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ON THE

POVERTY REDUCTION AND GROWTH STRATEGY PAPER 2011–2015

SEPTEMBER 6, 2012

**POVERTY REDUCTION AND ECONOMIC MANAGEMENT 5
COUNTRY DEPARTMENT AFCC2
AFRICA REGION**

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ACRONYMS AND ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
BCC	Central Bank of Congo (in French: <i>Banque Centrale du Congo</i>)
CAADP	Comprehensive Africa Agriculture Development Program
CARG	Agricultural and Rural Management Councils (in French: <i>Conseils Agricoles et Ruraux de Gestion</i>)
CISPI	Inter-ministerial Commission on the National Poverty Reduction Strategy
CSO	Civil Society Organization
DRC	Democratic Republic of Congo
ECF	Extended Credit Facility
EITI	Extractive Industries Transparency Initiative
EPSP	Primary, Secondary and Professional Education (in French: <i>Education Primaire, Secondaire et Professionnelle</i>)
FARDC	Forces Armées de la République Démocratique du Congo
GDP	Gross Domestic Product
GAP	Government Action Plan
GECAMINE	General Company of Mines and Carriers (in French: <i>La Générales des Carrières et des Mines</i>)
HIV	Human Immunodeficiency Virus
ICCN	Congolese Nature Conservation Institute (in French: <i>Institute Congolaise de Conservation de Nature</i>)
IMF	International Monetary Fund
INS	National Statistics Institute (in French: <i>Institute Nationale de Statistique</i>)
JSAN	Joint Staff Advisory Note
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MTEF	Medium-term Expenditure Framework
OHADA	Organization for the Harmonization of Business Law in Africa (In French: <i>Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i>)
PER	Public Expenditure Review
PFM	Public Financial Management
REDD	UN Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
SCCA	Sino-Congolese Cooperation Agreement
SOE	State-Owned Enterprise

Table of Contents

I. Overview.....	1
II. Poverty and Gender Diagnostics	2
III. Implementation Progress and Reform Perspectives	3
A. Macroeconomic Performance	3
B. Economic Growth and Employment-creating Sectors	5
C. Governance and State Effectiveness	7
D. Infrastructure.....	9
E. Strengthening Human Capital	9
F. Protection of the Environment and Climate Change Issues	11
IV. Monitoring and Evaluation (M&E)	11
V. Conclusions and Issues for Discussion	12

THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND
THE INTERNATIONAL MONETARY FUND

DEMOCRATIC REPUBLIC OF CONGO

**Joint Staff Advisory Note on the
Poverty Reduction and Growth Strategy Paper 2011–2015**

Prepared by the Staffs of the International Development Association and
the International Monetary Fund

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I. OVERVIEW

1. **This Joint Staff Advisory Note (JSAN) reviews the Democratic Republic of the Congo's (DRC's) second Poverty Reduction and Growth Strategy Paper (PRSP-2) which covers the years 2011 to 2015.** The PRSP-2 follows Congo's first full PRSP (PRSP-1), which covered the years 2006–10.

2. **The PRSP-1 represented DRC's first comprehensive national development plan since the end of civil war in 2003 and consequently focused on the urgent need to improve living conditions and rebuild the country after a decade of conflict and fragility.**¹ The JSAN of the PRSP-1 Progress Report commended the DRC government for progress made on strategic issues such as the establishment of peace with Rwanda and the renegotiation of the Sino-Congolese Cooperation Agreement (SCCA), but also noted the poor alignment of the budget with the PRSP-1 priorities. The PRSP-2 candidly documents the progress made toward peace,

¹ A report on the implementation of the PRSP-1 was published in April 2010 and its JSAN was discussed by the IMF Board on June 30, 2010, and the World Bank Board on July 2, 2010. Report No. 54742-ZR, June 11, 2010.

political and institutional consolidation and the delayed progress made toward the Millennium Development Goals (MDGs), including gender goals more broadly.

