

# FISCAL TRANSPARENCY AND PARTICIPATION IN THE DEMOCRATIC REPUBLIC OF THE CONGO

Current Status and Priorities for Reform





# FISCAL TRANSPARENCY AND PARTICIPATION IN THE DEMOCRATIC REPUBLIC OF THE CONGO

Current Status and Priorities for Reform

July 2014

The Collaborative Africa Budget Reform Initiative (CABRI) is a professional network of senior budget officials of African Ministries of Finance and/or Planning. CABRI aims to promote efficient and effective management of public finances in Africa. Specifically, the network seeks to:

- support senior budget officials in the management of public finance systems by developing appropriate approaches, procedures and practices;
- advance the development of member states by building capacity and promoting training and research in the field of public finance management; and
- develop and promote common African positions on budget-related issues of interest to Africa.

CABRI Secretariat  
PostNet Suite 314  
Private Bag X 06  
Waterkloof  
0145  
South Africa

Email: [info@cabri-sbo.org](mailto:info@cabri-sbo.org)  
[www.cabri-sbo.org](http://www.cabri-sbo.org)

Production by COMPRESS.dsl | [www.compressdsl.com](http://www.compressdsl.com)

This report is published within a joint programme with the International Budget Partnership. Particular thanks are due to Paolo de Renzio and Elena Mondo for their contributions to the report.



# CONTENTS

List of tables .....	iv
Acknowledgements .....	v
Acronyms and abbreviations .....	vi
Executive summary .....	vii
<b>1. Introduction</b> .....	<b>1</b>
1.1 Methodology and objectives of the review .....	2
1.2 Definition of transparency in public finance .....	2
1.3 Definition of participation in public finance .....	3
<b>2 Transparency and participation in the context of PFM reform</b> .....	<b>4</b>
2.1 The strategic public finance reform plan .....	5
2.2 The Organic Public Finance Act .....	5
2.3 Transparency and participation in the reform strategy .....	6
<b>3. Joint observations and recommendations</b> .....	<b>7</b>
3.1 Cross-cutting observations .....	8
3.2 Cross-cutting recommendations .....	8
3.3 Specific remarks and recommendations .....	11
<b>4. Next stages</b> .....	<b>17</b>
Annex 1: Organisations interviewed .....	19
Annex 2: Bibliography .....	21

# LIST OF TABLES

- Table 1: Availability of budget documents in the DRC (2012/2013)..... 9
- Table 2: Situation concerning the implementation of the six principles of participation..... 9
- Table 3: The three prioritised cross-cutting recommendations..... 10
- Table 4: Specific recommendations on budget preparation..... 12
- Table 5: Specific recommendations on budget execution..... 13
- Table 6: Specific recommendations on accounting and financial reporting..... 15
- Table 7: Specific recommendations on integration of foreign aid..... 16

# ACKNOWLEDGEMENTS

This report is the result of a joint project undertaken by the Collaborative Africa Budget Reform Initiative (CABRI), the International Budget Partnership (IBP) and the Budget Ministry of the Democratic Republic of the Congo.

Research was conducted by a team of experts consisting of senior budget officials from the Ministries of Finance of Mali (Mr Sidiki Traoré), the Central African Republic (Mr Germain Ngawen) and Burkina Faso (Mr Karamoko Doumbia), as well as representatives of civil society from the DRC, Mr Abraham Djamba Samba wa Shako of the Democracy and Economic Governance Network (REGED: *Réseau gouvernance économique et démocratie*) and Mali, Mr Boubacar Bougoudogo of the Applied and Theoretical Economic Research Group (GREAT: *Groupe de recherche en économie appliquée et théorique*). This team was supported by Mrs Fiona Davies and Mr Stephane Muninda, independent consultants affiliated to the Budget Strengthening Initiative of the Overseas Development Institute (ODI), Mrs Elena Mondo of the IBP and Mrs Emilie Gay of the CABRI Secretariat.

The team would like to thank the government of the Democratic Republic of the Congo, and especially the Deputy Prime Minister Samba Mukoko and the Budget Ministry, for their support for the project. The team would also particularly like to thank Mr Odon Nsampanga Assas, the Secretary General of Budget and Mr Rolly Lengo, Head of the Budget Preparation and Monitoring Division in the Budget Ministry, for their participation, their valuable support and their co-ordination work.

Special thanks are also extended to the Ministry of Planning, the Ministry of Finance, the Inspectorate General for Finance, the Steering Committee for Public Finance Reform (COREF: *Comité d'orientation de la réforme des finances publiques*), the Chairpersons of the Economic and Financial Committees (*Commission Économique et Financière* or ECOFIN) of the National Assembly and the Senate, the European Union, the World Bank, the UNDP, DFID, civil society organisations, particularly REGED and PES (*Protection enfants Sida: Protection of Children with Aids*)/CAFECO (*Cadre permanent de concertation de la femme congolaise: Permanent Framework for Consultation of Congolese Women*), CONEPT/RDC (*Coalition nationale de l'éducation pour tous en République démocratique du Congo: National Coalition for Education for All in the Democratic Republic of the Congo*), NSCC (*Nouvelle société civile du Congo: New Civil Society of the Congo*), SERACOB (*Service de renforcement des appuis aux communautés de base en Afrique centrale: Service to Improve Support for Grassroots Communities in Central Africa*), ASAF (*Action santé femme: Women's Health Action*), ODEP (*Observatoire de la dépense publique: Public Expenditure Observatory*), CENADEP (*Centre national d'appui au développement et à la participation populaire: National Support Centre for Development and Popular Participation*), and also the media, in particular *Tempêtes des Tropiques*, *Journal le Phare*, *Numerica TV*, *Antenne A TV*, *Radio Television Groupe Avenir*, *Le Potentiel* and *Horizon 33 TV*. We would like to thank them all for agreeing to participate in the study and generously giving of their time.

