program of the fight against climate change.

## CHAPTER 3. IMPLEMENTATION FRAMEWORK OF THE STRATEGY

### 3.1. MACROFISCAL FRAMING AND PRIORITIES OF ALLOCATION OF CREDITS<sup>29</sup>

382. The macroeconomic and fiscal framework was developed in order to take into account the effects of sectoral policies (Chapter 2) in view of maintaining macroeconomic stability, a prerequisite for laying the foundations for economic growth and poverty reduction. It is based on the profile of public spending, the cost estimates for achieving the MDGs by 2020 and sectoral growth hypotheses of the economy, taking into account the vagaries of the international environment and real potentials of the Congolese economy. By this fact, it helps to ensure a realistic programming of public expenditure by highlighting the main budgetary choices proposed by the Government and taking into account a gender responsive budgeting in all areas of spending.

#### 3.1.1. Scenario of the macroeconomic strategy (GPRSP Scenario)

383. The results of medium-term macroeconomic framework indicate that during the period of implementation of the GPRSP 2, the Congolese economy is expected to record a strong and sustained growth in an environment marked by low inflation and a consolidation of public finance. The average growth rate over the period would be 7.2 percent against 5.6 percent over the 2006-10 period (Table 7). This is a net gain of about 2.0 points compared to the GPRSP 1.

384. Growth over the 2011-2015 period may be underpinned primarily by boosting agricultural production and the dynamism expected at the level of extractive industries (mines, hydrocarbons and logging) and BTP. To ensure food security, contain inflation and reduce underemployment, the Government intends to boost agricultural production through the enhancement of small farmers and improving access to the market. This would positively affect the development of the secondary sector, particularly small-scale processing and BTPs.

385. Moreover, the relatively high prices of commodities on the market, the strengthening of measures aimed at improving governance and transparent management of contracts should accelerate the activity at the level of extractive industries and therefore contribute to the reduction of unemployment. Finally, the strengthening of basic infrastructure (roads, schools, health centers, etc.) may contribute to improving the business climate and total productivity of factors. Thus, service sectors and BTPs would remain dynamic and job creating.

386. As for demand, improving governance and the business climate resulting from the acceleration of various on-going structural reforms (justice, reform of public companies, public finances, etc.) coupled with the intensification of public investments in the area of basic infrastructure should help to substantially improve the level of private investment to increase growth to 7 percent in 2015. Moreover, the improvement of agricultural supply, the pursuit of the policy of public works and the creation of new jobs would catalyze the consumption of households and the public sector.

Table 7. Evolution of sectoral growth from 2010-2015 (in % GDP)

	2011	2012	2013	2014	2015	2006-2010	2011-2015
<b>Primary Sector</b>	<b>5.5</b>	<b>3.6</b>	<b>5.4</b>	<b>4.4</b>	<b>4.2</b>	<b>4.4</b>	<b>4.6</b>
Agriculture	3.5	3.5	3.7	4.7	4.4	3.1	4
Forestry	3.5	3.5	3.5	2.5	1.4	3.1	2.9
Mines	10.1	3.8	9	4	4	8.1	6.2
<b>Secondary Sector</b>	<b>9.3</b>	<b>9</b>	<b>13.8</b>	<b>14.5</b>	<b>12.5</b>	<b>5.4</b>	<b>11.8</b>
<b>Tertiary Sector</b>	<b>6.4</b>	<b>7.9</b>	<b>12.5</b>	<b>8.2</b>	<b>8.6</b>	<b>7.1</b>	<b>8.7</b>
Marketable services	6	7	12.6	6.9	7.1	5	7.9
Non-marketable Services	3	3	4	3.9	3.9	-1.7	3.6
<b>GDP (base 2000)</b>	<b>6.5</b>	<b>6</b>	<b>9.1</b>	<b>7.4</b>	<b>7.2</b>	<b>5.6</b>	<b>7.2</b>

Source: CPCM, May 2011

<sup>29</sup> More developed elements are contained in the 2011-2015 budget programming report

387. **Improving balance of payments.** The current account of balance of payments should improve over the medium term due to a strong export performance and control of imports of goods and services. Exports would increase in relation to the expected dynamics in extractive industries. Imports would remain controlled through improving agricultural production and developing the industrial sector to satisfy domestic demand. However, improving private investments and pursuing the policy of public works would derive rising imports of capital goods.
388. **Inflation contained to one digit.** The final goal of monetary policy would be to achieve and maintain an inflation rate below 10 percent in the coming years. This situation would be achieved by means of a careful monetary policy marked by the twin principles of flexibility of the base rate and positivity of its margin compared to inflation. To do this, the base rate should be below 15 percent and a positive margin of around 5 percentage points will be preserved.
389. In every case, this will ensure sufficient liquidity to the economy to sustain growth and avoid that an excess supply of money does not cause inflation. In addition, coordination of economic policies will be necessary to achieve this goal.
390. Moreover, this action of monetary policy should be complemented by sectoral policies aiming at acting on supply so as to avoid shortages. It will be necessary that measures be taken by the Government to increase domestic supply by removing certain substitute goods which can reduce the impact of price hikes of imported products on domestic prices in case of inflation from outside or linked to the shortage.
391. **Pursuing careful management of public finances.** The fiscal policy will be expressed by the strengthening of fiscal discipline in order to maintain stability of the macroeconomic framework. The tax burden (tax revenue / GDP) would experience a favorable increase in conjunction with the modernization of tax administrations, strengthening of the fight against fraud and tax evasion, replacement of turn over tax by the VAT, the specific taxing of the telecommunications sector and the direct tax reform.

**Table 8.** Evolution of revenues and expenses (in % GDP)

	2011	2012	2013	2014	2015	Average 2011-15
<b>Revenues and grants</b>	<b>29.0</b>	<b>28.2</b>	<b>31.4</b>	<b>31.2</b>	<b>31.4</b>	<b>30.2</b>
Tax revenues	13.5	14.1	15.3	16.2	16.8	15.2
Non-tax revenues	6.8	5.6	6.1	5.9	5.5	6.0
Grants	8.6	8.4	9.9	9.2	9.1	9.0
<b>Total expenditure</b>	<b>36.0</b>	<b>33.6</b>	<b>35.6</b>	<b>35.0</b>	<b>33.3</b>	<b>34.7</b>
Running costs	16.9	16.2	15.2	14.1	13.0	15.1
Wages	6.7	6.5	6.2	5.7	5.3	6.1
Capital expenses	16.3	16.3	19.9	20.6	20.1	18.6
Miscellaneous expenses	2.2	0.9	0.3	0.1	0.0	0.7
Reserves for calamities and disasters	0.6	0.3	0.3	0.2	0.2	0.3
<b>Fiscal balance, payment order basis</b>	<b>-7.0</b>	<b>-5.4</b>	<b>-4.3</b>	<b>-3.8</b>	<b>-2.0</b>	<b>-4.5</b>

**Source:** CPCM, May 2011

392. Moreover, significant efforts are made by the Government to slow down the increase of public expenditure in percentage of the GDP (about 35 percent of the GDP over the whole period). This performance is due to the implementation of the Strategic Plan of Public Finance Reform which is expected to: (i) supervise staff costs through modernizing public administration, recruiting policemen and skilled personnel, controlling the size of the Congolese army; (ii) control operating costs; (iii) improve the delivery rate of investment spending.
393. Thus, changes in investments in percentage of the GDP will be accompanied by a strengthening of the control of the quality of spending and optimal allocation of resources according to the pillars identified in order to put the economy on the path of the MDGs, accelerate growth and reduce underemployment and unemployment.
394. Consequently, the fiscal balance (payment order basis) would be around 4.5 percent of the GDP over the period. The basic fiscal balance is experiencing a favorable end of

period, increasing from -7.0 percent of the GDP in 2011 to 2.0 percent of the GDP in 2015, thereby indicating Government's commitment while pursuing the achievement of the MDGs, and ensuring the stability of the macroeconomic framework.

395. **Budget deficit financing.** The budget deficit will be financed mainly by: (i) concessionary loans in order to ensure the sustainability of foreign debt, since the Congo just benefited from the MDRI and HIPC initiatives; (ii) grants, particularly budget supports and project grants by advocating for MDG financing; resources from privatizing public companies. In addition, the Congo can mobilize resources through government borrowing on the domestic and sub-regional financial markets on condition to proceed to the analysis of debt sustainability, improve the business climate and maintain fiscal discipline.

**Table 9.** Budget deficit financing (in % GDP)

	2011	2012	2013	2014	2015
<b>Total financing</b>	<b>7.5</b>	<b>6.0</b>	<b>4.3</b>	<b>3.8</b>	<b>2.0</b>
<b>Foreign financing</b>	<b>6.6</b>	<b>4.7</b>	<b>3.0</b>	<b>2.7</b>	<b>2.4</b>
Amortization due	-1.3	-1.4	-1.8	-1.6	-1.5
Project loans	7.9	6.0	4.9	4.3	3.8
Debt relief	0.1	0.1	0.0	0.0	0.0
<b>Domestic financing</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Banking sector	0.3	0.0	0.0	0.0	0.0
Non-banking sector	1.1	0.0	0.0	0.0	0.0
Privatization revenue	0.5	0.0	0.0	0.0	0.0
<b>Financing to be sought</b>	<b>0.0</b>	<b>1.4</b>	<b>4.4</b>	<b>4.3</b>	<b>3.9</b>
<i>For the memory</i>	0.0	0.0	0.0	0.0	0.0
<b>Grants</b>	<b>8.6</b>	<b>8.4</b>	<b>9.9</b>	<b>9.2</b>	<b>9.1</b>
Budgetary grants	0.3	0.0	0.9	0.6	0.3
Project grants	6.0	6.2	6.5	6.5	7.1
HIPC debt relief	2.3	2.2	2.5	2.1	1.7

**Source:** CPCM, May 2011

396. **Medium Term Expenditure Framework (MTEF).** In order to more effectively manage conflicts between sectoral policies and available budgetary resources on the one hand, and achieve the goals pursued in terms of achievement of the MDGs on the other hand, sectoral MTEFs are made consistent with the macroeconomic framework.
397. **The global MTEF establishes an optimal sectoral allocation of resources among the sectors.** In accordance with the priorities defined in Chapter 2, the Government will strive to implement programs and projects aimed at achieving the MDGs. Thus, credits<sup>30</sup> allocated to pillar 3 "improving access to basic social services and strengthening human capital" would constitute an average of 31 percent of the total budget allocations over the 2011-2015 period with 14 percent for education and 12 percent for health. This essentially responds to the priority of achieving the MDG targets in education, health and sanitation in the implementation of the GPRSP 2.
398. Regarding pillar 2 "Diversifying the economy, accelerating growth and promoting employment", their budgetary allocation would increase from 30.7 percent in 2010 to 43.3 percent in 2015, thereby reflecting Government's commitment to pursue the policy of public works undertaken and necessary for modernizing the economy and reducing underemployment, unemployment and poverty.
399. Moreover, issues related to environmental protection and the fight against climate change is one of the priorities of the State. Thus, credits allocated to pillar 4 "Protecting the environment and fighting against climate change" will be increased during the 2011-2015 period, even if the share remains stable at about 3.5 percent. The share of the budget allocated to pillar 1 "Strengthening governance and peace" would experience a drop in relation to the reform of the administration, the army and strengthening of the police.

<sup>30</sup> These credits concern functioning and investment.

**Table 10. Sectoral distribution of annual budget allocations over the period 2011-2015**

	2010	2011	2012	2013	2014	2015
<b>Pillar 1: Strengthening governance and peace</b>	<b>40.1</b>	<b>19.6</b>	<b>20.2</b>	<b>19.9</b>	<b>20.2</b>	<b>20.5</b>
Governance and strengthening of democracy	14.1	6.0	6.0	5.8	5.7	5.5
National defense and security	14.9	7.2	7.5	7.4	7.9	8.4
Economic and financial governance	9.6	5.9	6.2	6.1	6.1	6.0
Administrative governance	1.5	0.6	0.6	0.6	0.6	0.7
<b>Pillar 2: Diversifying the economy, accelerating growth and promoting employment</b>	<b>30.7</b>	<b>47.4</b>	<b>46.7</b>	<b>45.6</b>	<b>44.7</b>	<b>43.3</b>
Production	5.0	4.7	5.3	5.8	6.3	6.8
Services	1.0	0.2	0.2	0.2	0.2	0.2
Economic integration	0.2	0.2	0.2	0.2	0.2	0.2
Employment	0.5	0.1	0.1	0.1	0.2	0.2
Infrastructure	13.1	35.9	34.2	32.8	31.6	30.3
Energy and hydraulics	10.9	6.3	6.7	6.5	6.1	5.6
<b>Pillar 3: Improving basic social services and strengthening human capital</b>	<b>25.7</b>	<b>29.6</b>	<b>29.5</b>	<b>30.9</b>	<b>31.7</b>	<b>32.9</b>
Education	15.5	13.4	13.8	13.9	14.3	14.5
Health and nutrition	7.5	11.9	11.2	12.2	12.6	13.7
Social protection and inclusion of vulnerable groups	1.8	1.5	1.6	1.5	1.5	1.4
Sport and culture	0.8	0.3	0.4	0.6	0.6	0.6
Housing and rehabilitation of living environment	0.2	2.5	2.6	2.7	2.8	2.8
<b>Pillar 4: Protecting the environment and fighting against climate change</b>	<b>3.6</b>	<b>3.4</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CPCM, May 2011

400. Debt policy. The Government intends to create fiscal space likely to help her meet her needs of development and the fight against poverty, while avoiding to neither contract nor guarantee new loans which would jeopardize debt sustainability and relief. It will also prevent further accumulation of foreign arrears on non-reschedulable debt during the triennial program concluded with the IMF. Government will seek to enter into rescheduling agreements on similar terms with non-member creditors of the Paris Club.