3. **The PRSP-2 refocuses its efforts away from urgent post-conflict needs towards a more sustainable development of the country.** The PRSP-2 builds on the PRSP-1 but places a particular emphasis on growth, employment creation and the impact of climate change. The document also focuses on the strengthening of good governance, the achievement of the MDGs by 2020 and the elimination of gender-based inequalities. The strategy rests on four pillars: (i) the strengthening of governance and the consolidation of peace; (ii) the diversification of the economy to accelerate growth and create employment; (iii) improvement of access to basic social services as well as the improvement of human capital; and (iv) the protection of the environment and actions to reduce the impact of climate change. These pillars are in line with the Bank's Africa Strategy, which focuses on competitiveness and employment, vulnerability and resilience, and governance and public sector capacity.

4. **The preparation of the PRSP-2 involved consultations with civil society, the public administration, national and international non-governmental organizations and technical and financial partners.** The current Government has confirmed its commitment to the PRSP that was prepared by the previous government and plans to continue dissemination of the Strategy. The Government's Action Plan (GAP) for 2012–16 focuses on aspects of modernizing the state and improving the quality of life. The Government considers the GAP an ambitious effort to implement the PRSP-2.

5. **The credibility of the November 28, 2011 presidential and legislative elections was challenged by national and international partners.** Nonetheless, President Kabila was declared the winner and took office on December 20, 2011. Parliament was seated on February 16, 2012, and the government took office on April 28, 2012. The tense security situation which reigned during the elections returned to normalcy once the new government was in place, but tensions remain in North Kivu after a national arrest warrant was issued for General Bosco Ntaganda. Economic confidence indicators have gradually improved since January 2012.

II. POVERTY AND GENDER DIAGNOSTICS

6. **Developments in poverty and gender have to be viewed in the context of a rapidly growing population.** The fertility rate in the DRC is six children per woman of child-bearing age, leading to a population growth rate of 2.7 percent per year. At this rate, the Congolese population is set to double within 25 years.

7. **There are no new data to measure money-metric poverty in DRC.** As a result, it is not possible to measure the impact of macroeconomic growth on poverty reduction or inequality directly. The simulations undertaken as part of the PRSP-2 show no significant change in the level of poverty since 2005, when 70 percent of the population was estimated to be poor by national classification (88 percent under PPP US \$1.25/day). Some proxy measures have evolved favorably, such as gross primary school enrollment, which has risen from 60 percent (2000) to 94 percent (2010), and infant mortality, which has declined from 126 to 97 per 1,000 live births over the 2001-10 period. A new household survey was launched on June 2, 2012 and money-

metric poverty data are expected to be updated in early 2013, to be reported in the PRSP-2's first progress report.

8. **The DRC is not likely to meet any of the Millennium Development Goals (MDGs)².** Progress towards universal primary education and other MDGs will require additional government commitment as the national budget covers only 10 percent of health expenditures, households cover almost 50 percent of health expenditures and the international community covers some 40 percent. Households also contribute some 40 percent to the financial cost of education. Staffs encourage the government to provide greater transparency on the allocation of its own resources and the resources provided by households contributing to education expenditures.

9. **Gender disparity remains a pressing problem in the DRC as women face economic, political and security vulnerabilities as a result of socio-cultural barriers and under-education.³** Staffs commend the PRSP-2's all-encompassing plan to strengthen gender equality but note that the GAP does not prioritize the implementation of this plan. In addition, staffs note the absence of well-defined baselines and specific targets to assess improvement over time. Staffs encourage the Government to (i) accelerate gender equality and better address gender issues through law enforcement, (ii) strengthen operational capacities of the Ministry of Gender, Family and Child, and (iii) place a particular emphasis on increasing the employability of women in more skilled jobs.

III. IMPLEMENTATION PROGRESS AND REFORM PERSPECTIVES

A. Macroeconomic Performance

10. **Macroeconomic management improved under the period covered by the PRSP-1 and this was reflected in better macroeconomic performance.** Real GDP growth averaged 5.6 percent per year during 2006–10 although the medium-term objective was about 7–8 percent, a level deemed necessary to help reach the MDGs. Regrettably, growth was not sufficiently inclusive to reduce poverty. A number of factors adversely affected growth during this period, the most important of which being the global financial crisis, which resulted in a sharp deterioration in the DRC's terms of trade and external outlook. The volatility in food and fuel prices has also had deleterious effects on poverty.

11. **Appropriate economic policies, supported by an IMF Extended Credit Facility (ECF) arrangement since late 2009, have contributed to the consolidation of macroeconomic stability.** Fiscal consolidation and satisfactory control over public spending

² Progress towards achieving the MDGs is reported on page 39 of the PRSP.