# ACRONYMS AND ABBREVIATIONS

ARMP	Public Procurement Regulatory Authority ( <i>Autorité de régulation des marchés publics</i> )
AfDB	African Development Bank
BMS	Budget Monitoring Statements
CABRI	Collaborative Africa Budget Reform Initiative
COREF	Steering Committee for Public Finance Reform ( <i>Comité d'orientation de la réforme des finances publiques</i> )
DCB	Directorate of Budgetary Control ( <i>Direction du contrôle budgétaire</i> )
DFID	Department for International Development
DPSB	Budget Preparation and Monitoring Directorate ( <i>Direction de la préparation et du suivi du budget</i> )
DRC	Democratic Republic of the Congo
DTO	Directorate for Treasury and Payments ( <i>Direction du trésor et de l'ordonnancement</i> )
GIFT	Global Initiative for Fiscal Transparency
GREAT	Applied and Theoretical Economic Research Group ( <i>Groupe de recherche en économie appliquée et théorique</i> )
IBP	International Budget Partnership
LOFIP	Public Finance Act ( <i>Loi relative aux finances publiques</i> )
MTEF	Medium Term Expenditure Framework
OBI	Open Budget Index
OBS	Open Budget Survey
OECD	Organisation for Economic Co-operation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	public financial management
PGAI	Aid and Investment Management Platform ( <i>Plateforme de gestion de l'aide et de l'investissement</i> )
REGED	Democracy and Economic Governance Network ( <i>Réseau gouvernance économique et démocratie</i> )
SPPFR	Strategic Plan for Public Finance Reform (PSRFP: <i>Plan stratégique de réforme des finances publiques</i> )
UNDP	United Nations Development Programme



# EXECUTIVE SUMMARY

A joint Collaborative Africa Budget Reform Initiative (CABRI) and International Budget Partnership (IBP) review team worked in Kinshasa, Democratic Republic of the Congo (DRC) during August 2013, analysing the current situation with regard to transparency and participation in public finances.

The team pointed out that there have been positive developments in terms of transparency and participation in the DRC during the past few years. It also noted a real change in government role-players, who have proven to be in favour of greater transparency, and a positive trend towards greater participation by non-government role-players, although at different paces depending on the people, departments and institutions involved. This positive change is backed up by several good initiatives (e.g. the publication of certain documents by the Budget Ministry), which represent a significant contribution to greater transparency as measured by the Open Budget Index (OBI).

Nevertheless, the team noted that as long as non-recurrent (or exceptional) expenditure forms a significant part of the expenditure chain, problems of transparency will persist, because of a lack of credibility in the budget and of comprehensive data, despite significant progress in the publication of documents. Furthermore, notwithstanding the goodwill manifested, the team noted divergences in the understanding of the concepts of transparency and participation, which limit the systematisation and reinforcement of a more open approach.

With regard to participation, the team found that it is more effective at the level of budget preparation and review than at the level of execution and monitoring and that, therefore, it could be improved. However, the plethora of administrative departments complicates the participation of external role-players.

The joint team believes that the Strategic Plan for Public Finance Reform (SPPFR) – in French, the *Plan stratégique de réforme des finances publiques* (PSRFP) – currently being reformulated, and co-ordinated, oriented and driven by the Steering Committee for Public Finance Reform (COREF), provides an opportunity to implement reforms linked to transparency and participation.

Together with the main stakeholders they met in the DRC, the team identified five cross-cutting recommendations to improve transparency and participation in the DRC:

1. increasing the public's access to information;
2. improving the contents of documents made available;
3. strengthening the role of civil society;
4. improving the shared understanding of transparency and participation; and
5. considering how to increase transparency and participation at provincial level in the context of decentralisation.

These cross-cutting recommendations were accompanied by several specific recommendations identifying the relevant SPPFR pillar for each, as well as the main stakeholders who would be responsible for their implementation.

**Budget preparation.** The most significant advances to date in terms of transparency and participation were made in the field of budget preparation. Nevertheless, immediate action can still be taken to enhance opportunities for participation; such action relates to greater compliance by the government with the budget schedule and deadlines, improved communication of budget information and greater involvement of other government departments and civil society in the budget process.

**Budget execution.** Although the publication of the Budget Monitoring Statements (BMS) provides information on the execution level of the budget, there is a lack of information on a few key aspects of expenditure, such as the payroll and contracts for goods and services. Moreover, the persistence of non-recurrent expenditure makes monitoring very difficult. The situation could be improved by the publication of information that is already internally available to the government, as well as by a more open partnership on budget monitoring with civil society. Actions linked to improving the management of expenditure remain very important but are also very complex to carry out.

**Accounting and financial reporting.** In the field of accounting and financial reporting, the production and publication of reports is inadequate. Again, the wider circulation of existing government documents that to date have been only internally available, such as the year-end financial report, would be an improvement. At the same time, it should be noted that several important evaluation and auditing reports have not been produced. These must be produced and published by the Court of Accounts as a matter of priority. To ensure the reliability of data, the Ministry of Finance should increase information sharing amongst the various directorates, and should establish a national network of public accountants.

**Integration of external aid.** In a situation where a large part of the capital budget is financed by donors, there should be an effective system for the collection and sharing of information so as to ensure that it is included in the budget. This is not done to a sufficiently high standard at the moment, in spite of the existence of the Aid and Investment Management Platform (PGAI) and the enactment of an inter-ministerial order pertaining to the regulation of the external resources information system in the DRC. One of the actions that could be undertaken is the establishment of an enhanced system of dialogue between the government and donors.



# 1 INTRODUCTION





## 1.1 METHODOLOGY AND OBJECTIVES OF THE REVIEW

During the 47th Annual Meeting of the African Development Bank in 2012, the ministries of finance and the governors of the central banks approved a policy declaration on good public financial governance. Following this declaration, the Collaborative Africa Budget Reform Initiative (CABRI) and the International Budget Partnership (IBP) launched a joint three-year programme, which involved countries participating in CABRI, with a view to promoting compliance with their undertakings to improve the transparency of public finances.

Within the framework of the joint programme, the government of the Democratic Republic of the Congo (DRC) initiated a review by CABRI and the IBP on transparency in public finances in the DRC. The objectives of the review were to:

- identify gaps in transparency and participation compared to internationally accepted standards;
- assess how urgent it was to deal with the problems identified;
- assess how easy it would be to deal with these problems, taking into account the current public finance governance systems; and
- decide on priority measures that were needed in the short and medium terms, taking into account the above-mentioned assessments.