### 3.1.2. PEG Scenario

401. The abovementioned GPRSP scenario can be constrained by hazards associated with poor mobilization of resources necessary for the achievement of the MDGs and the international environment. A PEG scenario follows, close to the new economic and financial program concluded with the International Monetary Fund (IMF) in 2009. Under this program, Government intends to consolidate macroeconomic stability and sustainable growth by the Extended Credit Facility (ECF) of the IMF and budgetary supports granted under this program.

402. This scenario projects an average economic growth of 6.5 percent over the 2011-2015 period, with inflation contained to single digit. This growth would be underpinned by mining and construction. Domestic revenues are expected to represent 21.3 percent of the GDP against 33.2 percent for public spending. Fiscal tightening should help contain the evolution of current spending. Overall budget deficit (payment order basis) may be situated at an average of 3.3 percent of the GDP over the 2011-2015 period and should be financed by the mobilization of foreign resources on concessionary terms, that is to say, according to terms which do not hinder the sustainability of public debt.

**Box 15. Government's Economic Program (PEG-II), 2009-2012**

The Congolese Government executes a sustained economic program by the Extended Credits Facility (ECF) of the International Monetary Fund covering the period from July 2009 to June 2012, whose main lines are: (i) consolidating macroeconomic stability; (ii) increasing investment in the training of physical and human capital; (iii) and implementing structural reforms aimed at improving the mobilization of domestic resources, strengthening management of public finances and the independence of the BCC, and increasing the production capacity of the economy. To achieve these goals, this program is underpinned by macroeconomic policies and structural reforms.

**In terms of macroeconomic and fiscal policies.** Fiscal policy will avoid resorting to the financing of the Central Bank and will lay the foundation for long term viability. The Government is committed to implementing a careful spending policy characterized by a mastery of the wage bill and an increase in public investments. Moreover, the Government also undertakes to create a fiscal space likely to help meet its development needs and fight against poverty.

**In terms of monetary and trade policy.** Government intends to restore the independence of the BCC and strengthen its supervisory capacity, increase confidence in credit institutions and promote dedollarization, improve the quality of currency in circulation, strengthen banking supervision, and develop the system of payment and settlement.

**Structural reforms on their part** are based on the mobilization of domestic revenues, the management of public finances and the development of the private sector.

**Table 11. Major macroeconomic indicators of the PEG scenario**  
(In % GDP, unless otherwise indicated)

	2011	2012	2013	2014	2015	Average 2011-2015
Real growth rate	6.5	6.0	8.0	6.1	5.9	6.5
Total revenue	20.6	20.3	21.1	22.0	22.6	21.3
Total expenses	36.4	34.9	33.2	31.5	30.0	33.2
Overall deficit (payment order basis)	7.1	6.0	5.0	3.7	2.1	3.3
Current account balance	-2.8	-0.7	0.6	1.2	-1.3	-0.6
Public investment	13.1	12.2	10.7	8.9	7.0	10.4
Private investment	16.5	22.7	23.8	24.6	25.3	22.6

Source: CPCM, May 2011

403. The current account of balance of payments should gradually improve from -2.8 percent of the GDP in 2011 to +1.2 percent in 2014, thanks to an increase in mining exports and a slowdown of imports. In 2005, the current account once more showed deficits in relation with an increase in private investment.

**Table 12.** Sectoral distribution of annual budget allocations over the 2011-2015 period

	2010	2011	2012	2013	2014	2015
<b>Pillar 1: Strengthening governance and peace</b>	<b>40.1</b>	<b>28.9</b>	<b>28.6</b>	<b>28.8</b>	<b>29.5</b>	<b>30.6</b>
Governance and strengthening of democracy	14.1	8.8	8.5	8.4	8.5	8.6
National defense and security	14.9	10.6	10.6	10.7	11.1	11.7
Economic and financial governance	9.6	8.7	8.7	8.8	9.0	9.3
Administrative governance	1.5	0.8	0.8	0.9	0.9	1.1
<b>Pillar 2: Diversifying the economy, accelerating growth and promoting employment</b>	<b>30.7</b>	<b>44.3</b>	<b>44.2</b>	<b>43.3</b>	<b>42.0</b>	<b>40.2</b>
Production	5.0	4.8	5.0	5.1	5.2	5.3
Services	1.0	0.3	0.3	0.3	0.4	0.4
Economic integration	0.2	0.3	0.3	0.3	0.3	0.3
Employment	0.5	0.2	0.2	0.2	0.2	0.2
Infrastructure	13.1	29.4	29.0	28.1	26.8	25.3
Energy and hydraulics	10.9	9.4	9.5	9.3	9.1	8.7
<b>Pillar 3: Improving basic social services and strengthening human capital</b>	<b>25.7</b>	<b>21.8</b>	<b>22.2</b>	<b>22.7</b>	<b>23.3</b>	<b>24.1</b>
Education	15.5	13.2	13.3	13.5	14.0	14.5
Health and nutrition	7.5	5.7	5.8	5.8	6.0	6.1
Social protection and inclusion of vulnerable groups	1.8	2.2	2.2	2.2	2.2	2.2
Sport and culture	0.8	0.4	0.5	0.8	0.9	0.9
Housing and rehabilitation of the living environment	0.2	0.4	0.4	0.4	0.4	0.4
<b>Pillar 4: Protecting the environment and fighting against climate change</b>	<b>3.6</b>	<b>5.0</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CPCM, May 2011

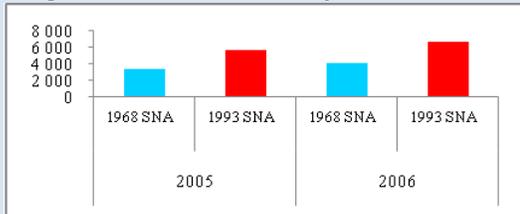
404. The implementation of the macroeconomic framework of the PEG scenario will be expressed by a relatively low allocation to pillars 2 and 3 in favor of pillar 1. With such allocation, the Government cannot create conditions for sustainable, job creating economic growth favorable to the achievement of the MDGs by 2020.

**Box 16. The implications of the development of national accounts according to the 1993 SNA on the main macroeconomic indicators**

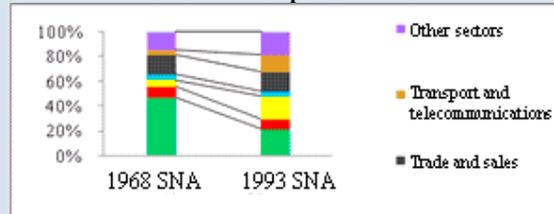
The National Institute of Statistics undertook since 2008 to develop a new set of national accounts according to the 1993 System of National Accounts (SNA). These new national accounts which will be published during the 3<sup>rd</sup> quarter of 2011, will replace the current set of national accounts prepared according to the 1968 SNA.

The main changes introduced by the 1993 SNA to the 1968 SNA within the framework of the DRC, concern the use of new statistical tools, the inclusion of the informal sector and household consumption. Consequently, the level of GDP obtained with the 1993 SNA is 1.4 times larger than the GDP obtained with the 1968 SNA (Figure 1). Moreover, the GDP structure changed: the contributions of the “Manufacturing industries” and “Transport and telecommunications” sector to GDP became more important and that of agriculture dropped with the 1993 SNA (Figure 2), thereby reflecting the development that these sectors have experienced in recent years.

**Compared level of the GDP according to 1968 and 1993 SNA**



**Structure compared in 2005**



The passage from national accounts of the 1968 SNA to the 1998 SNA will induce changes in the macroeconomic framework, particularly in terms of GDP level and ratio in percent of the GDP. In terms of growth rate, the impact will be relatively low, the informal sector experiencing the same dynamism as the overall economy. For example, the growth rate of real GDP estimated for 2006, according to the 1993 SNA is 5.3 percent against 5.6 percent for the 1968 SNA. The table below shows the implications on some ratios in percent of the GDP.

Beyond these changes in terms of ratio, the structural change observed is an invitation to the Government to carry out studies for better understanding of the informal sector in order to better support its development. Furthermore, on publication of the new series of national accounts, it is important that the CPCM resumes the updating of the model and the frame to ensure consistency among different figures.

### 3.2. FINANCING STRATEGY

405. This section discusses the steps taken by the government to ensure the financing of the strategy. These provisions aim at: (i) increasing domestic savings to be used for productive investment; (ii) improving the level of domestic resources and devote them primarily to development financing; (iii) increasing the effectiveness of Official Development Assistance; (iv) attracting private capital flows and; (v) promoting direct foreign investment and prevent capital flight.

406. To significantly reduce poverty in developing countries, analyses show that a strong and sustained growth of an average of 8 percent is required. This level of growth can only be achieved with an investment volume of at least 25 percent of the GDP. Thus, the Congolese government plans to increase growth to 8.4 percent in 2015; which would require investments to the tune of 35.2 percent of the GDP averagely in 2011-2015, against an average of 21.7 percent for the last four years. For now, domestic savings (private and public) and foreign savings (official development assistance and private capital flight) in the DRC cannot therefore be sufficient to finance such investment volume. To achieve this, the government pledged to take measures to encourage alternative sources of financing.

407. Also, it is also considered:

1. **to increase foreign savings (32.4 percent of the GDP on average over the period) by:** (i) promoting household income, mainly in agriculture where they are many by encouraging input and the expansion of commercial, mechanized agriculture with appropriate techniques (next to subsistence agriculture); (ii) maintaining the focus on macroeconomic stabilization (definitely dispel inflationary expectations and economic uncertainties) in order to stimulate sparing; (iii) supporting and supervising savings associations and revolving credit (community dynamics) as well as mutual banking and non-banking credit institutions, thanks particularly to the strengthening of the regulatory and legal arsenal; (iv) examining the possibility of involving the National Social Security Fund to finance household initiatives (housing, acquisition of small medical equipment etc.) and thus increasing efficiency, safety and liquidity of the savings.
2. **to increase the level of domestic resources by:** (i) accelerating the implementation of tax reforms, especially regarding the introduction of the VAT; (ii) improving the collection of tax and non-tax revenues.
3. **to increase official development assistance by:** (i) seeking aid effectiveness by making programs/projects more consistent and pro-poor oriented; (ii) improving the coordination and more effective management of public spending; (iii) strengthening the general framework of policies and the transparency of institutions of economic policy management, including aid (assessment of policies and institutions).
4. **to increase direct foreign investment and other private capital fights by:** (i) improving infrastructure (roads, transport, electricity etc.); (ii) strengthening banking and financing systems through the development of capital markets, opening of capital of public companies to private interests; (iii) adopting all implementation measures of the new Labor Code and policies of competitive labor which help to set up institutions to improve human resources.
5. **to avoid increasing the burden of public debt by:** (i) adopting a debt policy based on the search for concessionary borrowing; (ii) capacity building of negotiations (Debt Pole).

### 3.3. MONITORING-EVALUATION MECHANISM

408. The success of the national strategy for growth and poverty reduction is partly based on the effectiveness of its monitoring-evaluation system. It is through this system that the

Government and other managers of PRS projects and programs can objectively measure the results obtained by their actions and render account of their management to the population and Technical and Financial Partners. This accountability tool also enables the population and the civil society to demand accounts from decision-makers at various levels and sectors, because we can measure the performances of government policies, programs and projects implemented. On this basis, we can make recommendations to improve their relevance, effectiveness, efficiency, transparency, ensure their sustainability and measure their impacts on the living conditions of the population.

409. The review of the implementation of the GPRSP 1 (March 2010) showed that the system of control and monitoring-evaluation proposed did not work well both at the national and provincial levels<sup>31</sup>. Drawing lessons from the 2006-2010 period, this section proposes a reformed system of monitoring-evaluation likely to ensure the effective operationalization of the GPRSP 2, as well as potential risks weighing on this monitoring-evaluation system. Presented in this section are: (i) the challenges and opportunities; (ii) the information system; and (iii) the institutional architecture.

### 3.2.1. Challenges and opportunities

410. The review of the implementation of the GPRSP recommended a revision of the monitoring-evaluation system for the second generation GPRSP and proposed six major challenges, namely: (i) the revision and reformulation of the monitoring-evaluation framework; (ii) the production of statistical data disaggregated according to sex and its security; (iii) the renewal of the operational and budgetary programming framework; (iv) the establishment of reporting instruments; (v) the development of a minimal framework for evaluating government policies and (vi) the improvement of participation and communication.