³ Gross school enrollment rates stand at only 30.3 percent for girls, compared to 53.6 percent for boys, producing a parity index of 0.6. The literacy parity index has remained constant at 0.69 from 2001 to 2007. Nonetheless, while men continue to dominate the holding of skilled jobs, the percentage of women employed in the non-agricultural sector has increased from 21 percent to 34 percent between 2001 and 2007. In the political realm, the percentage of women in the national parliament and senate stood at 8 percent and 5 percent respectively, according to the 2010 progress report on the MDGs, far from the 50 percent benchmark established by the country's Constitution. In the security realm, 64 percent of women have reported experiencing some sort of violence since the age of 15 and 49 percent have reported experiencing some violence within the last 12 months.

anchors the ECF arrangement and ensures the government's spending programs are broadly implemented. A shortfall in external financial support throughout the period added to the fiscal pressures, although central government revenue increased to 19 percent of GDP in 2010 up from 13 percent of GDP in 2006. Furthermore, improved fiscal discipline contributed to the lowering of inflation, which along with the maintenance of relatively high real interest rates and improved liquidity forecasting, helped the Central Bank of Congo (BCC) lower inflation expectations.

12. Staffs consider the medium-term macroeconomic framework outlined in the PRSP-2 to be appropriately ambitious. Economic growth projections reported in the GAP are substantially higher, creating significant discrepancies in the macroeconomic projections reported in the two documents. High real GDP growth may be feasible through a scaling up of public and private investment in infrastructure, and the natural resources and the agriculture sectors. To achieve this, staffs advise the authorities to develop specific policy measures to encourage private investment. For instance, the Government could deliver a public statement offering realistic projections about its own involvement and those of state-owned enterprises (SOEs) in all key sectors. Transparent planning, realization and reporting of annual divestiture and investment programs approved by shareholders would improve predictability and transparency of SOE management decisions thus improving the business climate.

13. Staffs note the necessity of an acceleration of fiscal and other structural reforms. In particular, staffs advise giving high priority to the enhancement of governance and transparency in extractive industries. Staffs compliment the authorities on the accession to the OHADA treaty in July 2012. Moreover, staffs recommend developing stronger investment protection through joining the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, simplifying the tax regime, and reducing administrative red tape.

14. While the government must take action to raise more domestic revenue, staffs caution that the revenue projection in the GAP is difficult to achieve in the short-term. While staffs support the view that significantly more revenue can be collected through the full implementation of the VAT, the elimination of various tax exemptions, the reduction in the number of taxes and the improvement of natural resource management, the tripling of domestic revenue over the next five years is overly ambitious. First, the implementation of tax reform has been slow, most notably with regard to the elimination of numerous taxes that favor evasion and reduce tax collection. Moreover, the recent sales of state-owned mining assets in a non-transparent manner have apparently reduced potential tax revenues. Thus, staffs underscore the importance of making the government spending plans and infrastructure projects conditional on actual revenue collection to prevent arrears accumulation.

15. Debt management should be strengthened with more accurate recording, reporting, and monitoring of debt data and external debt service. Surprisingly, the unit in charge of debt management still does not collect information on the disbursements in the context of the SCCA, seriously undermining the quality of data reporting, and creating a risk of further arrears. Staffs note, however, that the debt unit has been systematically involved in the assessment of the concessionality of new external financing, and in negotiations on the terms of this borrowing.

B. Economic Growth and Employment-creating Sectors

16. Opportunities for economic development have to be viewed in the context of rapid urbanization, regional integration and improved telecommunications. The agriculture and mining sectors are projected to continue their expansion, while simultaneously raising labor productivity and freeing up labor. The urban population is expected to reach 40 million by 2025, up from an estimated 24 million in 2012. Some of these urban centers will function as service centers for rural areas but they will be increasingly integrated with international markets through formal and informal trade, partly as a result of better telecommunications. Moreover, the GAP recognizes that recent economic growth in the country has not resulted in significant employment creation.⁴ Staffs commend the PRSP-2 for outlining specific strategies to promote employment in response to this, but caution that the PRSP-2 does not set objectives or targets that would provide concrete goals for the relevant parties to work towards.