The main result expected of the review was the development of concrete and practical recommendations on reform, identifying both what was important and what it was possible to accomplish in the field of participation and transparency, taking into account the overall context of the reforms.

A joint CABRI/IBP/DRC review team worked in the DRC from 12 to 16 August 2013, analysing the current situation with regard to transparency and participation. The team focused on identifying major weaknesses, with the objective of evaluating the political and technical feasibility of dealing with these weaknesses, taking into account the various reforms and support initiatives that were already underway or being prepared. The team consisted of experts in public financial management, transparency and participation from the DRC and other countries, from the public sector and

from civil society.

The following methodology was adopted to achieve the review objectives: a preliminary review of key documents and information;<sup>1</sup> interviews with stakeholders;<sup>2</sup> and a closing workshop on the last day of the visit. The preliminary review was conducted by experts with in-depth knowledge of the management of public finances in the DRC.

The objective of this report is to identify the basic concepts of transparency and participation and to present a diagnosis, as well as to present recommendations developed jointly by the government and other stakeholders.

## 1.2 DEFINITION OF TRANSPARENCY IN PUBLIC FINANCE

One definition of transparency in public finance is openness towards the public at large about government structures and functions, fiscal policy intentions, public sector accounts and projections (Kopits & Craig 1998). It involves ready access to reliable, comprehensive, timely, understandable and internationally comparable information on government activities. Transparency, thus, is based on:

- the availability of comprehensive data on budget policies and outcomes; and
- the quality of information in terms of reliability, accessibility, understandability, comprehensiveness and timeliness.

The best practices with regard to fiscal transparency, as accepted by the Organisation for Economic Co-operation and Development (OECD), add to these factors the concept of standard documentation that should be available throughout the budget process. The Open Budget Survey (OBS) and the Open Budget Index (OBI) of the IBP refer to this concept, which makes it possible to evaluate countries on the timely availability of standardised budget documentation throughout the budget cycle and on the information contained in this documentation.

1 See the bibliography for a list of documents consulted. The Budget Ministry's web site was extensively used to gain access to various documents, including previous and current budgets and BMS, draft bills on accountability and other strategy documents.

2 See Annex 1 for a list of institutions with which meetings were held.

More recently, 'High-Level Principles on Fiscal Transparency and Participation', drawn up by the Global Initiative for Fiscal Transparency (GIFT), a multi-sectoral international partnership, laid down the fundamental elements of public finance transparency. The principles highlight that transparency and access to information should be based on law. Furthermore, it is not enough merely to have an effective supreme audit institution (court of accounts). Fiscal transparency also requires the effective participation of citizens in discussions concerning the conception and implementation of budget policies; it is not sufficient that budget structures and processes are known and understood, they should also allow for public participation.

### 1.3 DEFINITION OF PARTICIPATION IN PUBLIC FINANCE

According to GIFT, participation involves many potential meanings and dimensions. It can take the form of information, consultation, co-ordination and co-operation, while not taking anything away from the government or transferring any of the powers of those that govern to those that are governed. The government always retains the right to have the last word once public consultation and engagement have taken place. Participation should occur throughout the budget process and should involve all government parties. The objectives of public

engagement should be published in advance, numerous public participation mechanisms should be implemented and the public should obtain feedback on their recommendations from the government. The IBP has identified the following six principles with regard to public participation in the budget process:

1. there should be participation at all the stages of the budget cycle;
2. public participation can supplement or provide backing for the role of legislators and supreme audit institutions, as well as for the role of the executive in formulating and executing the budget;
3. there should be a legal basis for participation;
4. objectives should be communicated in advance, and the government should clearly state the scope of consultations;
5. there should be various mechanisms for participation during the different stages of the process to allow for the consultation of various population groups; and
6. it is important to explain to the public how its contributions have been used in budget decisions, execution and supervision.

# 2 TRANSPARENCY AND PARTICIPATION IN THE CONTEXT OF PFM REFORM



## 2.1 THE STRATEGIC PLAN FOR PUBLIC FINANCE REFORM

After years of crisis and conflict, the DRC's public financial management (PFM) system shows significant weaknesses – in particular, gaps in budget preparation and execution procedures, as well as internal and external monitoring. During the past six years, the government has undertaken reconstruction towards an efficient PFM system. In 2008, an analysis was conducted according to the Public Expenditure and Financial Accountability (PEFA) method and, in March 2010, the government adopted the Strategic Plan for Public Finance Reform (SPPFR).

The SPPFR consists of two parts:

- a strategy for overhauling public finances; and
- a reform programme based on the following aspects –
  - budget reform,
  - strengthening the tax system,
  - rationalising the management of expenditure,
  - strengthening the accounting and cash management system, and
  - strengthening the monitoring system.

Thus, the SPPFR is used by various stakeholders as a benchmark to improve the co-ordination of their actions. It is envisaged that the comprehensive implementation of the Public Finance Act (LOFIP) will cover a period of seven years, which began on 13 July 2011, the date of the law's promulgation.

A priority objective of the SPPFR is to emphasise transparency in PFM. Within this framework, the government is planning to build capacity in the departments responsible for internal verification procedures, and to create conditions allowing for more effective external verification. Furthermore, the SPPFR targets the devolution of expenditure authorisation and financial decentralisation, two important reforms that should have a strong impact on transparency and participation. The government has strengthened the public finance reform co-ordination and implementation mechanism by establishing the Steering Committee for Public Finance Reform (COREF), which has the task of driving, facilitating, co-ordinating and monitoring the execution of reforms.

## 2.2 THE PUBLIC FINANCE ACT

Fundamentally based on the SPPFR, the LOFIP introduces the following important innovations:

- programme-budgeting founded on results-based management;
- a multi-year budgeting timeframe;
- autonomous administration of provinces and decentralised local authorities;
- redefining supplementary budgets and instituting special accounts;
- confirming the concept of the unity of cash and the unity of treasury; and
- reforming responsibilities for the expenditure chain (devolution of expenditure authorisation).