411. **To meet these challenges**, the current situation reflects a number of favorable factors:

- **Financing for the finalization of the SNDS** was found and it should be available in December 2011.
- Several partners support the INS in conducting **a new survey 1-2-3** whose data collection is expected in the first quarter of 2012.
- **The 2005-2009 final national accounts and the 2010 and 2012 temporary accounts were produced** and should be validated by the government before the end of 2011. The adoption of the 1993 SNA as the basis of the national accounting system helped to have a GDP which particularly took into account the informal sector. A survey of companies is also planned for 2012 and is expected to help constitute a comprehensive list of these statistical units that will serve as a frame to improve the quality of data collected annually by the business survey and boost regular economic surveys, which are necessary in the monitoring of the economic activity.
- **The monitoring of budget execution and foreign aid has been developed.** Budget monitoring information has been enhanced with the production of State Budget Tracking (ESB) automatically generated by automated chain spending. The installation of the Foreign Aid Management and Investment Platform (PGAI) is also an advantage although problems persist in its use (completeness of information, ownership by the partners, insufficient updating...)
- **On a more structural plan**, two studies (restructuring of the INS and retirement of agents) will be launched in the coming months and feasibility study for creating an institution for training professional statisticians according to international standards will be carried out in 2012.
- **The Thematic Statistics Group**, which also addresses the monitoring-evaluation of the GPRSP 2, piloted by the Minister of Planning, is functioning well for some time now and constitutes a space for consultation among national actors (INS, SNSA, SNIS, SIGE, DEP, Civil Society, Private Sector ...) and foreign partners.

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<sup>31</sup> See the GPRSP 1 (2010) implementation report.

- The country's preparedness plan for the REDD+, which will be implemented by 2012, includes a very important component of capacity building in monitoring-evaluation in several key ministries like those in charge of environment, agriculture, and energy.

### 3.2.2. Information system

412. This section successively presents (i) the key components and activities of the SE system; (ii) data collection tools; (iii) reporting tools; (iv) monitoring-evaluation indicators and (v) key priorities to ensure the proper functioning of the system.

#### A. Subsystems of the monitoring-evaluation system

413. The monitoring-evaluation system depends on the three subsystems recommended by CRESMIC<sup>32</sup>:

- **Subsystem for monitoring poverty and living conditions of households:** it concerns the systematic production of indicators on living conditions of households and/or basic information on different priority areas of the GPRSP 2. This first subsystem, coordinated by the INS, will be based on the following major activities: (i) production planning of survey data (programming of various stages of investigations, advocacy for the mobilization of financial resources, preparation of specifications, collection, processing and analysis of data, ...); (ii) capacity building of routine information systems for the production of statistics of administrative sources for the periodic monitoring of poverty and living conditions of the population; (iii) consolidating a unifying database for archiving socio-economic statistics, enabling the development of a periodic dashboard of key indicators of monitoring-evaluation; and (iv) technical control, within the framework of orientations of the National Council of Statistics, key actions for reorganizing the National Statistical System.
- **Subsystem for the monitoring of execution of programs and projects:** This second component will be coordinated by UPPE-SRP but the main actors will be sectoral ministries (DEP and DAF), the Ministry of the Budget and planning and monitoring structures in provinces. This subsystem will be based on the following activities: (i) production by the DPSB of the State Budget Tracking (ESB), allocating spending according to administrative classifications, by nature of spending, major State and geographical functions, then, the classification per program once LOFIP is implemented; (ii) production of quarterly and annual data on foreign aid, on the basis of information from the PGAI; (iii) production of annual reports on the performances of ministries with the analysis of the execution of priority actions and disbursements (on the basis of the triennial ministerial PAP/MTEFs); (iv) animation of regular meetings to exchange, analyze information and consult about the results. These meetings will take place particularly at the level of Thematic Groups of each ministry (monitoring committees of the PAP/MTEF) and provinces (provincial coordinating committees), and (v) accompanying actions related to monitoring-evaluation (management training, capacity building of DEP...).
- **Subsystem for evaluating impacts of policies and programs:** This last subsystem uses the results of the first two and fuels the revision process of the strategy. It will rely on a progressive development of national capacities in monitoring-evaluation and a coordinated planning of evaluation works of policies and programs. For the 2012-2016 period, this subsystem, piloted by OPIC and which could eventually be linked to the Parliament, should focus on the following actions: (i) assessing impacts of programs and projects implemented under the GPRSP 2; (ii) centralizing studies and evaluation reports on policies and public programs and disseminating syntheses of results; (iii) establishing and implementing an annual evaluation program according to needs of analysis of the GPRSP 2; and (iv) training in monitoring-evaluation of government policies.

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<sup>32</sup> CRESMIC (Reference Framework and Methodological Support for the conception of an Information system for the monitoring of the GPRSP and MDGs) was published by AFRISTAT in February 2006 and recommended as structuring base of monitoring-evaluation systems.

## **B. Methods of data collection**

414. Priority Action Program, an MTEF has been developed in line with the SNDS in development and must help to respond to priority information needs for the S & E of the GPRSP 2. This minimum program includes the following operations:

- **General Census of Population and Housing (RGPH)** whose cartographic works and pilot census are expected in 2012 and data collection in 2013.
- **Agricultural census;**
- **Business census;**
- **Periodic surveys:** during the period 2012-2016, in addition to the survey 1-2-3 whose data collections are expected in 2012 and 2014, the minimum programming comprises carrying out the following surveys: (i) an annual survey in companies; (ii) a light survey based on the Questionnaire on Basic Indicators of Wellbeing (QUIBB) with a module on the perception of poverty; (iii) a Demographic and Health Survey (DHS) in 2012 expanding the target population for the HIV/AIDS module; (iv) a Multiple Indicator Cluster Survey (MICS) in 2013; (v) the constitution of a National File of Administrative Entities using RGPH data (including mapping of common geographical reference, RGC, SIGE and SNIS) and its update every two years in order to have community poverty indicators; (vi) an annual survey for assessment of harvests; (vii) data collection for the development of maps and directories of health and education; (viii) participative consultations aimed at obtaining quality data on poverty in the DRC; (ix) satisfaction surveys of the population for public services; and (x) weekly data collection on consumer prices for regular calculation of a national price index.

The data generated by these different sources of data will help particularly to produce more provided and best quality national accounts on a regular basis.

- Production of statistics from administrative sources: their development is essential to ensure production of detailed information in several key sectors (education, health, agriculture, water and energy, transport, justice, industry...) and progressively reduce dependence on surveys. The SNDS and its action plans will precisely define priorities in this area. Meanwhile, a capacity building program of structures involved (sectoral ministries and provincial services) will be developed by UPPE-SRP. The reorganization of the Civil State is one of the key actions in this area.

415. It should be noted that a monitoring-evaluation plan, with indicators for the GPRSP and their metadata will be developed prior to the implementation of the GPRSP 2.

416. Two types of measures will accompany and support data collection:

1. **Supervisory and monitoring missions.** In key ministries, supervisory and monitoring missions will be progressively systematized in order to verify the progress of programs and projects. Planned annually, they will be subjects of careful preparation (data collection methodology) and rely on the use of decentralized services or provincial governments for data collection.
2. **Regular monitoring meetings.** Besides regular meetings of monitoring of various ministries, the Ministry of Planning will ensure a better functioning of the institutional system of monitoring-evaluation of the implementation of the GPRSP with each body establishing an annual calendar of meetings. Thematic Groups will be stabilized (TDR, Internal rules and regulations, composition, effective functioning, periodicity of meetings followed ...) and their administrative supervision strengthened (General Secretariat of the Ministry of Planning).

## **C. Reporting tools**

417. The reporting system, which should be developed gradually to fully become operational by 2015, includes tools indicated in the table below.

**Table 13. Reporting tools**

<b>Periodicity</b>	<b>Reporting</b>	<b>Officials</b>
Monthly	<ul style="list-style-type: none"> <li>• Report of works of sectoral and thematic groups</li> </ul>	Thematic Groups
Quarterly	<ul style="list-style-type: none"> <li>• “Sectoral” dashboards (documentation on the implementation of actions indicated in ministerial PAPs)</li> </ul>	Ministries
	<ul style="list-style-type: none"> <li>• Provincial dashboards (documentation on the implementation of actions indicated in provincial PAPs)</li> </ul>	Min. Plan of Provinces
	<ul style="list-style-type: none"> <li>• Table of budget monitoring per ministry (state of financial execution per program)</li> </ul>	DPSB
	<ul style="list-style-type: none"> <li>• Table of monitoring of foreign aid (on PGAI basis)</li> </ul>	Min. Plan
Half-monthly	<ul style="list-style-type: none"> <li>• Six-monthly synthesis on the implementation of the GPRSP</li> </ul>	UPPE-SRP
Annual	<ul style="list-style-type: none"> <li>• Annual reports of performance of ministerial budget programs</li> </ul>	Ministries
	<ul style="list-style-type: none"> <li>• Annual report of performance of action plans/Provincial Boxes</li> </ul>	Min. Plan of Provinces
	<ul style="list-style-type: none"> <li>• Report on the use of foreign aid and partnership monitoring (post-Paris Declaration)</li> </ul>	Ministry du Plan
	<ul style="list-style-type: none"> <li>• Dashboard for monitoring MDGs; consolidated report of implementation of the GPRSP and provincial GPRSP</li> </ul>	OPIC
	<ul style="list-style-type: none"> <li>• Consolidated report of implementation of the GPRSP 2</li> </ul>	UPPE-SRP
Supra-annual reports	<ul style="list-style-type: none"> <li>• Report on the evolution of MDGs</li> </ul>	OPIC
	<ul style="list-style-type: none"> <li>• National and provincial poverty profiles</li> </ul>	UPPE-SRP/INS/DP-Provinces
	<ul style="list-style-type: none"> <li>• Evaluation of the GPRSP 2; other evaluation reports (PEFA, governance profile, specific policies/programs, EDS, Survey 1-2-3, ...)</li> </ul>	Miscellaneous

**(a) Infra-annual periodicity tools**

- Reports of the works of thematic groups (or other committees acting as thematic group) will be prepared monthly and distributed (i) to UPPE-SRP, (ii) to offices and DEP of ministries; (iii) to stakeholders of Thematic groups particularly the civil society. These reports will be used to establish quarterly syntheses and annual reports.
- Quarterly dashboards, following a standard format which will be developed in a participatory manner by the various ministries under the coordination of UPPE-SRP. They will provide quarterly progress updates on the implementation of actions registered under the action plans, at the level of ministries and provinces.
- **The table of budgetary monitoring** will be produced from the ESB. The production of performance data will have its format changed once budgeting per program becomes the rule.
- Six-monthly syntheses will be prepared by UPPE-SRP on the basis of sectoral dashboards and reports of Thematic Groups.

**(b) Annual periodicity tools**

- The annual consolidated report of implementation of the GPRSP and the MDGs will be produced by UPPE-SRP, in the first half of the year following the year in question, on the basis of previous annual performance reports, as well as results of surveys or studies. The results will be structured according to areas and sectors selected in the GPRSP 2. This document will take stock of the progress of the result framework of the SCRIP, including the evolution of the MDGs which are an integral part. In this report, like in other reports of monitoring-evaluation which will be produced, the sectors will be responsible for their parts and the NHS will have to validate the statistics they contain. Budget data should come from the DPBS of the Budget Ministry.
- **An annual performance report for each PAP/MTEF** (ministerial and provincial) will be produced in March/April of the year following that covered by the report. This will later be subjected to competent parliamentary institutions (national and provincial) in the appendix to the law of accountability. This report should be concise and will be focused on the availability and use of budget appropriations and on the extent of achievement of annual or long-term targets fixed in the PAP/MTEF.

- **The dashboard for monitoring MDGs** will be a simple executive summary accompanied by a table updating the value achieved for each indicator according to available data.
- The annual report on aid and partnership will focus specifically on the analysis of global trends of foreign aid, its origin and its sectoral and provincial allocation. It will also report on the changing conditions of the partnership between the DRC and its foreign partners and will ensure the monitoring of the Kinshasa Agenda and the Paris Declaration.

(c) **Long-term tools**

- **A mid-term evaluation report of the GPRSP 2** will be developed after the third year of its implementation to evaluate the results obtained and revisit as appropriate, various strategies, programs and projects therein. In addition to the abovementioned reports and dashboards, this document should rely on the surveys carried out, particularly the survey 1-2-3 and a mild QUIBB survey.
- A final evaluation report will sanction the end of the implementation of the GPRSP 2 after the fifth year of its implementation. It will be based particularly on the survey 1-2-3, DHS and MICS to measure the impacts of different strategies used for the GPRSP 2 in poverty reduction.

**D. Monitoring-evaluation indicators**

418. Monitoring is based on both indicators of performance monitoring (indicators of resources or inputs, direct output indicators) and indicators for monitoring effects and impacts. The indicator system comprises:

- **Global GPRSP monitoring indicators** (indicators of impact and outcome) consisting mainly of MDG indicators supplemented by a selection of macroeconomic and sectoral indicators.
- PAP/MTEF Monitoring indicators: Each PAP/MTEF program comes with one or several monitoring-evaluation indicators. Among them, we have input or resource indicators and operational performance indicators. Their number must be reasonable and only easily measurable indicators for which annual targets are established should be retained.
- Finally, some additional indicators within international benchmarks (IDH level and ranking, Doing Business ranking, World Bank governance indices...).