17. Agriculture: Staffs agree with the authorities' action plan for this sector. Staffs advise, however, engaging the already existing agricultural and rural management councils (CARG) in all territories to ensure that public services respond to private needs. In terms of strategy, staffs recommend the Government emphasize (i) targeting growth through increased productivity for food crops and the promotion of agribusiness; (ii) giving priority to investments over current expenditures, so as to rebuild the critical infrastructure needed to underpin productivity growth; and (iii) promoting public-private partnerships to help develop potential value chains.

18. Forestry: The new government has adopted ambitious targets for the forestry sector.⁵ Staffs note that if the forestry sector's growth rate is to increase as planned, then a number of measures, as inscribed under the Bank-financed Forest and Nature Conservation Project, need to be fast-tracked: (i) a transition from the Bank-financed to a self-financed timber tracking system enforced by timber importing countries, allowing for better control of illegal logging and improved revenue collection; and (ii) the adoption of community forestry legal texts, empowering local communities to manage forests for their own benefit while making sure that this will not result in over exploiting forestry resources for commercial purposes. Moreover, staffs caution that the potential to increase timber exports significantly in the short-term is limited as a result of high transport and handling costs. However, staffs note that there exists growth potential in the domestic markets. Railway sleepers, for example, can be made from heavy hardwoods that are abundant in DRC's forests, but are not in international demand. In addition, staffs agree that substituting part of charcoal and fuel-wood with alternative energy sources is necessary in view of concerns about deforestation and adverse health implications on women and children as a result of inefficient cook stoves. However, rapid substitution conversion will be very challenging and may not be desirable, as the wood fuel industry is an important source of income and employment in both rural and urban areas. To limit deforestation and negative health effects in the short-term, staffs recommend the strategy focus on a more sustainable production of charcoal and the provision of improved cook stoves.

⁴ The unemployment rate in urban areas is 17.8 percent and there are no comparable data for rural areas, where a majority of the population lives on sustenance farming. Furthermore, those between the ages of 15 and 35 who represent over 25 percent of the population, have an urban unemployment rate of 28 percent.

⁵ These include the planting of 3 million hectares of forests by 2025, increasing of the annual forestry sector growth from 3 percent (2007–2010) to 5 percent (2012–2016), and increasing production of logs and semi-processed wood by 10 percent per year during 2012–2016.

19. **Tourism:** Staffs agree that the rehabilitation of visitor infrastructure in six National Parks would be timely, but suggest that unless the Congolese Nature Conservation Institute (ICCN) can be thoroughly reformed, it will neither be able to fulfill its role in managing the Parks, nor be able to attract the private sector partners it needs to develop the ecotourism sector.

20. **Mining:** The Government's objective, as outlined in the PRSP-2, to boost mining output and the sector's contribution to fiscal revenues requires an increase in foreign investment, an improvement in the business climate and a strengthening of governance. Staffs note that these conditions and the projected increase in fiscal mining revenues from 9 percent of fiscal revenues in 2010 to 25 percent in 2016 may be possible if mining taxation improves alongside the business environment, including through greater investment protection by adopting a series of measures, in particular accession to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards, implementation of the OHADA legal framework, and compliance with the Extractive Industries Transparency Initiative (EITI). Moreover, staffs recommend improving transparency in the management of mining SOEs, particularly with respect to transactions related to mining properties and contracts. It also appears that some of the contracts that have been published thus far did not maximize fiscal revenues. Staffs look forward to DRC's accession to the EITI and improved SOEs management, including transparency on asset sales.

21. **Oil and gas:** The significant oil and gas resources in DRC remain largely unexplored, but potentially represent an important opportunity for economic development. Today, oil is only modestly exploited (about 25,000 barrels/day) on the western coastal basin. To date, with the exception of methane reserves dissolved in Lake Kivu, the hydrocarbon potential of all other sedimentary basins remains to be determined. The Ugandan side of Lake Albert, which shares geological characteristics with Lake Kivu, Lake Edward and Lake George, has recently been the site of major oil discoveries estimated at several billion barrels. Staffs note that for the petroleum sector to fully contribute to the country's economic growth and diversification, a number of institutional and policy reforms would need to be implemented. Staffs recommend that these reforms aim to increase the level of investment through the improvement of the investment climate, and to maximize Government revenue while protecting biodiversity and the environment. Such reforms would include reform of the fiscal regime for petroleum activities, implementing regulations for the new hydrocarbon law, developing the regulatory framework for the allocation of petroleum exploration and production rights, and defining a local content policy.