The LOFIP has two main objectives:

- introducing a new public management method, through programme-budgeting, based on results and the effectiveness of public action; and
- increasing the transparency of accounting and budgeting information to enhance the democratic principle of providing information to Parliament, civil society and the citizens of the DRC.

Nevertheless, reforms are still at an early stage. The 2012 PEFA analysis found that PFM had improved significantly in terms of form (at the level of budget preparation and the legislative framework) but not yet sufficiently in terms of substance (serious failures in implementing legislation and in the execution of budgets based on appropriations). The PFM system seems simultaneously to be over-administered and ineffectual, in spite of the computerisation of the operational chain of public expenditure several years ago (in 2003), transparency of the BMS, accountability and the adequate dissemination of information. This situation is partly due to the difficulty of introducing more complex governance methods (organic law, decentralisation, MTEF, etc.).

### 2.3 TRANSPARENCY AND PARTICIPATION IN THE REFORM STRATEGY

In 2008, the DRC was included in the OBS for the first time. Its score of 1 out of 100 showed that the government was not providing information on central government budget and financial activities to the public during the budget year. For this reason, it was very difficult for citizens to hold the government to account for its management of public money. In 2010, the country achieved a small improvement with a result of 6 out of 100, following the publication of monthly or quarterly reports and a citizens' budget. Nevertheless, the level of transparency as measured by the OBI remained very low. The DRC's score reached 18 out of 100 in 2012 – a positive development, but one which signalled that effort was still needed to improve fiscal transparency in the country.

This positive trajectory was confirmed by the PEFA analysis for 2012, which noted that budget coverage and transparency had improved significantly since 2008, and that considerable progress had been made in the transparency of budget preparation documents. According to the 2012 PEFA, the budget and the BMS were very detailed, and in accordance with classifications complying with international standards. Information provided to Parliament and the public had improved. However, some operations fell outside the scope of the budget, and external financing was not always charted in the budget. Budget discipline was affected by serious constraints, including:

- a theoretically accurate institutional schedule, which was not complied with and which did not facilitate participation in the preparation of the budget;
- little respect for rules drawn up for the execution of budgets (despite the adoption of high-quality procedural handbooks) and, in particular, non-compliance with rules limiting recourse to non-recurrent expenditure procedures;
- insufficient transparency in budget execution (financial statistics) and monitoring (audit reports);
- lack of co-ordination in internal monitoring structures and lack of co-operation between these and external auditing structures; and
- poor external auditing (Court of Accounts and Parliament) on budget execution.

The 2012 PEFA also noted that the budget was not comprehensive enough, because a significant amount of external financing was not included, there were difficulties related to the execution of the budget, and public accounting did not allow the PFM system to reach the desired level of comprehensiveness and transparency in the budget. Furthermore, in spite of meritorious organisational efforts, the rules and procedures for monitoring payroll expenditure did not fully guarantee that numbers and transparency were under control.



# 3 JOINT OBSERVATIONS AND RECOMMENDATIONS



### 3.1 CROSS-CUTTING OBSERVATIONS

Discussions with stakeholders (the government, Parliament and civil society) clearly indicated that there has been a positive evolution in transparency and participation in the DRC during the past few years. The team noted a real change in approach amongst government role-players, who are showing themselves to be in favour of greater transparency and increased participation by non-government role-players, even though this is occurring at different speeds for different role-players, departments and institutions.

This positive change is backed up by various initiatives (such as the publication of certain documents by the Budget Ministry) that constitute a significant contribution towards greater transparency, as measured by the OBI of 2012. In 2011 (base year for the 2012 OBI analysis), only 3 out of 8 documents required by the OBI were published. However, according to the team's analysis, the situation has improved rapidly, and 5 out of the 8 documents are now available.

However, the team noted that until greater respect is shown for the expenditure chain by limiting non-recurrent expenditure, problems with transparency will persist, in spite of the significant progress made in terms of the publication of documents, because of a lack of credibility in the budget and the unreliability of published data. As long as these problems continue to exist, accountability will be undermined. The situation is made more complex by difficulties in the internal exchange of information, because of fragmentation in the ministries and departments responsible for public finances. The absence of a legal framework regulating access to public information is an additional hindrance to transparency.

**“ Last year, the budget execution rate was 35 per cent – how can we undertake monitoring?**

*(remark made by a representative of an NGO)*

Furthermore, the team noted that there are different understandings amongst role-players with regard to what transparency and participation involve, which limits the systematic implementation and strengthening of a more open approach. A constant concern raised by government stakeholders was how to 'implement transparency and participation' – the methods are not well known. The difference between the publication of documents and the effective dissemination of information is not clearly understood, and the concept of participation is not clearly

distinguished from the concept of transparency. Furthermore, people in some departments are uncertain about the capacity of civil society to participate in the various stages of the budget process.

**“ The DRC is a very advanced country in terms of the opportunities for dialogue between NGOs and government. It is difficult to know who represents civil society and which unions should be invited.**

*(remarks made by government representatives)*

The team found that participation is more effective at the preparation and review stages than at the budget execution and monitoring stages, but that it remains limited. There is a plethora of administrative departments: the DPSB (*Direction de la préparation et du suivi du budget*), responsible for preparing and monitoring the execution of the budget; the DCB (*Direction du contrôle budgétaire*), responsible for ex ante expenditure checking; the (*Direction de la paie*), responsible for paying state officials and employees; the CII (*Coordination informatique interministerielle*), responsible for data management of the expenditure chain; the DTO (*Direction du trésor et de l'ordonnancement*), responsible for authorising expenditure; the DEME (*Direction des études macroéconomique*), responsible for the macroeconomic framework plan; and the DPB (*Direction de la programmation et de la budgétisation*), in co-operation with the DPSB, responsible for the programming plan for investments that fall within budget. These services are under the supervision of the Ministries of the Budget, Finance or Plan.