419. With the support of the UNFPA, the UPPE-SRP organized works for identifying monitoring-evaluation indicators of the GPRSP 2. In this context, a workshop with the INS, producers of sectoral statistics and DEPs of sectors selected in the GPRSP 2 as well as other stakeholders in the monitoring-evaluation of the GPRSP 2 was organized. A list of indicators and data sources to fuel was developed in a participatory and harmonized manner and submitted to various Thematic Groups which validated them. Easily measurable indicators and whose procurement costs are reasonable were selected. The outcome of these works is the list of indicators selected for monitoring-evaluation of the GPRSP 2 and their data sources which figure in the appendices of this document.

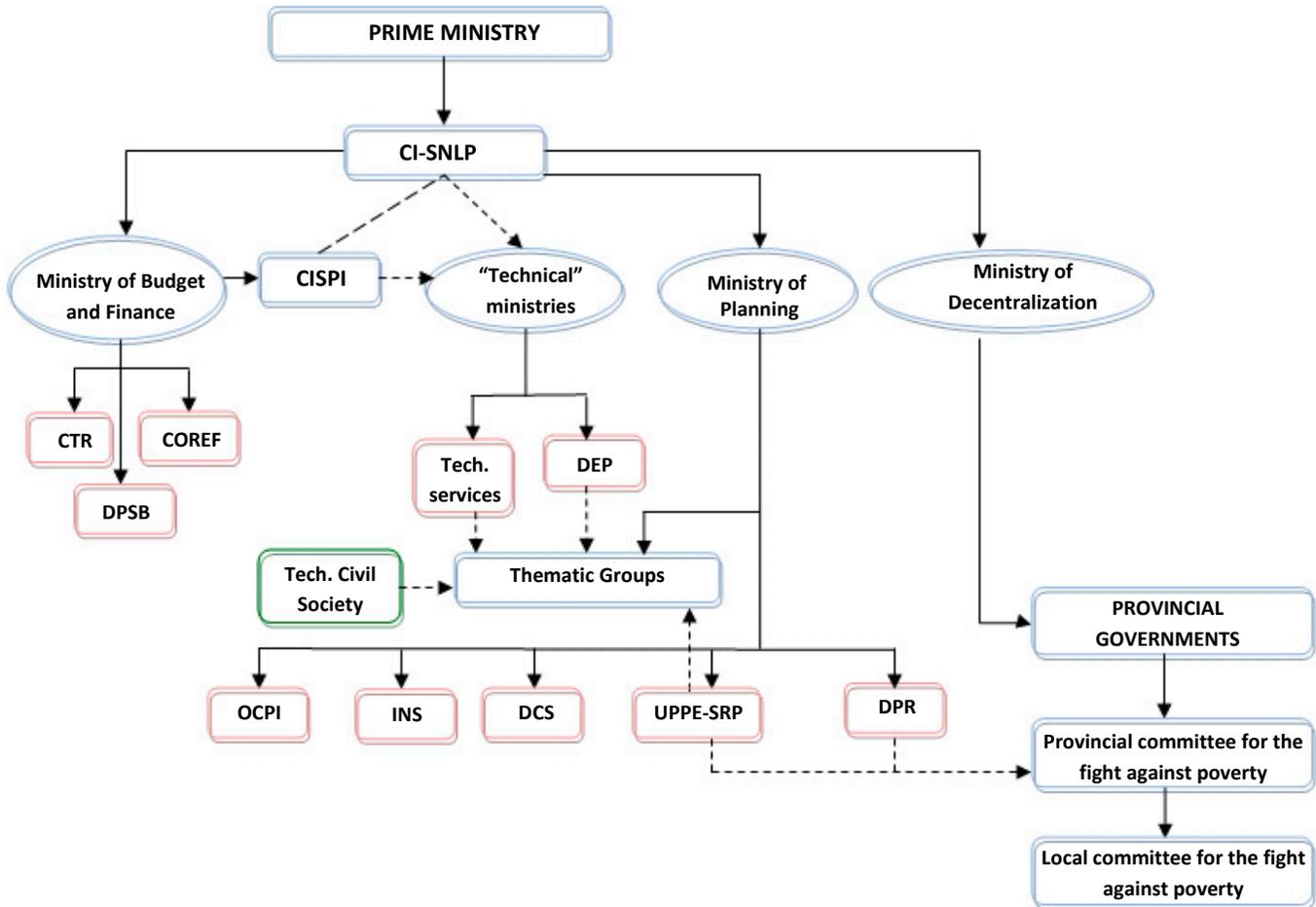
**E. Priorities to ensure the smooth functioning of the system**

420. In order to gradually strengthen the functioning of the information system that is central to the monitoring-evaluation of the GPRSP 2 by 2015, focus will be on the following key priorities: (i) improvement of data quality; (ii) priority accountability of ministries; (iii) development of DEPs and coordination with DAF; (iv) close links among action plans of the SNDS and information needs for the monitoring of the GPRSP 2; and (v) strengthening of provincial structures in the production of monitoring-evaluation information.

### 3.2.3. Institutional architecture

421. The institutional architecture of the framework for implementation, monitoring and evaluation of the GPRSP 2 is presented in the following flow chart:

Figure 11. Implementation, monitoring and evaluation device (institutional framework)



422. Responsibilities of key institutions presented in the flow chart are as follows:

#### A. At the political level

423. **The Prime Minister.** He is the President of the Inter-ministerial Commission of the National Strategy for the Fight against Poverty and is assisted by two Vice-Presidents, who are the Ministers for Planning and Finance respectively. He convenes and chairs quarterly meetings of the Inter-ministerial Commission to take stock of the state of implementation of the strategy, the removal of constraints which could hinder the implementation process and taking disciplinary measures if necessary.

424. **The Minister of Planning.** He provides technical coordination of the GPRSP in connection with technical ministries, Technical and Financial Partners, civil society organizations, NGOs and the private sector. He is the guarantor of the implementation of sectoral policies, economic recovery programs and projects and poverty reduction in partnership with all development actors. Within this framework, he works in synergy with the national coordination structure for the implementation of the GPRSP which is attached to him. The Minister of Planning also has as responsibility the coordination of interventions of Technical and Financial Partners under the implementation of the GPRSP. As such, he reports to them periodically in order to take stock of progress achieved and the difficulties encountered. Similarly, the Minister of Planning coordinates the activities of NGOs in development and creates practical modalities for their organized

participation in the implementation of the GPRSP, particularly in the context of community dynamics.

425. **The Ministry of Budget.** It is responsible for the budgetary programming and implementation of actions and projects identified in the MTEF with sectoral ministries. For this reason and in collaboration with other members of the CI-SNLCP, it is responsible for the implementation of budget necessary for the financing of the strategy. It ensures the effective allocation to sectors and priorities set by the government under the GPRSP 2.
426. **The Minister of Finance.** He ensures the mobilization of resources of the State and foreign resources necessary for the harmonious implementation of the strategy for the fight against poverty. As such, he is responsible for the monitoring of the macroeconomic framework and economic and structural reforms which accompany it. He works in close collaboration with Technical and Financial Partners who support the implementation of the GPRSP.
427. **The Ministry of Decentralization and Regional Planning.** It ensures the implementation of measures related to decentralization and regional planning.
428. **Inter-ministerial Commission of the National Strategy for the Fight against Poverty (CI-SNLCP).** Placed under the chairmanship of the Prime Minister assisted by the ministers for Planning, Budget, Finance and Decentralization, this commission periodically monitors the physical and financial execution of the implementation of the GPRSP in collaboration with the national coordination structure. To do this, it validates and approves programs and action plans for the implementation of the strategy related to the budget calendar, prepares semiannual reports to monitor progress of the GPRSP and operates periodic adjustments to the strategy for the fight against poverty. The UPPE-SRP, kingpin of the piloting of the GPRSP process controls the technical secretariat of the CI-SNLCP.
429. **Inter-ministerial Committee for Monitoring Programs concluded with International Financial Institutions (CISPI).** This committee is presided by the Minister of Finance. It also includes the ministers concerned, the Governor of the Central Bank of Congo, the Senior Advisor to the economic bench of the Head of State and a representative of the cabinet of the Prime Minister in charge of programs. Thus, the CISPI will pilot the monitoring of structural reforms related to the national strategy for poverty reduction. The Technical Committee monitoring Economic Reforms (CTR) supports the CISPI and coordinates the monitoring-evaluation of structural reforms in collaboration with DEPs.
430. **Thematic Groups.** They occupy an intermediary position. If their functioning is coordinated by the Secretary General of the Ministry of Planning, primarily, they constitute forums for dialogue and consultation among the technical or sectoral ministries, non-state actors and technical and financial partners. They participate in monitoring-evaluation of the implementation of the sectoral strategy from information (sectoral/thematic plans and reports) before them. As such, they decide particularly on: (i) the content of policies and programs selected during programming; (ii) the results obtained; (iii) the degree of mobilization and use of resources; and (iv) implementation constraints. They hold monthly meetings where possible and at least quarterly.

#### ***B. At the technical level***

431. Table 14 summarizes key technical structures by highlighting their responsibilities in the monitoring-evaluation system.

**Table 14.** Key structures and responsibilities within the monitoring-evaluation system of the GPRSP

I. CENTRAL STRUCTURES LINKED TO THE MINISTRY OF PLANNING	
Steering Unit of the Process of Development and Implementation of the SRP (UPPE-SRP)	<ul style="list-style-type: none"> <li>Centralizes and summarizes all available information on the monitoring-evaluation of programs and projects linked to the GPRSP.</li> <li>Animates the monitoring device of the implementation (particularly the reporting system) of the SRP.</li> <li>Refreshes the poverty profile at the national and provincial levels.</li> <li>Ensures the participatory approach of the development and implementation of the SRP</li> <li>Supervises the communication strategy of the GPRSP</li> </ul>
Congolese Poverty and Inequality Observatory (OCPI)	<ul style="list-style-type: none"> <li>monitors MDGs at the national level (updating an annual dashboard and production of a report every 2-3 years);</li> <li>monitors international benchmarks (indicators of human development, governance, LIMS, ...) of poverty;</li> <li>perform or enable the performance of analyses on poverty and in-depth evaluations on the impact of the GPRSP or some of its specific policies/programs on the living conditions of the population;</li> <li>participates, with the INS and other structures, in setting surveys linked to poverty;</li> <li>encourages joint initiatives on poverty analysis and evaluation of government policies, particularly in partnership with civil society organizations.</li> </ul>
National Institute of Statistics (INS)	<ul style="list-style-type: none"> <li>plans and coordinates statistical activities under the guidance of the National Council of Statistics and on the basis of the National Strategy for Development of statistics;</li> <li>supports major statistical operations (General Census of Population and Housing, Demographic and health surveys, survey 1-2-3, MICS, QUIBB, etc);</li> <li>ensures the centralization and documentation of indicators (metadata);</li> <li>ensures archiving and dissemination in the most possible secured manner of statistical Databases on the DRC;</li> <li>provides methodological and technical support to sectoral producers of statistics.</li> </ul>
Directorate of Inspection and Monitoring (DCS)	<ul style="list-style-type: none"> <li>monitors, controls and evaluates public investment programs and projects;</li> <li>monitors and evaluates private and mixed investment projects approved in the Investment Code.</li> </ul>
Directorate of Regional Planning (DPR)	<ul style="list-style-type: none"> <li>Monitors the spatial distribution of public resources and provincial spending;</li> <li>In collaboration with the UPPE-SRP, monitors planning activities in provinces (particularly provincial GPRSPs)</li> </ul>
Directorate of Coordination of Foreign Resources (DCRE)/PGAI	<ul style="list-style-type: none"> <li>Manages the database on foreign aid (platform for managing aid and investments (PGAI));</li> <li>Produces quarterly reports on the disbursement of aid.</li> </ul>
II. CENTRAL STRUCTURES RELATED TO THE MINISTRY OF FINANCE	
Technical Committee for monitoring Economic Reforms (CTR)	<ul style="list-style-type: none"> <li>Assists the CISPI in the monitoring-evaluation of economic and financial reforms and programs of the Government.</li> <li>Serves as focal point to donors for issues relating to the Economic Program of the Government</li> </ul>
Steering Committee for Public Finance Reforms (COREF)	<ul style="list-style-type: none"> <li>assists the CISPI in boosting, monitoring and technical coordination of actions linked to the implementation of the Strategic Plan for Public Finance Reforms (PSRFP);</li> <li>coordinates, for each component or sub-component of the reform, structures that ensure the leadership role in their respective areas;</li> <li>supplies meetings of the Economic Governance Thematic Group (GTGE)</li> </ul>
Directorate of Budgetary Planning and monitoring (DPSB)	<ul style="list-style-type: none"> <li>Ensures the production and dissemination of states of budgetary monitoring (ESB)</li> </ul>
III. CENTRAL SECTORAL STRUCTURES	
Departments of Studies and Planning (DEP) producing sectoral statistics / PAP / MTEF Cells	<ul style="list-style-type: none"> <li>Provide an interface between the technical ministries and the Ministry of Planning;</li> <li>Centralize and summarize information on the monitoring of implementation at the sector level;</li> <li>Collect, process and analyze statistical data necessary for the monitoring evaluation of programs and projects of their sectors;</li> <li>Produce quarterly dashboards reporting on the progress of programs and projects within their ministries and linked to the GPRSP;</li> <li>Disseminate results of sectoral monitoring to technical departments.</li> </ul>
Departments of the Administration and Finances (DAF)	<ul style="list-style-type: none"> <li>Ensure with DEPs a consolidated monitoring of budgetary expenditure and performance of sectoral programs once the LOFIP is implemented and budgets-programs generalized.</li> </ul>
IV. PROVINCIAL STRUCTURES	
Committees for the Fight against Poverty	<ul style="list-style-type: none"> <li>responsible for designing and monitoring-evaluation of the strategy (both national and provincial) for poverty reduction;</li> <li>serves as interface between the UPPE-SRP and provincial development actors like provincial Governments;</li> <li>supervise the preparation and updating of operational programming documents at the provincial level;</li> </ul>