22. **Manufacturing:** Staffs note that the PRSP-2 rightly observes that the recovery of the manufacturing sector depends on the refurbishment of infrastructure. Staffs caution, however, that the PRSP-2 and the GAP focus too much on large-scale initiatives to address these issues, while giving less attention to smaller-scale but geographically wide-spread efforts to deal with these constraints. Thanks to reforms in DRC provinces there is substantial growth in activities such as processing of agricultural products before sale, purification of mining products before export and preparation of construction materials. Many of these activities take place in the informal or semi-formal sectors, but nevertheless create employment and income opportunities for a large number of skilled and semi-skilled people.

23. **Services:** The PRSP-2 notes that there exist opportunities for growth in services- including construction, distribution and trade – but could be more specific about the enabling environment. Service sectors, particularly those that demand limited investment in physical and human capital, are expanding rapidly in areas where peace has been restored. Staffs caution that the main constraints to the services sector growth are (i) a predictable regulatory environment (discussed under the governance section below), (ii) financing that is closely related the enforcement of creditor rights and (iii) skill shortages.

C. Governance and State Effectiveness

24. **The PRSP-2 recognizes the need for a more effective and efficient State to create an enabling environment for private sector job creation.** Staffs are encouraged by the Government’s emphasis on the strengthening of political and security institutions through: (i) the reinforcement of Parliamentary capacity; and (ii) the promotion of political participation by all citizens through strengthened media and civil society capacity and independence.

25. **Public Sector Priorities:** Over the past five years, DRC has made significant progress in the field of economic governance. A new framework law on public financial management was approved in July 2011, while the strategic plan for public finances reform, based on the 2008 Public Expenditure Review (PER), was adopted in June 2010. With respect to revenue management, the Government introduced the Tax Payer Identification Number and implemented a Value Added Tax (VAT) in January 2012. However, staffs note the continued importance of ensuring the transparent and effective management of public resources.

- *The budget process:* The budget formulation and execution process remains weak and sector budgets are often not linked to the national development strategy. Staffs are encouraged by the Government’s adoption of a strategic plan for public finance reform, as outlined in the PRSP-2, that should lead to a more transparent and efficient public financial management system. In addition, staffs recommend the government consider promoting citizen participation in the budget process at the national level, in an effort to encourage constructive interaction and networking between citizens’ organizations and the state around key reforms. Such citizen participation at the national level could draw on the lessons from a successful participatory budget pilot exercise undertaken in the provinces of South Kivu, Katanga and Kinshasa in 2011.
- *Procurement code:* Staffs note that the PRSP-2 fails to address the new procurement code, which was adopted in April 2010, but remains far from being properly implemented. To this end, staffs recommend the Government aim to strengthen the implementation of this code, as well as ensuring that the complaints resolution committee is operational.
- *Public administration reform:* The public administration is overstaffed with unqualified and aged personnel; approximately 60 percent of civil servants have either reached or exceeded the retirement age. As such, staffs commend the PRSP-2 and the GAP for laying out plans to modernize the public administration through the creation of a proper legal framework, improved human resources management and the creation of a retirement system.