However, there is a weakness in the collection and flow of information due to occasionally low levels of communication between services. The complaint was made by various government departments (in particular, by the Ministry of Planning) that data collection is flawed because of poor interconnection between the various departments. Moreover, the large number of government departments makes external participation difficult, because external role-players have to communicate with different departments at different stages of the budget cycle in order to obtain various types of information and to participate effectively in the budget process. In general, the team found that the situation regarding participation is less advanced than transparency – 3 out of 6 of the principles identified by the IBP are not respected, and for others, implementation is still incomplete.

**Table 1: Availability of budget documents in the DRC, 2012/2013**

Documents required by the OBI	Produced	Released	Team's comments
Pre-budget statement	✓	✓	PBS is shared and discussed but not submitted to the National Assembly within the prescribed timeframe.
Executive budget proposal, including a budget summary and supporting documents	✓	✓	The Finance Bill is the document that can be regarded as an executive budget proposal.
Enacted budget	✓	✓	The Finance Act is the document that can be regarded as an enacted budget.
Citizens' budget	✓	✓	Although the document is published, it is not released within the timeframes required by the IBP. Furthermore, it is too technical as a citizens' budget.
Monthly or quarterly reports on the implementation of the budget	✓	✓	The BMS are the documents that can be considered as monthly or quarterly reports.
In-year report (or mid-year review)	✗	✗	The mid-year BMS does not constitute a mid-year review.
Year-end report	✓	✗	Analysis needs to be improved.
Audit report	✗	✗	The Court of Auditors does not produce and publish comments on the Budget Review Act.

**Table 2: Situation concerning the implementation of the six principles of participation**

Principles of participation	Team's comments
Participation should occur throughout the budget process	Partially successful: participation takes place during the drafting and review of the budget, but during only part of its execution (participation of civil society in the Public Procurement Regulatory Authority)
Public engagement should complement and support the roles of legislatures and supreme audit institutions in budget oversight and of the executive in budget formulation and execution	Partially successful: the supreme audit institutions do not involve civil society sufficiently
Participation should have a legal basis	Provisions in this regard in the LOFIP remain to be clarified
The purpose of public engagement should be publicised in advance, and the government should clearly specify the scope of the consultation	Not compliant: invitations are not sent in a timely manner
There should be multiple mechanisms for public engagement at the different phases of the process and for consultation with the diverse segments of the population	Not compliant: there are no formal mechanisms
It is important to explain to the public how its inputs have been used in budget decisions, execution and oversight	Not done

### 3.2 CROSS-CUTTING RECOMMENDATIONS

Following the above observations, the RDC/CABRI/IBP team jointly developed five cross-cutting recommendations, accompanied by a plan of implementation, as formulated by the DRC's Budget Ministry. The Ministry chose to prioritise the first three recommendations, given their roles in the budget process (see Table 3).

The two other cross-cutting recommendations were as follows:

- *Strengthen the role of civil society*: strengthen the capacity of civil society (including the media) at all levels to understand financial legislation and budget analysis, the use of reports, and monitoring, execution and evaluation; emphasise the usefulness of the civil society consultation framework in providing organised and permanent contact persons; and include civil society in

**Table 3: The three prioritised cross-cutting recommendations**

Recommendation	Objective	Action needed	Stakeholders	Status (progress and challenges)	Timing of implementation
<b>Increase public access to information</b>	<p>Improve the functionality of the web sites of the Budget Ministry, Ministry of Finance and Ministry of Planning</p> <p>Go beyond the mere publication of documents</p> <p>Develop a dissemination strategy (using the press, for example)</p>	<p>Development of a communication strategy (audio and visual, written press, websites)</p> <p>Dissemination of publications within the administration and civil society</p>	<p>Ministries of Budget, Finance and Planning and Parliament</p>	<p>Progress:</p> <ul style="list-style-type: none"> <li>improved websites, televised debates (Parliament),</li> <li>televised programmes, and</li> <li>focal points for the press</li> </ul> <p>Challenges:</p> <ul style="list-style-type: none"> <li>Difficult to access web sites,</li> <li>difficult to disseminate in regions, and</li> <li>cost of shipping very high</li> </ul>	<p>Communication:</p> <p>Permanent action</p> <p>1st Communication strategy, 1st half of 2014</p>
<b>Improve the inclusivity of documents made available</b>	<p>Analyse the current content of key documents in comparison with the standards of comprehensiveness required by the IBP, in order to identify ways to improve them</p>	<p>Review of the current status and implementation of corrective measures</p>	<p>Ministries of Budget, Finance and Planning</p>	<p>Progress:</p> <ul style="list-style-type: none"> <li>study underway on the different reports to produce, especially for budget execution</li> <li>Publication of the annual audit report</li> </ul> <p>Challenges:</p> <p>Effective publishing and delays</p>	<p>Throughout 2014</p>
<b>Improve the shared understanding of transparency and participation</b>	<p>Find opportunities to disseminate the definitions of transparency and participation proposed in this report (e.g. by integrating these definitions into the annual Citizens' Budget and the good financial governance legislation currently being drawn up by COREF, and by publishing a memo on transparency and participation)</p>	<p>Communication campaign on concepts (seminars, workshops, etc.)</p>	<p>Ministry of Budget, COREF, civil society and regions</p>	<p>Progress:</p> <ul style="list-style-type: none"> <li>understanding of concepts with respect to transparency, sharing of budgetary information</li> </ul> <p>With respect to participation, involvement of stakeholders in the budgetary process (line ministries, Parliament, civil society, regions)</p> <p>Challenges:</p> <ul style="list-style-type: none"> <li>efficiency of measures,</li> <li>efficiency of decentralisation, and</li> <li>involvement of other stakeholders (civil society, Parliament)</li> </ul>	<p>By December 2015</p>

preparing draft action plans and legislation through COREF.

- Consider how to strengthen transparency and participation at provincial level in the context of decentralisation: encourage the publication of provincial budget documents and involve civil society in drawing up and monitoring provincial budgets and budgets for devolved departments. This should take into account experience gained during current initiatives, particularly at provincial level (e.g. the support of the World Bank and the UNPD), and could be based on certain donor programmes that either exist already or are currently being mobilised.