	<ul style="list-style-type: none"> <li>• ensure the monitoring of implementation of PAP/MTEF.</li> </ul>
Local Committees for the Fight against Poverty	<ul style="list-style-type: none"> <li>• Coordinate the designing, implementation and monitoring-evaluation of local strategies and action plans for the fight against poverty;</li> <li>• Develop monitoring-evaluation reports and transmit them to provincial committees for centralization and consolidation at the provincial level.</li> </ul>
Provincial Directorates of the INS	<ul style="list-style-type: none"> <li>• Carry out provincial surveys;</li> <li>• formulate dashboards of provincial indicators for monitoring-evaluation of provincial GPRSP</li> </ul>
Provincial Division of Planning	<ul style="list-style-type: none"> <li>• Coordinates the development, implementation and monitoring-evaluation of provincial GPRSP.</li> </ul>

### **3.4. CONSTRAINTS AND RISKS FOR IMPLEMENTING THE GPRSP 2**

432. The implementation of the national strategy for growth and poverty reduction and the process of monitoring-evaluation are subjected to a number of constraints and risks, the most important ones being: (i) weak institutional and human capacities; (ii) the low ownership of the strategy by government and other development actors; (iii) the excessive dependence of countries on foreign financing and (iv) the fragility of peace and security in post-armed conflict areas; (v) governance; (vi) the business climate; and (vii) the mentality of the population.

#### **3.4.1. Domestic risks**

##### **A. Weak institutional and human capacities**

433. Most operational national and provincial structures ensuring the implementation and monitoring-evaluation of the SRP have very weak institutional and human capacities. Although endowed with legal personalities, they have serious problems of physical framework of labor, infrastructure, equipment, rolling stock, information and communication tools, without forgetting the perennial problem of financing the functioning and remuneration of staff.

434. Other weaknesses are inherent in human resources committed to the activities of implementation and monitoring-evaluation. Several structures involved in this process do not have human resources with technical capacities to ensure the implementation and monitoring-evaluation of the strategy, because this exercise demands some special requirements. The most prominent are: (i) analyzing context and problems; (ii) producing statistics; (iii) controlling the chain of results, indicators and techniques of monitoring-evaluation; (iv) preparing reports (reporting system); (v) information and communication.

435. Thus, institutional and human capacity building of structures and actors involved is one of the major requirements for the success of the process of implementation and monitoring-evaluation of the SRP in the DRC. The development of a monitoring-evaluation plan will help to better clarify the procedures and requirements of capacity building. Plans for data collection and capacity building as well as the PAP and MTEF statistics will also be essential tools to identify priorities and serve as support to the mobilization of financings for the overall development of the National Statistical System pending the SNDS. Finally, the government established a National Program for Capacity Building (PRONAREC) which must respond to the priority needs in this area;

##### **B. Ownership of the strategy**

436. One of the major weaknesses of the implementation of the first generation GPRSP was the weakness of its ownership by political and administrative authorities of the country. Although officially recognized by all as the only reference framework for development policies, programs and actions, most political and administrative authorities and managers did not pay particular attention to it. They programmed, budgeted, implemented and monitored public interventions without considering them.

437. The success of the second generation GPRSP is dependent on its ownership by all development actors, particularly the great decision-makers at the level of national and provincial institutions. Accompanying measures and actions to address these challenges should be taken and followed by the Prime Minister, Head of Government. National and provincial Parliaments as well as Civil Society, the private sector and Technical and Financial Partners will be sufficiently sensitized to take ownership of this unifying framework of the development of the country. The UPPE-SRP here has an essential

facilitating role and it must, for that reason, strengthen the quality of its network of focal points and improve, among others, its ability to analyze sectoral and communication policies.

### ***C. The fragility of peace and security***

438. The DRC is a post-conflict and fragile country in terms of peace, security and its economy. Enormous efforts have been made since 2001 for the recovery and restoration of peace throughout the country. Issues of security of people and their assets continue to preoccupy the government in some areas emerging from armed conflict.
439. On-going measures and reforms in the armed forces, security services and regional integration must incessantly continue to consolidate peace and security and avoid compromising the process of implementation and monitoring-evaluation of the national strategy for growth and poverty reduction.

#### **3.4.2. External risks**

##### ***A. The country's dependence on foreign financing***

440. The State budget is made up of over 40 percent of contributions from foreign partners who also shrink the country's independence. Several investment actions of transport are financed by Technical and Financial Partners. Activities of national and provincial planning are generally supported by the outside and no longer the concern of the Congolese government. Each time this financing is lacking, the process suffers intensely.
441. The country's excessive dependence on foreign financing is a major risk to the process of implementation and monitoring-evaluation of the strategy for growth and poverty reduction. For more security, the Congolese State must diversify its economy, maximize its revenue and increase its share in the investment budget. The process of planning and monitoring-evaluation must become one of its priorities.

##### ***B. Economic and financial crises***

442. The international economic and financial crises are a risk for the development of African economies. Thus, the 2008-2009 crisis had a disastrous impact on the DRC which saw its growth drop to 2.8 percent, thereby leading to a destruction of 300,000 jobs only in the mining sector in Katanga. The pursuit of the macroeconomic stability framework should therefore take into account the forecasted changes of the global economy and as such, integrate the cyclical nature of crises. Particular attention should be paid to the debt crisis spreading in some European countries and which are a systemic risk for the global economy. The government must be prepared to implement the same mechanism as that which helped to cushion the impact of the abovementioned crisis.

##### ***C. The energy crisis and world prices***

443. The chronic instability of the prices of raw materials and particularly oil poses a risk to the country's growth. Due to the high dependence of the country on exports of raw materials, the weak currency and high consumption of oil and gas by the population, the government should pay particular attention to this development which has a potential risk on trade, balance of payments, the stock of international currencies, etc.

##### ***D. Hunger crisis***

444. As mentioned in Chapter One, the Congolese government is exposed to hunger risk. The volatility of food prices and their rising trend burden the already stretched budget of the Congolese lambda. The State must undertake to monitor prices on the domestic market and a system to protect the poor (food supplies). Similarly, drinking water will become a major development challenge during the next decade and will be potential source of conflicts due to its scarcity. The State must implement a rigorous policy of formidable stock management of fresh water (60 percent of reserves in Africa which nature has endowed).

## **Annexes**

**Annex 1.** Key monitoring-evaluation indicators

**Annex 2.** Evolution of some MDGs in the DRC

**Annex 3.** Evolution of some ratios in % GDP according to the 1968 and 1993 SNA

**Annex 4.** Four accounts of the basic scenario framework

## Annex 1: Key monitoring-evaluation indicators

Indicator	Source of data
<b>I. Macro-economy</b>	
1. Inflation rate	INS
2. GDP per capita	INS
3. Economic growth rate	INS
4. Investment rate	INS
5. Rate of tax burden	INS
6. Ratio of debt service compared to exports	INS
7. Ratio of exports to the GDP	INS
8. Ratio of current expenditure compared to tax revenues	INS / Ministry of Budget
9. Ratio of compensation expenses over tax income	INS / Ministry of Budget
10. Basic fiscal balance compared to the GDP	INS / Ministry of Budget
<b>II. Poverty and Social Inequalities</b>	
11. Incidence of poverty	Survey 1-2-3 (INS et UPPE)
12. Depth of poverty	Survey 1-2-3 (INS et UPPE)
13. Severing of poverty	Survey 1-2-3 (INS et UPPE)
14. proportion of the population living with less than a dollar PPA per day	Survey 1-2-3 (INS et UPPE)
15. Share of poorest quintile in national consumption	Survey 1-2-3 (INS et UPPE)
16. Share of the fifth richest quintile in national consumption	Survey 1-2-3 (INS et UPPE)
17. Spatial distribution of the poor	Survey 1-2-3 (INS et UPPE)
<b>III. Household living environment</b>	
18. Proportion of population with access to an improved drinking water	RGPH, Survey 1-2-3, MICS, EDS
19. Proportion of villages having access to an improved drinking water	FINEAD
20. Proportion of the population having access to electricity	RGPH, Survey 1-2-3, MICS, EDS
21. Proportion of electrified villages	FINEAD
22. Proportion of households having their own home	RGPH, Survey 1-2-3, MICS, EDS
23. Proportion of renter households	RGPH, Survey 1-2-3, MICS, EDS
24. Proportion of poorly housed households	RGPH, Survey 1-2-3, MICS, EDS
25. Proportion of the population having access to improved sanitation	RGPH, Survey 1-2-3, MICS, EDS
<b>IV. Employment</b>	
26. Activity rate	RGPH, Survey 1-2-3, MICS, EDS
27. Unemployment rate according to ILO	Survey 1-2-3
28. Unemployment rate at large	Survey 1-2-3
29. Level of informality	Survey 1-2-3
30. Employee rate	Survey 1-2-3
31. Rate of visible underemployment	Survey 1-2-3
32. Rate of invisible underemployment	Survey 1-2-3
33. Overall rate of underemployment	Survey 1-2-3
34. Proportion of children aged 10 to 14 years economically active	Survey 1-2-3, MICS
35. Proportion of youth who are neither in school nor employed	Survey 1-2-3, MICS
36. Proportion of women employed in non-agricultural sectors	Survey 1-2-3, MICS
<b>V. Education</b>	
37. Net enrollment rate (or attendance) at Primary	RGPH, Survey 1-2-3, MICS, EDS
38. Gross Enrollment Rate in Primary	RGPH, Survey 1-2-3, MICS, EDS, RS
39. Primary completion rate	RGPH, Survey 1-2-3, MICS, EDS, RS
40. Transition rates between primary and the first cycle of the	RGPH, Survey 1-2-3, MICS, EDS,RS
41. Gross enrollment in secondary	RGPH, Survey 1-2-3, MICS, EDS,RS
42. Gross intake rate in the secondary	RGPH, Survey 1-2-3, MICS, EDS, RS
43. Secondary school completion rate	RGPH, Survey 1-2-3, MICS, EDS, RS
44. Net Enrolment Ratio (or attendance) at the secondary	RGPH, Survey 1-2-3, MICS, EDS
45. Repetition rate in secondary	RS
46. Survival rate in secondary	RS
47. Secondary school completion rate	RS
48. Adult literacy rate	RGPH, Survey 1-2-3, MICS, EDS
49. Rate of illiterate young 15-24 years	RGPH, Survey 1-2-3, MICS, EDS
50. Girl / boy ratio in primary education	RGPH, Survey 1-2-3, MICS, EDS
51. Girl / boy ratio in secondary education	RGPH, Survey 1-2-3, MICS, EDS
52. Girls / boys ratio in higher education	RGPH, Survey 1-2-3, MICS, EDS
53. Combined gross enrollment ratio from primary to tertiary	RGPH, Survey 1-2-3, MICS, EDS