- *Decentralization:* Staffs recommend that the decentralization agenda, which was included in the GAP but left out of the PRSP-2, remain a top priority for the government. Specifically, staffs encourage the government to finish drafting the laws establishing the country's provincial institutions and their relationship with the central government. In addition, staffs advise the government to take a stronger stance towards implementing the revenue sharing mechanism between the national government and the provinces. Finally, staffs recommend the government prepare a local government tax code to limit the proliferation of local taxes that are detrimental to the business environment, growth and job creation.
- *Regulatory environment:* Staffs appreciate the broad objectives set out in the PRSP-2 and the GAP to improve the regulatory environment. Staffs advise the Government, however, to prioritize: (i) the improvement of the business start-up process through the reduction of administrative transaction costs; (ii) the streamlining of procedures to obtain key building construction licenses and permits; and (iii) the accelerating of the legal property transfer process.
- *Financial sector supervision:* Staffs note the ambitious financial sector reform and development program that is reported in the PRSP. Staffs welcome the authorities' commitment to the development of a competitive financial sector, but note that implementation of the reform agenda requires significant political commitment.
- *Trade policy and practices:* Staffs appreciate the significant improvement of trade facilitation procedures since the Diagnostic Trade Integration Study was completed in 2010. In principle, staffs welcome the introduction of a single transaction window in Matadi and Kasumbales. Staffs note, however, that there has been more rapid progress in the South Kivu and Katanga border crossings as a result of a practical approach - focusing on collaboration among border agencies - that was implemented with strong support from Provincial Governors and in close collaboration with neighboring countries. Staffs' estimates suggest that a similar practical approach at the Kinshasa-Brazzaville river crossing could yield a 40 percent increase in the volume of trade between the two capitals. Over time, a more efficient river crossing may also improve Kinshasa's access to the Pointe Noire harbor, alleviating the congested Matadi entry point.

26. **State-owned enterprises**—Improvement of performance of public enterprises that provide essential services and infrastructure to the business environment is essential to private sector development. Staffs commend the government for using the PRSP-2 to express its dedication to (i) finalizing the ongoing process to circumscribe the activities of SOEs; (ii) upgrading selected SOEs through minimum investment plans; (iii) liberalizing remaining monopolies of SOEs; and (iv) reforming the Ministry of Portfolio to adapt to the post-reform environment. More specifically, staffs are encouraged by the PRSP-2's recognition of the need to complete the transformation of SOEs into commercial companies. However, staffs note that much due diligence still needs to be undertaken to confirm the companies' ownership of strategic infrastructure assets, and to agree on the restructuring of their debts. Moreover, staffs are concerned that the PRSP-2 fails to highlight the issue of the social liabilities of the SOEs (wage arrears, end of service payments and other outstanding SOE liabilities) and recommend the PRSP-2 outline a strategy to resolve this issue. Overall, staffs suggest that the reform of SOEs

will continue to require strong government leadership and focus to implement already formulated strategies and address any outstanding challenges.

D. Infrastructure

27. **The growth and diversification of the Congolese economy remains dependent upon the strengthening of DRC's basic infrastructure, most notably transport, power and communications infrastructure⁶.** Staffs commend the PRSP-2 for, like the GAP, recognizing the positive link between renewed investment in the transport, energy and ICT sectors and economic diversification and private sector development. Moreover, staffs are encouraged by the acknowledgement within the PRSP-2 that governance reforms of transport and energy SOEs as well as investment in the transport and hydropower sectors are needed in order to decrease transport and energy input costs to the economy.

28. **Overall, staffs recommend that the government mobilizes the synergies of combined investment in the transport, energy and telecommunications sectors.** Combined investments in the three infrastructure sectors will boost private sector investment and consequently the development of these sectors. Successful examples of combined investments include the energy and ICT corridor between Kinshasa and Lubumbashi and the multi-modal river road corridor between Kinshasa and Kisangani. More specifically, staffs recommend that the government develop the Congo Ocean corridor project focusing on the Kinshasa Kisangani fluvial segment and implement an action plan for DRC civil aviation which addresses the recertification of DRC passenger airlines' crews and aircraft and the signature of a multi-year twinning agreement with a qualified foreign Civil Aviation Agency.

E. Strengthening Human Capital

Education

29. **Staffs commend the PRSP-2 for laying out a comprehensive strategic framework for the development of the education sector, in line with the GAP.** Moreover, staffs note that the PRSP-2's basic education (EPSP) strategy appears to be more advanced than the strategy document adopted by the Government in March 2010, in its articulation of policy measures and actions to (i) increase access and retention in a more equitable manner; (ii) improve education quality and pertinence; and (iii) strengthen sector governance. In particular, staffs commend the government for using the PRSP-2 to underscore its commitment to the implementation of the fee-free schooling policy in primary education, which will gradually improve equal access to