**// The budget is a taboo in provinces and municipalities...if efforts [to improve transparency] only focus on central government, they will be off track.**

*(remark made by a representative of an NGO)*

### 3.3 SPECIFIC REMARKS AND RECOMMENDATIONS

The joint team believes that the SPPFR action plan, which is currently being reformulated, co-ordinated, developed and driven by COREF, offers an opportunity for implementing transparency and participation reforms. For this reason, the specific recommendations, which are grouped according to the fields of public finance included in the policy declaration on good financial governance, also identify the relevant SPPFR pillar and stakeholders for each one. The team has also conducted a preliminary assessment of the complexity of each recommendation (i.e. whether the recommendation is easy, fairly complex or very complex to implement). In general, the recommendations considered to be complex to implement are those that either involve various stakeholders or could meet with political or institutional constraints or capacity deficits in their implementation. The team hopes that these recommendations will be incorporated in the plan of action of the SPPFR as a priority, but notes that their implementation would take several years.

For each category, the Budget Ministry of the DRC chose to prioritise several recommendations, and outlined the action to be taken and the period of implementation for those identified as priorities. In Tables 4–7, these priorities are highlighted in green.

#### Field 1: Budget preparation (table 4)

**// It is easy to publish reports. Their contents and dissemination are more important.**

*(remark made by a donor)*

As already noted, the greatest strides to date in terms of transparency and participation have been made in the field of budget preparation. Nevertheless, there are very simple and immediate steps that can be undertaken to extend opportunities for participation by way of greater compliance by the government with deadlines and the budget schedule, and greater involvement of the press in disseminating information. More complex, but still feasible, initiatives could be undertaken in respect of medium-term objectives related to greater involvement by more government departments and civil society in the budget planning process, in particular with regard to the capital budget.

#### Field 2: Budget execution (table 5)

**// Transparency is a new concept...in the past, people benefitted from hiding things.**

*(remark made by a government representative)*

Transparency and participation remain problematic with regard to the execution of the budget. Although the publication of the BMS provides information on budget execution, there is a lack of information on certain key aspects of expenditure, such as the payroll and numerous contracts for goods and services. Furthermore, the participation of civil society in the monitoring of the budget is not sought, and the persistence of non-recurrent expenditure makes such monitoring difficult. The situation could be improved by the publication of information that is already internally available to the government, as well as by a more open partnership on budget monitoring with civil society. Actions related to better management of expenditure remain very important but, unfortunately, are very complex to carry out.

Table 4: Specific recommendations on budget preparation

Recommendation	Objective	Stakeholder/s	SPFR pillar	Complexity	Action needed	Status (progress and challenges)	Timing of implementation
Release the pre-budget statement (or fiscal strategy paper) at least one month before the budget proposal is submitted to the National Assembly	Allow for enough time to analyse it, in line with the requirements of the OBI	Budget Ministry	Budget reform	Simple	Increased participation of stakeholders (sector, civil society, etc.) Release pre-budget statement no later than 1 June	Progress: • Existence of developed pre-budget statement Challenges: • Improving the content • Deadlines	Recurrent
Set dates for budget-related press conferences in advance	Increase opportunities for the press to participate in the budget process	Budget Ministry	Budget reform	Simple			
Review the capital budgeting process, so as to take budget constraints into account	Ensure consistency between investment planning and the budget preparation process	Budget Ministry, the Ministry of Planning and sectoral ministries	Budget reform	Simple	Harmonisation of views between the Ministry of Planning and the Budget Ministry (already in progress) Education, training, and support to line ministries	Progress: • Joint budget conferences since 2011 • Communication of indicative investment ceilings • Support to priority sectors (workshops, seminars, etc.) Challenges: • Strengthening communication with the Ministry of Planning and sectors • Funding	Training, before May 2014 Other actions, recurrent
Increase the participation of the line (or sectoral) ministries in the budget process	Promote internal fiscal transparency in order to develop budget programming tools to improve the quality of sectoral budgets						
Involve civil society in the planning and formulation of draft sectoral budgets	Promote external fiscal transparency, and improve the quality of draft sectoral budgets	Budget Ministry, sectoral ministries, and civil society	Budget reform	Complex	Improve participation in the pre-budget policy debate	Progress: • Participation of civil society in the pre-budget policy debate Challenges: • Organisation of the governance networks of civil society	Ongoing
Comply with the preparation timeframe for the budget, so as to have enough time to engage the citizens and to comply with the legal time limits	Promote opportunities for civil society to participate in budget preparation	Budget Ministry	Budget reform	Simple			



Table 5: Specific recommendations on budget execution

Recommendation	Objective	Stakeholder/s	SPPFR pillar	Complexity	Action needed	Status (progress and challenges)	Timing of implementation
Prepare and publish a mid-year report	To meet the requirements of the OBI	Budget Ministry	Budget reform	Simple	Ongoing study on the various reporting requirements, including for budget execution	The action is a step forward	1st semester 2014
Publish financial and non-financial information related to payroll/salaries by announcing each month that salaries have been paid and by publishing the names of employees	Strengthen fiscal transparency	Budget Ministry	Expenditure management	Fairly complex	Editing of a single file for payroll to master payroll and workforce	Progress: <ul style="list-style-type: none"> <li>Process of using a system for payroll</li> <li>Existence of a payroll schedule</li> </ul> Challenges: <ul style="list-style-type: none"> <li>Publication of information</li> </ul>	Not specified
Implement the provisions of LOFIP that provide for provisional appropriations for acts of war and disasters	Strictly limit the justification of non-recurrent expenditure for disasters and emergencies, and improve budget credibility	Budget Ministry	Expenditure management	Very complex	*Remark: Recommendation already applied for several years (appropriations for disasters and other)  The problem lies in non-compliance with procedures		Not specified
Implement the provisions of LOFIP with regard to the transfer of appropriations	Avoid overruns and improve budget credibility	Budget Ministry	Expenditure management	Fairly complex	As above		Not specified
Publish public procurement information in a timely and comprehensive manner (particularly regarding calls for tender, published contracts, etc.)	Strengthen fiscal transparency	ARMP (Public Procurement Regulatory Authority), contracting authorities	Expenditure management	Fairly complex	Publication of contracts	Progress: <ul style="list-style-type: none"> <li>The tender calls are published</li> </ul> Challenges: <ul style="list-style-type: none"> <li>Financial resources</li> </ul>	Recurrent
Include civil society in the monitoring and evaluation measures for field projects	Strengthen fiscal transparency	Ministry of Planning and sectoral ministries	Budget reform	Fairly complex			
Formalise whistle-blowing procedures to allow civil society to contribute to improving PFM	Strengthen civil society participation	IGF (Inspector-General of Finance)	PFM monitoring	Fairly complex			
Publish the quarterly reports on the execution of investments	Strengthen fiscal transparency	Ministry of Planning	Expenditure management	Simple			