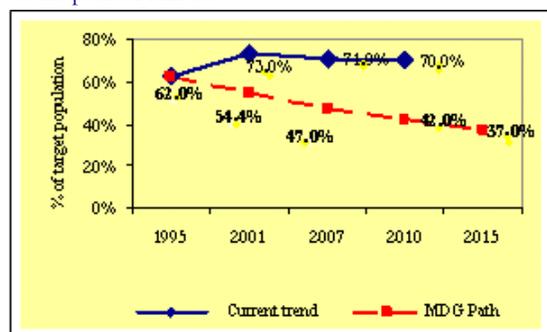
54. Proportion of villages having a primary school within one kilometer	FINEAD, Survey 1-2-3
55. Proportion of villages with secondary school less than 5 km	FINEAD, Survey 1-2-3
<b>VI. Health</b>	
56. Infant and child mortality rates	EDS
57. Infant mortality rate	EDS
58. Child Mortality Rate	EDS
59. Proportion of children 12-23 months who received all vaccines	MICS, EDS
60. Maternal mortality rate	MICS, EDS
61. Prenatal consultation rate (CPN1)	MICS, EDS
62. Proportion of births attended by skilled health personnel	MICS, EDS
63. Contraceptive prevalence	MICS, EDS
64. Prevalence of HIV	EDS, PNMLS
65. Percentage of children under 5 sleeping under insecticide-treated nets	MICS, EDS
66. Total Fertility Rate (TFR)	EDS
67. Life expectancy at birth	RGPH, EDS
68. Number of infants born to HIV positive mothers who are infected with HIV	SNIS
69. Proportion of HIV + pregnant women who received ARV prophylaxis	EDS, MICS
70. Number of orphans from AIDS	SNIS
71. Proportion of blood units subjected to quality HIV screening	SNIS
72. Proportion of adults who know their HIV status	MICS, EDS
73. Proportion of adults using condoms with an occasional sexual	MICS, EDS
74. Proportion of young people aged 15-24 with a thorough knowledge of HIV prevention.	MICS, EDS
75. Number of physicians per 1000 inhabitants	SNIS
76. Number of hospital beds per 1,000 population	SNIS
<b>VII. Environment</b>	
77. Total forest area	DEP-MECNT
78. Forest coverage rate	DEP-MECNT
79. Protected areas	DEP-MECNT
80. Deforestation rate	DEP-MECNT
81. Reforestation rate	DEP-MECNT
82. Net rate of deforestation	DEP-MECNT
83. Average annual air pollution	
84. Annual average rate of water pollution	
85. Annual average rate of soil pollution	
86. Proportion of forest area	DEP-MECNT
87. Annual quantity of wood used industrially	DEP-MECNT
88. Annual quantity of wood used by craftsmen	
89. Area of woodland	DEP-MECNT
90. Area granted to logging	DEP-MECNT
91. Area of woodland	DEP-MECNT
92. Annual number of schools built by loggers	
93. Annual Number of schools rehabilitated by loggers	
94. Annual number of medical training centers built by loggers	
95. Annual number of medical training centers rehabilitated by loggers	
96. Annual number of kilometers of agricultural access roads built by loggers	
97. Annual number of kilometers of agricultural access roads rehabilitated by loggers	
98. Number of tourist sites	DEP-MECNT
99. Number of tourist hotels	DEP-MECNT
100. Number of national parks	DEP-MECNT
101. Rate of formal production of wood	DEP-MECNT
102. Proportion of households using solid fuels (firewood and charcoal) as energy for cooking	RGPH, Survey 1-2-3, MICS, EDS
103. Annual number of environmental impact studies reviewed by the National Environment Agency	
<b>VIII. Agriculture and Rural Development</b>	
104. Total area of arable land	SNSA
105. Proportion of cultivated arable land	RAg, Survey 1-2-3, EEC (SNSA)
106. Arable land available	SNSA
107. Total number of farm households	RAg, Survey 1-2-3, EEC (SNSA)

108.Number of modern farmers	RAg, EEC (SNSA)
109.Index of per capita food production	SNSA
110.Coverage rate of imports by production per commodity and per animal species	SNSA
111.Self-sufficiency rate per product and per animal species	RAg, Survey 1-2-3, EEC (SNSA)
112.Agricultural sector's contribution to GDP	INS
113.Growth rate of agricultural sector	INS, SNSA
114.Production of major crops (in quantity and value)	RAg, Survey 1-2-3, EEC (SNSA)
115.Number of heads of animals by per animal type	RAg, Survey 1-2-3, EEC (SNSA)
116.Proportion of agricultural households using improved seeds	RAg, Survey 1-2-3, EEC (SNSA)
117.Proportion of agricultural households using fertilizer	RAg, Survey 1-2-3, EEC (SNSA)
118.Proportion of farm households practicing a motorized culture	RAg, Survey 1-2-3, EEC (SNSA)
119.Average yield per crop per farm type	RAg, Survey 1-2-3, EEC (SNSA)
120.Rate of food self-sufficiency	RAg, Survey 1-2-3, EEC (SNSA)
121.Average area cultivated per farm household	RAg, Survey 1-2-3, EEC (SNSA)
122.Average area cultivated per modern farmer	RAg, Survey 1-2-3, EEC (SNSA)
123.Average producer price per product	SNSA
124.Average wholesale price per product	SNSA
125.Average retail price per product	SNSA
126.Linear agricultural access roads	DVDA
127.Linear new agricultural access roads built	DVDA
128.Proportion of villages electrified	FINEAD, RGPH, SNSA
129.Proportion of villages having access to better water for drinking	FINEAD, RGPH, Survey 1-2-3, SNSA
130.Proportion of rural population with access to electricity	RGPH, RAg, Survey 1-2-3, EEC (SNSA)
131.Proportion of rural population with access to improved water source for drinking	RGPH, RAg, Survey 1-2-3, EEC (SNSA)
132.Proportion of isolated villages	FINEAD, SNSA
<b>IX. Infrastructure and Public Works</b>	
133.Linear paved roads	DEP-ITPR
134.Constructed or rehabilitated linear paved roads	DEP-ITPR
135.Linear paved roads maintained	DEP-ITPR
136.Linear earth roads	DEP-ITPR
137.Constructed or rehabilitated linear earth roads	DEP-ITPR
138.Linear earth roads maintained	DEP-ITPR
139.Linear bridges	DEP-ITPR
140.Constructed or rehabilitated linear bridges	DEP-ITPR
141.Linear bridges maintained	DEP-ITPR
142.Number of Trays	DEP-ITPR
143.Number of tanks installed	DEP-ITPR
144.Linear manifolds	DEP-ITPR
145.Constructed, reconstructed or rehabilitated linear manifolds	DEP-ITPR
146.Linear manifolds maintained	DEP-ITPR
147.Number of units of erosions	DEP-ITPR
148.Number of units of erosions treated	DEP-ITPR
149.Share of state budget devoted to ITPR	DEP-ITPR
<b>X. Mines and hydrocarbons</b>	
150.Production (in quantity and value) of main mining products	DEP-Mines
151.Exports (in quantity and value) of main mining products	DEP-Mines, BCC, INS
152.Number of holders of mining permits per type (PR, ARPC, PE, PEM, RIP, AECP)	CAMI
<b>XI. Industry</b>	
153.Industrial production index	CEPI, DEME, INS
154.Industrial contribution to GDP	INS
155.Growth rate of the industrial sector	INS
156.Investment rate of the industrial sector	DEME, INS
157.Access rate to credit	BCC, INS
<b>XII. Communication and information</b>	
158.Proportion of population with a radio	RGPH, Survey 1-2-3, MICS, EDS
159.Proportion of population with a TV	RGPH, Survey 1-2-3, MICS, EDS
160.Proportion of population with a fixed telephone	RGPH, Survey 1-2-3, MICS, EDS
161.Proportion of population with a computer	RGPH, Survey 1-2-3, MICS, EDS

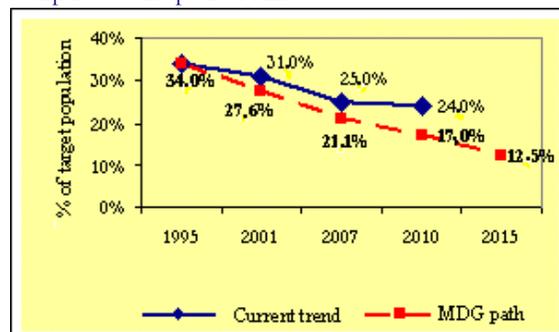
Proportion of the population with an electronic address	RGPH, Survey 1-2-3, MICS, EDS
<b>XIII. Governance and participation</b>	
162. Proportion of women parliamentarians and senators	National Assembly, DEP-Gender, OCPI
163. Proportion of the State budget allocated to provinces	DPSB
164. Satisfaction rate of the population for public services	OCPI
165. Average length of pretrial detention	DEP-Justice
166. Proportion of cases registered compared to cases enlisted	DEP-Justice
167. Proportion of land conflicts in registered cases	DEP-Justice
168. Proportion of sexual violence in the cases registered	DEP-Justice
169. Number of cases of embezzlement or corruption	DEP-Justice
170. Proportion of cases of embezzlement or corruption in the cases registered	DEP-Justice
<b>XIV. Trade</b>	
171. Terms of trade	INS / DEP of Commerce
172. Propensity to Export	INS / DEP of Commerce
173. Propensity to Import	INS / DEP of Commerce
174. Coverage rate of imports over exports	INS / DEP of Commerce
175. Country's dependence in terms of primary commodities	INS / DEP of Commerce
176. Dependence of the country in terms of minerals	INS / DEP of Commerce
177. Trade balance	INS / BCC / DEP of Commerce
178. Diversification index of exports	INS / DEP of Commerce
179. Degree of openness	INS / DEP of Commerce
180. Country's ability to export industrial products	INS / DEP of Commerce
181. Country's capacity to finance food requirements by exports	INS / DEP of Commerce
<b>XV. Business climate</b>	
182. Position of the DRC in the ranking of Doing Business	Doing Business Report
183. Average time for obtaining the Commercial Registry Number (CRN)	ANAPI
184. Average time for obtaining the identification number (NId)	ANAPI
185. Average time for obtaining the tax number	ANAPI
186. Average time for obtaining building permits	DEP – Ministry of Urban Development and Housing de
187. Number of taxes collected per Financial Authority	DEP – Ministry of Finance
188. Number of services at borders for customs clearance	ANAPI / DEP of Economy
189. Number of new companies created	ANAPI
190. Number of jobs created by new companies	ANAPI
191. Amount of taxes paid by newly created companies	ANAPI / Ministry of Finance
192. Annual rate of business growth	ANAPI / DEP of Economy
193. Coverage rates of incubating companies	ANAPI / DEP of Economy
194. Level of informality	INS / Survey 1-2-3
195. Number of stop shops located in customs services	ANAPI / DEP of Economy
196. Proportion of customs services with a single window	ANAPI / DEP of Economy
197. Number of public services levying taxes	ANAPI / DEP of Economy
198. Number of single windows located	ANAPI / DEP of Economy
199. Number of incubator centers	ANAPI / DEP of Economy
200. Number of contractors trained in incubation centers	ANAPI / DEP of Economy

## Annex 2: Evolution of some MDGs in the DRC

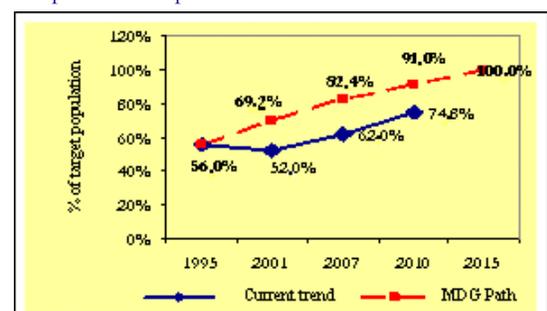
Evolution of the incidence of income poverty compared to the path of MDGs



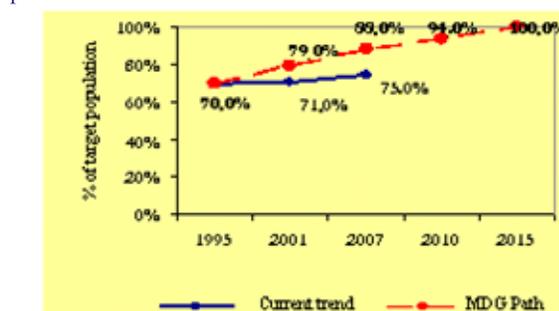
Evolution of the proportion of underweight children compared to the path of MDGs.



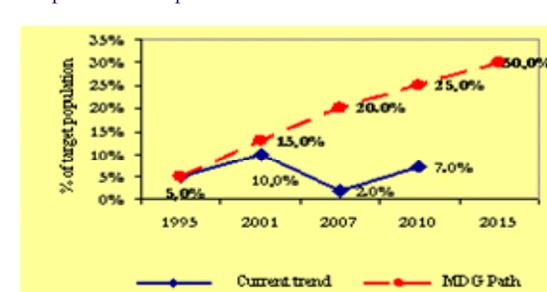
Evolution in net enrolment in primary education compared to the path of MDGs



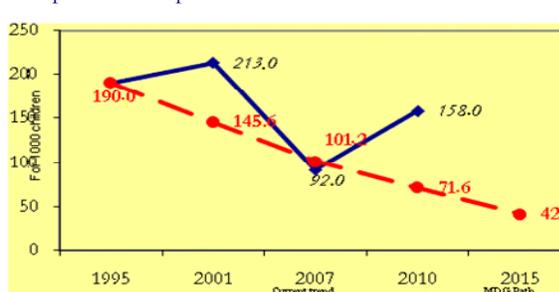
Evolution adult literacy rate (15-24 years) compared to the path of MDGs



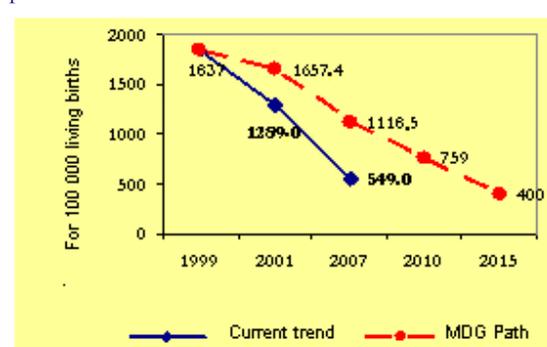
Evolution of the proportion of women elected compared to the path of MDGs



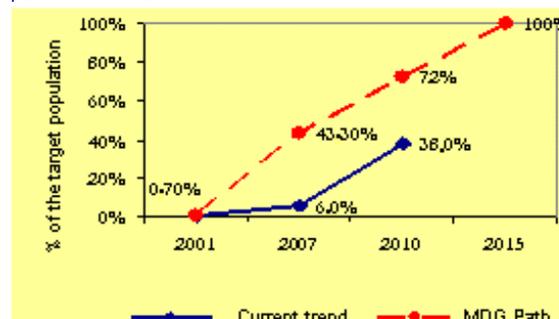
Evolution of mortality rate of children under 5 years compared to the path of MDGs