### Field 3: Accounting and financial reporting (see table 7)

**// People in the DRC do not like monitoring – they do everything in their power to work against it.**

*(remark made by a government representative)*

Some progress has been made with respect to the publication of accounting and financial reports. However, the situation would be improved by the wider distribution of documents that have not been circulated outside of the government; for example, the year-end report, which is submitted to Parliament but is not published on the Budget Ministry's web site. It should be noted, too, that several important evaluation and audit reports are not being produced – their production and publication should be a priority for the Court of Auditors. In order to ensure the reliability of data, the Ministry of Finance should enhance the sharing of information between the various directorates and should put into place a national network of public accountants.

### Field 4: Integration of external aid (see table 6)

**// The government is only prepared to work with NGOs because the PTFs [financial and technical partners] demand it.**

*(remark made by a representative of an NGO)*

In a situation where a large part of the capital budget is financed by donors, an efficient system to collect and share information needs to be in place to make sure that such financing is integrated into the budget. The DRC has an Aid and Investment Management Platform (PGAI) and a circuit management system for data on external resources instituted by Inter-ministerial Orders 324/CABMINFIN/2011, 040/CABMINBUD/2011 and 216/CABMINPLAN/2011, dated 17 December 2011, pertaining to the regulation of the information circuit on external resources. These orders identify the roles and responsibilities of each donor and government structure (executing agencies, project units, standardisation services, etc.).

The team noted some weak points with regard to the implementation of the inter-ministerial orders, but the situation should improve with the establishment of a government-donor dialogue framework in January 2014, before preparations for the 2015 budget. This dialogue will first be organised within the government between the Budget Ministry and the Ministries of Finance and Planning, as well as sectoral Ministries that benefit from external aid, before being rolled out to the various donors. It would be useful to discuss the inter-ministerial orders within the government-donor dialogue framework.



Table 6: Specific recommendations on accounting and financial reporting

Recommendation	Objective	Stakeholder/s	SPPFR pillar	Complexity	Action needed	Status (progress and challenges)	Timing of implementation
Computerise and connect all directorates in the expenditure chain, including the DRGC (Direction de la reddition générale des comptes, the financial reporting directorate)	Facilitate the preparation process for year-end reporting	Ministry of Finance	Expenditure management	Simple	Extension of the expenditure chain to all users of services	Challenges: • Financing	Gradual
Make the financial year-end report public	Ensure greater consistency with IBO requirements and greater fiscal transparency	Ministry of Finance (reporting) Budget Ministry (end-December execution report)	Expenditure management	Simple	Publication of reports		1st semester of 2014
Establish a national network of public accountants and publish all reports produced by the network	Strengthen fiscal transparency by improving the quality of expenditure data and, thereby, also the quality and coverage of both internal and external monitoring	Ministry of Finance	Expenditure management	Very complex			
Produce and publish the report on the management of the state's public finances, public assets, provincial accounts, decentralised local authorities (ETDs, entités territoriales décentralisées) and public entities	Ensure greater consistency with the requirements of the OBI and strengthen fiscal transparency	Court of Auditors	Monitoring PFM	Fairly complex			
Publish all specific audit reports	Strengthen fiscal transparency	Court of Auditors	Monitoring PFM	Fairly complex			
Produce and publish comments on the draft bill on accountability	Strengthen fiscal transparency	Court of Auditors	Monitoring PFM	Fairly complex			
Publish the results of actions undertaken by the IGF (Inspector-General of Finance)	Increase accountability	IGF	Monitoring PFM	Simple			

Table 7: Specific recommendations on integration of financial aid

Recommendation	Objective	Stakeholder/s	SPPFR pillar	Complexity	Action needed	Status (progress and challenges)	Timing of implementation
Institute a permanent consultative framework between the donors, the PGAI, the DPSB, the CSP (public enterprise council) and the sectoral ministries, in order to improve the information exchange format in line with the needs of the various government users	Ensure the implementation of the inter-ministerial order on regulating information channels relating to external resources	Ministry of Planning, Budget Ministry, Finance Ministry, sectoral ministries, and donors	Budget reform	Simple	Evaluation of the implementation of the inter-ministerial order on external resources and corrective measures	Progress: <ul style="list-style-type: none"> <li>Existence of the ministerial decree on external resources</li> </ul> Challenges: <ul style="list-style-type: none"> <li>Application of the inter-ministerial order by all parties</li> </ul>	Not specified
Regularly send out aid information contained in the PGAI data base	Strengthen fiscal transparency	Donors Executing agencies Project units	Budget reform	Simple			
Increase access to the information produced by the PGAI	Strengthen fiscal transparency	Ministry of Planning	Budget reform	Simple			

# 4 NEXT STAGES



This final report takes into account the comments and suggestions made by the Budget Ministry, and has been distributed amongst the main stakeholders (the government, civil society, donors, etc.).

The report was finalised after a process of formulating priority action plans for the various SPPFR pillars, which created an opportunity to integrate into these plans the specific actions that the stakeholders agree to take in the light of the recommendations. The Budget Ministry committed itself to launching a discussion with key stakeholders around implementing the recommendations.

For maximum efficiency, most of these measures would require a strengthening of the capacities of both civil society and the press, so that they might benefit from the opportunities that would arise from the government implementing these recommendations. It is hoped that donors, through their support programmes, will consider how to provide the necessary assistance.