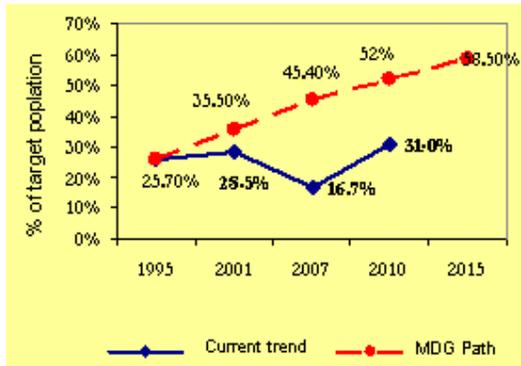
Evolution of maternal mortality rate compared to the path of MDGs



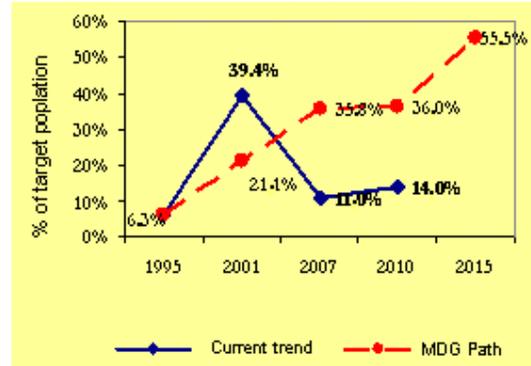
Evolution of the proportion of children under 5 years who slept under a treated mosquito net (MII) compared to the path of MDGs



Evolution of the proportion of the population with access to a source of drinking water in rural areas compared to the path of MDGs



Evolution of the proportion of the population with access to a good health system in rural areas compared to the path of MDGs



### Annex 3: Trend of some ratios in GDP % according to SNA 1968 and 1993

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1968 SNA										
GDP	4 254	5 334	6 744	9 298	12 211	14 752	17 453	21 609	26 475	31 894
Real growth rate	5.6%	6.2%	6.2%	2.8%	7.2%	6.5%	6.0%	9.1%	7.4%	7.2%
In % of the GDP										
Total revenue	12.4%	14.3%	17.9%	16.4%	18.5%	20.4%	19.8%	21.5%	22.1%	22.3%
Total expenditure	19.5%	18.3%	22.2%	26.8%	29.9%	36.0%	33.6%	35.6%	35.0%	33.3%
Public investment	3.2%	2.3%	3.6%	7.6%	13.7%	16.3%	16.3%	19.9%	20.6%	20.1%
Fiscal balance, base fund	-0.6%	-1.9%	-2.1%	-3.0%	2.3%	-7.0%	-5.4%	-4.3%	-3.8%	-2.0%
Exports	32.3%	59.4%	55.0%	38.4%	62.5%	71.3%	67.6%	66.2%	61.6%	58.0%
Imports	31.8%	50.9%	56.0%	43.5%	58.6%	58.8%	54.1%	51.8%	48.5%	46.0%
Current balance	-2.0%	-1.1%	-15.4%	-9.2%	-6.7%	-2.7%	-0.6%	10.6%	10.4%	10.8%
1993 SNA										
GDP	6 695	8 395	10 613	14 631	19 215	23 215	27 465	34 005	41 662	50 190
Real growth rate	5.3%	6.2%	6.2%	2.8%	7.2%	6.5%	6.0%	9.1%	7.4%	7.2%
in % of the GDP										
Total revenue	7.9%	9.1%	11.4%	10.4%	11.7%	13.0%	12.6%	13.6%	14.0%	14.2%
Total expenditure	12.4%	11.6%	14.1%	17.0%	19.0%	22.9%	21.4%	22.7%	22.3%	21.2%
Public investment	2.0%	1.4%	2.3%	4.8%	8.7%	10.4%	10.3%	12.6%	13.1%	12.8%
Fiscal balance, base fund	-0.4%	-1.2%	-1.4%	-1.9%	1.5%	-4.5%	-3.4%	-2.7%	-2.4%	-1.3%
Exports	20.5%	37.8%	34.9%	24.4%	39.7%	45.3%	42.9%	42.0%	39.1%	36.9%
Imports	20.2%	32.3%	35.6%	27.6%	37.2%	37.4%	34.4%	32.9%	30.8%	29.2%
Current balance	-1.3%	-0.7%	-9.8%	-5.8%	-4.3%	-1.7%	-0.4%	6.8%	6.6%	6.8%
Difference (1993 SNA- 1968 SNA)										
GDP	2 440	3 060	3 869	5 334	7 005	8 463	10 012	12 396	15 187	18 296
Real growth rate	-0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
in % of the GDP										
Total revenue	-4.0%	-5.2%	-6.5%	-6.0%	-6.7%	-7.4%	-7.2%	-7.8%	-8.0%	-8.1%
Total expenditure	-7.0%	-6.7%	-8.1%	-9.8%	-10.9%	-13.1%	-12.3%	-13.0%	-12.8%	-12.2%
Public investment	-1.1%	-0.8%	-1.3%	-2.8%	-5.0%	-5.9%	-5.9%	-7.2%	-7.5%	-7.3%
Fiscal balance, base fund	0.2%	0.7%	0.8%	1.1%	-0.8%	2.6%	2.0%	1.6%	1.4%	0.7%
Exports	-11.8%	-21.7%	-20.0%	-14.0%	-22.8%	-26.0%	-24.6%	-24.1%	-22.4%	-21.1%
Imports	-11.6%	-18.5%	-20.4%	-15.8%	-21.4%	-21.4%	-19.7%	-18.9%	-17.7%	-16.8%
Current balance	0.7%	0.4%	5.6%	3.3%	2.4%	1.0%	0.2%	-3.9%	-3.8%	-3.9%

Sources: CPCM and INS

## Annex 4: Four accounts of basic scenario framework

### Major indicators: Scenario of the strategy

	Est	Projections				
		2010	2011	2012	2013	2014
GDP (in nominal value, billions CDF)	6363.0	7568.7	8772.0	10406.0	12527.7	14769.8
GDP per capita (in USD)	193.1	215.2	230.2	258.6	288.2	317.2
GDP per capita (in CDF)	176444.6	206957.6	237721.0	285753.8	339897.6	397 544.5
<i>(In annual growth, unless otherwise indicated)</i>						
<b>Production and price</b>						
Real GDP	7.2%	6.5%	6.0%	9.1%	7.4%	7.2%
Agricultural grant	3.0%	3.5%	3.5%	3.7%	4.6%	4.3%
Mining grant	24.9%	10.1%	3.8%	9.0%	4.0%	4.7%
Consumer price index, annual average	23.5	12.0	11.0	9.0	8.8	8.3
Consumer price index, end of period	9.8	13.0	9.0	9.0	8.5	8.0
GDP deflator	22.5%	13.4%	11.6%	13.5%	14.1%	12.4%
<i>(In percentage GDP, unless otherwise indicated)</i>						
Consumption	80.6%	69.4%	62.1%	55.9%	52.4%	49.3%
Public	11.8%	13.8%	10.6%	13.6%	12.0%	10.5%
Private	68.8%	55.5%	51.6%	42.4%	40.4%	38.8%
Investment	27.0%	32.8%	34.8%	40.2%	44.5%	48.3%
Public	14.1%	16.8%	16.7%	20.5%	21.5%	21.0%
Private	12.9%	16.0%	18.1%	19.7%	23.0%	27.4%
Savings	19.4%	30.6%	37.9%	44.1%	47.6%	50.7%
<b>Government</b>						
Total revenue	32.2%	29.0%	28.2%	31.4%	31.3%	31.4%
Revenue except grants	18.5%	20.4%	19.8%	21.5%	22.1%	22.3%
Grants	13.7%	8.6%	8.4%	9.9%	9.2%	9.1%
Total expenditure	29.9%	36.0%	33.6%	35.6%	35.0%	33.3%
Current expenditure	14.1%	16.9%	16.2%	15.2%	14.1%	13.0%
Capital expenditure	13.7%	16.3%	16.3%	19.9%	20.6%	20.1%
Domestic fiscal balance (basic fund)	0.3%	-1.8%	-1.0%	-2.6%	-1.8%	-1.8%
Consolidated fiscal balance (basic fund)	1.1%	-7.5%	-6.0%	-4.3%	-3.7%	-1.9%
<b>Foreign sector</b>						
Exports of goods and services	69.7%	74.8%	75.9%	71.2%	66.3%	62.6%
Mining sector grant	57.2%	61.0%	62.8%	59.2%	55.2%	52.0%
Imports of goods and services	77.3%	76.9%	72.9%	67.3%	63.3%	60.2%
Balance of Trade balance	-3.9%	13.3%	14.1%	14.3%	12.8%	11.6%
Current balance	-15.8%	-2.9%	3.8%	10.5%	10.1%	10.4%
<i>(In annual variation)</i>						
<b>Money and credit</b>						
Money supply (M2)	30.7%	22.5%	16.6%	31.9%	26.6%	24.2%
Net foreign assets	2116.5%	20.6%	53.6%	5.4%	10.2%	6.9%
Net domestic assets	-30.5%	23.8%	-13.2%	63.2%	41.6%	36.5%
Credit to the economy	19.0%	29.4%	14.9%	80.7%	36.3%	33.2%
Net debt on the State	-328.7%	-11.8%	0.0%	0.0%	0.0%	0.0%
<b>MDG indicators</b>						
<b>MDG1: Reduce extreme poverty</b>						
Poverty Incidence	69.6%	69.6%	67.3%	65.1%	62.7%	60.6%
<b>MDG2: Ensure universal primary education</b>						
Literacy rate (% of adults, from 15 years)	83.2%	89.7%	91.8%	95.5%	98.7%	101.0%
Net schooling rate in the primary sector	75.0%	82.8%	85.3%	89.1%	93.8%	96.5%
<b>MDG4-5: Reproductive health</b>						
Life expectancy at birth	48.0	49.3	49.8	50.6	51.2	51.9
Maternal mortality rate (for 100 000 births)	413.2	355.4	344.3	323.6	309.5	294.6
Infant and youth mortality rate (less than 5 years)	111.1	95.4	93.1	87.8	84.4	80.8
<b>Exchange rate</b>						
Average	913.90	961.64	1032.88	1105.05	1179.57	1253.22
End of period	925.20	973.53	1045.65	1118.71	1194.15	1268.72

Source: Macroeconomic Framework Standing Committee (CPCM)

**GDP and its employments: Scenario of the strategy**

	Est.		Projections				Averages
	2010	2011	2012	2013	2014	2015	2011-2015
<b>GDP per capita</b>							
Nominal GDP (in billion CDF)	12210.8	14752.1	17453.2	21609.1	26474.6	31893.6	22436.5
Nominal GDP (In millions USD)	13361.2	15340.5	16897.7	19554.9	22444.4	25449.3	19937.3
Population (in million of inhabitants)	69204.5	71280.6	73418.9	75621.4	77890.0	80226.6	75687.5
GDP per capita (CDF per capita)	176444.6	206957.6	237721.0	285753.8	339897.6	397544.5	293574.9
GDP per capita (USD per capita)	193.1	215.2	230.2	258.6	288.2	317.2	261.9
<b>Real GDP (annual growth)</b>	<b>7.2%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>9.1%</b>	<b>7.4%</b>	<b>7.2%</b>	<b>7.2%</b>
<b>Price</b>							
GDP deflator (annual growth)	22.5%	13.4%	11.6%	13.5%	14.1%	12.4%	13.0%
Consumer price (annual growth)	9.90%	9.9%	9.0%	9.0%	8.5%	8.0%	
Exchange rate (CDF/USD)	913.9	961.6	1032.9	1105.0	1179.6	1253.2	1106.5
Exchange rate (annual growth)	11.9%	5.2%	7.4%	7.0%	6.7%	6.2%	6.5%
	<b>Annual growth</b>						
<b>GDP RESOURCES</b>							
<b>Real GDP (market price)</b>	7.2%	6.5%	6.0%	9.1%	7.4%	7.2%	7.2%
Primary sector	8.7%	5.5%	3.6%	5.4%	4.4%	4.2%	4.6%
<b>Agriculture</b>	3.0%	3.5%	3.5%	3.7%	4.7%	4.4%	4.0%
Tree farming	3.0%	3.5%	3.5%	3.5%	2.5%	1.4%	2.9%
Mines	24.9%	10.1%	3.8%	9.0%	4.0%	4.0%	6.2%
Secondary sector	6.6%	9.3%	9.0%	13.8%	14.5%	12.5%	11.8%
Tertiary sector	4.7%	6.4%	7.9%	12.5%	8.2%	8.6%	8.7%
Marketable services	3.1%	6.0%	7.0%	12.6%	6.9%	7.1%	7.9%
Non-marketable services	-1.5%	3.0%	3.0%	4.0%	3.9%	3.9%	3.6%
<b>EMPLOYMENT GDP</b>							
Consumption	6.6%	-1.2%	6.2%	1.9%	-1.9%	-3.9%	0.2%
Public	12.0%	3.0%	3.0%	4.0%	3.9%	3.9%	3.6%
Private	5.8%	-6.0%	12.3%	1.6%	-2.9%	-5.2%	0.0%
Investment	11.2%	31.3%	8.2%	26.2%	25.9%	24.4%	23.2%
Public	14.3%	-90.6%	15.7%	40.5%	16.4%	6.9%	-2.2%
Private	14.3%	31.2%	9.7%	30.8%	29.2%	30.3%	26.2%
Exportation of goods and services	5.0%	13.5%	4.1%	8.0%	4.3%	4.4%	6.9%
Mining	6.1%	10.1%	3.8%	9.0%	4.0%	4.0%	6.2%
Other assets	6.1%	1.8%	1.8%	2.4%	2.9%	3.0%	2.4%
Services	1.9%	5.4%	6.3%	11.3%	6.2%	6.4%	7.1%
Importation of goods and services	9.4%	11.6%	12.0%	6.9%	5.0%	5.0%	8.1%
Consumer goods	10.5%	3.3%	3.0%	4.5%	3.7%	3.6%	3.6%
Capital goods	10.5%	4.6%	4.2%	6.4%	5.2%	5.0%	5.1%
Intermediary goods	10.5%	6.5%	6.0%	9.1%	7.4%	7.2%	7.2%
Services	6.1%	4.2%	4.9%	8.8%	4.8%	5.0%	5.5%