The review is a collaborative effort directed by the country in question, and is a starting point for a process of continuous engagement with the DRC Budget Minister and the various role-players involved. While learning from one another, the objective is for CABRI and its members, as well as the IBP, to work with the DRC in order for the latter to improve its fiscal transparency and participation, the ultimate short-term result being to achieve a better OBI result in 2014 and in future years. In the light of the discussions we have had in the DRC, we believe this result is within reach if the targeted recommendations for the improvement of budgetary documentation and participation mechanisms are implemented.

CABRI and the IBP will hold a closing workshop in early 2015. We trust that this workshop, in which all countries involved in the project will participate, will be an opportunity for discussion around the issues relevant to the implementation of the recommendations in the countries concerned, as well as in other participating countries. The main obstacles and opportunities encountered will be discussed in order to improve transparency and participation in public finances in member countries.

# ANNEX 1: ORGANISATIONS INTERVIEWED

## Government

Ministry of Planning  
Ministry of the Budget  
Ministry of Finance  
Inspectorate-General of Finance  
Steering Committee for Public Finance Reform

## National Assembly and Senate

ECOFIN (Committee for Economic and Financial Co-ordination)

## Donors

European Commission  
World Bank  
UNDP (United Nations Development Programme)  
DFID (Department for International Development)

## Civil society

PES/CAFCO (*Protection enfants Sida: Protection of Children with Aids*)/(*Cadre permanent de concertation de la femme congolaise: Permanent Framework for Consultation of Congolese Women*)  
REGED (*Réseau gouvernance économique et démocratie: Democracy and Economic Governance Network*)  
CONEPT/RDC (*Coalition nationale de l'éducation pour tous en République démocratique du Congo: National Coalition for Education for All in the Democratic Republic of the Congo*)  
NSCC (*Nouvelle société civile du Congo: New Civil Society of the Congo*)  
SERACOB (*Service de renforcement des appuis aux communautés de base en Afrique centrale: Service to Improve Support for Grassroots Communities in Central Africa*)  
ASAF (*Action santé femme: Women's Health Action*)  
ODEP (*Observatoire de la dépense publique: Public Expenditure Observatory*)  
CENADEP (*Centre national d'appui au développement et à la participation populaire: National Support Centre for Development and Popular Participation*)

## Media

Tempêtes des Tropiques  
Journal le Phase  
Numerica TV  
Antenne TV  
Radio Television Groupe Avenir  
Le Potentiel  
Horizon 33 TV

# ANNEX 2: BIBLIOGRAPHY

- IBP (International Budget Partnership) (2008) *Indice sur le budget ouvert, République Démocratique du Congo* [Open budget index, Democratic Republic of the Congo]. IBP.
- IBP (2010) *Indice sur le budget ouvert, République Démocratique du Congo* [Open budget index, Democratic Republic of the Congo]. IBP.
- IBP (2012) *Indice sur le budget ouvert, République Démocratique du Congo* [Open budget index, Democratic Republic of the Congo]. IBP.
- Kopits G & Craig J (1998) *Transparency in government operations*, Occasional Paper 158, International Monetary Fund, January.
- Loi n°10/010 du 27 avril 2010 relative aux marchés publics en République Démocratique du Congo* [Law N°10/010 of 27 April 2010 relative to public procurement in the Democratic Republic of the Congo].
- Loi n° 11/011 de 13 juillet 2011 relative aux finances publiques* [Law N° 11/011 of 13 July 2011 relative to Public Finances].
- Loi n° 08/12 de juillet 2008 portant principes fondamentaux relatifs à la libre administration des provinces* [Law N° 08/12 of July 2008 on the fundamental principles pertaining to the administrative autonomy of the provinces].
- Loi organique n° 08/016 du 16 octobre 2008, portant composition, organisation et fonctionnement des entités territoriales décentralisées et leurs rapports avec l'état et les provinces* [Organic Law N° 08/016 of 16 October 2008 pertaining to the composition, organisation and functioning of decentralised local authorities and their relations with the state and the provinces].
- Ministry of the Budget (2011) *Budget des citoyens* [Citizens' budget]. Ministry of the Budget.
- Ministry of the Budget (2013) *Stratégie budgétaire de la mandature et trajectoire des finances publiques 2012–2016* [Budget strategy for the term and projected plan of public finances 2012–2016]. Ministry of the Budget.
- Ministry of Finance & Ministry of the Budget (2010) *Manuel des procédures et du circuit de la dépense publique, circuit rationalisé* [Manual of procedures and the public expenditure system]. Ministry of Finance & Ministry of the Budget.
- Ministry of Finance & Ministry of the Budget (2013) *Manuel des procédures et du circuit de la dépense publique, circuit rationalisé* [Manual of procedures and the public expenditure system]. Ministry of Finance & Ministry of the Budget.
- Ministry of Finance & Ministry of the Budget (2013) *Projet de règlement général de la comptabilité publique, version projet* [Draft general regulation on public accounting, draft version]. Ministry of Finance & Ministry of the Budget.
- PEFA (Public Expenditure and Financial Accountability) (2012) *Évaluation de la gestion des finances publiques de la République Démocratique du Congo, Rapport PEFA sur les performances* [Evaluation of public financial management in the Democratic Republic of the Congo, PEFA performance report]. PEFA.
- Plan stratégique de la réforme des finances publiques (PSRFP)* (2010) [Strategic plan for the reform of public finances (SPFRP)].
- Programme d'action du gouvernement*, mai 2012 [Government action plan, May 2012].
- World Bank (2013) *Projet de document de projet: le programme de renforcement de la GFP et de la responsabilité financière* [Draft project document: Programme to strengthen public financial management (PFM) and financial accountability]. World Bank.





CONNECT • SHARE • REFORM

**CABRI Secretariat**

PostNet Suite 314

Private Bag X 06

Waterkloof

0145

South Africa

Tel: +27 (0)12 492 0022

[www.cabri-sbo.org](http://www.cabri-sbo.org)