Table of financial operations of the state: Scenario of the strategy

	Est.	Projections				
	2010	2011	2012	2013	2014	2015
	<i>(In millions of CDF)</i>					
<b>Revenues and grants</b>	<b>3929.3</b>	<b>4274.9</b>	<b>4919.0</b>	<b>6780.9</b>	<b>8270.3</b>	<b>9998.7</b>
Tax and non-tax revenues	2253.3	3006.4	3452.3	4638.1	5841.9	7105.0
Tax revenues	1531.9	1997.5	2466.4	3313.3	4283.2	5355.3
Non-tax revenues	721.4	1008.8	985.8	1324.8	1558.6	1749.7
Grants	1676.0	1268.6	1466.7	2142.8	2428.4	2893.7
<b>Total expenditure</b>	<b>3647.3</b>	<b>5308.6</b>	<b>5866.2</b>	<b>7703.1</b>	<b>9271.3</b>	<b>10634.4</b>
Current expenditure	1724.2	2491.1	2820.6	3282.9	3727.0	4145.6
Wages	696.7	982.9	1128.4	1337.5	1522.1	1687.4
Goods and services	461.9	682.9	828.4	952.6	1095.5	1205.0
Incentive payment and transfers	302.2	451.6	457.4	544.3	646.3	759.8
Interest on debt	263.5	373.7	406.4	448.6	463.1	493.4
Capital spending	1677.6	2406.3	2840.8	4295.3	5459.4	6414.7
Domestic financing	307.0	580.6	911.6	2165.5	2846.4	3796.8
Foreign financing	1370.6	1825.8	1929.2	2129.8	2613.0	2617.9
Abnormal expenditure	245.5	322.4	153.8	69.5	20.8	-
Domestic financing	203.7	148.7	14.9	-	-	-
Foreign financing	41.7	173.7	139.0	69.5	20.8	-
Reserves for disasters and accidents	-	<b>88.7</b>	<b>51.0</b>	<b>55.4</b>	<b>64.1</b>	<b>74.0</b>
<b>Balance and financing</b>	<b>282.0</b>	<b>1033.6</b>	<b>947.3</b>	<b>922.2</b>	<b>1001.0</b>	<b>635.7</b>
Overall balance based on scheduling	138.7	1099.1	1047.3	922.2	1001.0	635.7
Overall balance based on funds	138.7	1099.1	1047.3	922.2	1001.0	635.7
Total financing	425.0	978.8	816.1	658.5	710.7	656.3
Domestic financing	1049.9	120.6	-	-	-	-
Foreign financing						
	<i>(In percentage of the GDP)</i>					
	Est.	Projections				
	2010	2011	2012	2013	2014	2015
<b>Revenues and grants</b>	<b>32.2%</b>	<b>29.0%</b>	<b>28.2%</b>	<b>31.4%</b>	<b>31.2%</b>	<b>31.4%</b>
<b>Tax and non-tax revenues</b>	<b>18.5%</b>	<b>20.4%</b>	<b>19.8%</b>	<b>21.5%</b>	<b>22.1%</b>	<b>22.3%</b>
Tax revenues	12.5%	13.5%	14.1%	15.3%	16.2%	16.8%
Non-tax revenues	5.9%	6.8%	5.6%	6.1%	5.9%	5.5%
Grants	13.7%	8.6%	8.4%	9.9%	9.2%	9.1%
<b>Total expenditure</b>	<b>29.9%</b>	<b>36.0%</b>	<b>33.6%</b>	<b>35.6%</b>	<b>35.0%</b>	<b>33.3%</b>
Current expenditure	14.1%	16.9%	16.2%	15.2%	14.1%	13.0%
Wages	5.7%	6.7%	6.5%	6.2%	5.7%	5.3%
Goods and services	3.8%	4.6%	4.7%	4.4%	4.1%	3.8%
Incentive payment and transfers	7.5%	3.1%	2.6%	2.5%	2.4%	2.4%
Interest on debt	2.2%	2.5%	2.3%	2.1%	1.7%	1.5%
<b>Capital spending</b>	<b>13.7%</b>	<b>16.3%</b>	<b>16.3%</b>	<b>19.9%</b>	<b>20.6%</b>	<b>20.1%</b>
Domestic financing	2.5%	3.9%	5.2%	10.0%	10.8%	11.9%
Foreign financing	11.2%	12.4%	11.1%	9.9%	9.9%	8.2%
Abnormal expenditure	2.7%	2.2%	0.9%	0.3%	0.1%	0.0%
Domestic financing	1.7%	1.0%	0.1%	0.0%	0.0%	0.0%
Foreign financing	0.3%	1.2%	0.8%	0.3%	0.1%	0.0%
Reserves for disasters and accidents	0.0%	0.6%	0.3%	0.3%	0.2%	0.2%
<b>Balance and financing</b>	<b>2.3%</b>	<b>-7.0%</b>	<b>-5.4%</b>	<b>-4.3%</b>	<b>-3.8%</b>	<b>-2.0%</b>
Overall balance based on scheduling	0.3%	-1.8%	-1.0%	-2.6%	-1.9%	-1.8%
Overall balance based on funds	-1.1%	7.5%	6.0%	4.3%	3.8%	2.0%
<b>Total financing</b>	<b>3.5%</b>	<b>6.6%</b>	<b>4.7%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>2.4%</b>
Foreign financing						

## Balance of payments: Scenario of the strategy

	Est.	Projections				
	2010	2011	2012	2013	2014	2015
	<i>(In millions of USD)</i>					
<b>CURRENT ACCOUNT</b>	-897.75	-418.93	-108.55	2079.43	2324.35	2738.21
<b>TRADE BALANCE</b>	520.38	1910.41	2283.84	2815.63	2929.51	3 055.66
Exports of goods, fob	8349.88	10930.00	11420.67	12937.33	13 817.24	14 760.78
Mining export products	8153.97	10680.88	11 141.77	11 585.03	12 387.04	13 246.29
Other products	195.90	250.12	278.90	1 352.31	1 430.19	1 514.49
Imports of goods, fob	-7829.49	-902059	-9136.84	-10121.70	-10887.72	-11 705.12
Consumption	-1867.14	-2151.19	-2178.91	-4 621.54	-4870.52	-5 129.32
Equipment	-4849.37	-5587.10	-5659.10	-2372.17	-2564.53	-2 769.91
Intermediaries	-1112.98	-1282.30	-1298.82	-3127.99	-3452.67	-3 805.89
<b>BALANCE OF SERVICES</b>	-1644.59	-1796.12	-1793.01	-1011.85	-868.89	-579.58
<b>INCOME BALANCE</b>	-881.14	-1491.31	-1572.66	-675.51	-750.02	-821.03
<b>BALANCE OF CURRENT TRANSFERS</b>	1107.60	958.09	973.29	951.16	1013.75	1 083.16
<b>CAPITAL AND FINANCIAL ACCOUNTS</b>	1644.50	509.33	335.26	3 205.51	3 034.08	3 806.68
<b>OVERALL BALANCE</b>	746.74	90.40	226.71	0.00	0.00	0.00
<b>FINANCING</b>	-5299.81	-102.78	-455.77	0.00	0.00	0.00
	Est.	Projections				
	2010	2011	2012	2013	2014	2015
	<i>(In percentage of the GDP)</i>					
<b>CURRENT ACCOUNT</b>	-6.7%	-2.7%	-0.6%	10.6%	10.4%	10.8%
<b>TRADE BALANCE</b>	3.9%	12.5%	13.5%	14.4%	13.1%	12.0%
Exports of goods, fob	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mining export products	62.5%	71.3%	67.6%	66.2%	61.6%	58.0%
Other products	61.0%	69.6%	65.9%	59.2%	55.2%	52.0%
Imports of goods, fob	1.5%	1.6%	1.7%	6.9%	6.4%	6.0%
Consumption	-58.6%	-58.8%	-54.1%	-51.8%	-48.5%	-46.0%
Equipment	-14.0%	-14.0%	-12.9%	-23.6%	-21.7%	-20.2%
Intermediaries	-36.3%	-36.4%	-33.5%	-12.1%	-11.4%	-10.9%
<b>BALANCE OF SERVICES</b>	-8.3%	-8.4%	-7.7%	-16.0%	-15.4%	-15.0%
<b>INCOME BALANCE</b>	-12.3%	-11.7%	-10.6%	-5.2%	-3.9%	-2.3%
<b>BALANCE OF CURRENT TRANSFERS</b>	-17.0%	-17.1%	-15.7%	-10.2%	-8.6%	-6.8%
<b>CAPITAL AND FINANCIAL ACCOUNTS</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>OVERALL BALANCE</b>	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%
<b>FINANCING</b>	-0.2%	-0.1%	-0.1%	-1.2%	-1.2%	-1.1%
<b>FINANCING REQUIREMENT BEFORE</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EXCEPTIONAL AID</b>	6.0%	5.1%	4.6%	4.3%	4.0%	3.7%

### Monetary situation: Scenario of the strategy

	Est.	Projections					Averages
	2010	2011	2012	2013	2014	2015	2011-2015
	<i>(Annual growth, Percentage)</i>						
Net foreign assets	2116.5%	20.6%	53.6%	5.4%	10.2%	6.9%	19.3%
Net domestic assets	-30.5%	23.8%	-13.2%	63.2%	41.6%	36.5%	30.4%
Credit to the state	-328.7%	-11.8%	0.0%	0.0%	0.0%	0.0%	-2.4%
Credit to the economy	19.0%	29.4%	14.9%	80.7%	36.3%	33.2%	38.9%
Credit to public companies	12.0%	10.7%	0.0%	-27.8%	0.0%	0.0%	-3.4%
Money supply (M2)	30.7%	22.5%	16.6%	31.9%	26.6%	24.2%	24.4%
Currency (M1)	46.9%	25.9%	18.2%	31.0%	25.8%	23.4%	24.9%
Quasi-money	23.1%	20.6%	15.7%	32.5%	27.1%	24.6%	24.1%
Time deposit in national currency	142.6%	27.1%	23.7%	35.2%	29.3%	26.6%	28.4%
Deposit in foreign currency	22.7%	25.0%	21.9%	32.5%	27.0%	24.6%	26.2%
Provisions for imports	8.0%	20.2%	12.0%	16.5%	14.8%	14.2%	15.5%
	<i>(In percentage GDP)</i>						
Net foreign assets	78.6%	7.6%	9.9%	8.2%	7.4%	6.5%	7.9%
Net domestic assets	9.2%	9.5%	7.0%	8.9%	10.3%	11.7%	9.5%
Credit to the state	-3.3%	-2.4%	-2.1%	-1.6%	-1.3%	-1.1%	-1.7%
Credit to the economy	6.6%	7.0%	6.8%	9.7%	10.8%	12.0%	9.3%
Credit to public companies	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%
Money supply (M2)	16.5%	16.7%	16.5%	17.1%	17.7%	18.2%	17.3%
Currency (M1)	5.9%	6.2%	6.2%	6.4%	6.5%	6.7%	6.4%
Quasi-money	10.6%	10.5%	10.3%	10.8%	11.2%	11.5%	10.9%
Time deposit in national currency	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%
Deposit in foreign currency	10.5%	10.5%	10.2%	10.6%	11.0%	11.4%	10.7%
Provisions for imports	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
<b>Ratios at the start of the fiscal year</b>							
Rate of circulation (GDP/M2)	6.22	6.13	6.22	5.84	5.65	5.48	5.78
M2/GDP	0.16	0.16	0.16	0.17	0.18	0.18	0.17
M1/M2	0.36	0.37	0.37	0.37	0.37	0.37	0.37
In ratio of money supply (M2)							
Fiduciary circulation	0.25	0.26	0.26	0.26	0.25	0.25	0.25
Sight deposit	0.11	0.11	0.11	0.12	0.12	0.12	0.11
Time deposit (CDF)	0.00	0.00	0.01	0.01	0.01	0.01	0.01
Deposit in foreign currency (USD)	0.64	62.7%	61.8%	62.0%	62.2%	62.4%	0.62