⁶ Infrastructure in the country remains lacking, and the development of the transport and power sectors remains hindered as a result of the governance challenges of the SOEs that manage them. With respect to transport infrastructure, for instance, many regions of the DRC (notably the southeast and northeast) are better connected with neighboring countries' infrastructure corridors than they are with domestic ones. Moreover, only 1 GW of hydropower is in functioning order. The dilapidated state of the country's infrastructure leads to exceptionally high input costs. The surface transportation cost is around US\$0.16 per ton-kilometer versus US\$0.05 per ton kilometer in Southern Africa. Given the un-reliability of service, power costs around US\$0.24 per kilowatt-hour compared with the country's long-run potential to produce hydro-power at around US\$0.04 per kilowatt-hour. Nonetheless, DRC has reached a relatively high level of GSM signal coverage at process comparable to that elsewhere in SSA.

education. With respect to higher education, staffs commend the PRSP-2's emphasis on improving the sector governance and its external efficiency, but note that the policy options laid out remains too broad and should also address specific issues such as school dropout rates.

30. **Overall, staffs note that the PRSP-2 does little to prioritize the proposed strategies in light of the existing constraints.** Nonetheless, staffs commend the government's commitment to taking necessary steps to enhance the coordination of the ministries in charge of education and the GAP's commitment to increasing the sector's budget to 25 percent of GDP in 2016 up from 7 percent in 2011. Staffs commend these targets but caution that a clear path for achieving them has not been established. A lack of a clear strategy to achieve these objectives could hinder their realization, as happened with the PRSP-1. Staffs recommend that the Government (i) continue developing a solid and integrated sector strategy to ensure a harmonized and sustainable expansion of the sector; (ii) implement policy measures to improve efficiency and foster accountability in the system's management; and (iii) focus on the improvement of education outputs such as learning acquisition and skills adequacy. With respect to higher education, staffs recommend focusing on advancing the quality assurance agenda, possibly by certification by foreign institutions akin to the participation of the Catholic University of Bukavu in a network of international universities. Higher education programs should also gradually shift the focus toward outcomes that respond to the country's economic development needs.

Health

31. **Staffs commend the strategic focus on primary health care in the PRSP-2 and the new attention paid to demographic issues.** Nonetheless, staffs note that as a result of the recent decline in health sector spending from US\$2 in 2008 to US\$1.17 per capita in 2010, the 80 percent vaccination target is the only PRSP-2 target that is likely to be achieved. Moreover, staffs recommend that the government give direct attention to: (i) the quality of health workers' education which has deteriorated due to the mushrooming of non-regulated medical and nursing schools; (ii) the weakness of the drug supply chain management and the lack of quality control in the pharmaceutical sector; and (iii) the inefficient allocation of health care workers and other resources across geographical regions (provinces and health zones). Moreover, staffs recommend that the Government improve their sector strategy by consulting well-organized faith based health organizations that have delivered public services across the country, including conflict-affected regions. Staffs further recommend the government to place a greater emphasis on the decentralization of the HIV/AIDS strategy.

Social protection

32. **Staffs commend the Government for expressing its commitment in the PRSP-2 to protecting the country's most vulnerable citizens⁷.** Staffs concur that the establishment of social protection policies and improved cooperation with Non-Governmental Organizations (NGOs) helps to address the needs of these groups. In addition, staffs are encouraged by the government's commitment to reducing vulnerabilities through increased gender equality and access to equal opportunities for all Congolese citizens. Nonetheless, staffs caution that the

⁷ Vulnerable groups include children and women in conflict affected regions, people living with disabilities or HIV/AIDS, and displaced persons.

proposed social protection interventions of the GAP focus on the need for contributory social insurance schemes, programs that are unlikely to benefit the most vulnerable sections of the population since they do not have access to these programs.

F. Protection of the Environment and Climate Change Issues

33. **Staffs welcome the emphasis in the PRSP-2 on measures to manage natural resources and protect the environment.** In addition, staffs are encouraged by the PRSP-2's recognition of the importance of: (i) adopting and implementing legislation for the new environment framework law established in 2011; (ii) engaging in measures to reduce climate change; and (iii) building national resilience to adapt to climate change, particularly as this may affect agricultural production, water resources and vector-borne diseases.

34. **Staffs note that the immediate challenge for the government is to deliver on existing policy commitments, and welcome the PRSP-2's emphasis on completing and enforcing the legal frameworks for forest governance and environmental management.** By highlighting DRC's participation in the UN Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD), as well as the national intention to rehabilitate and expand the protected areas network, the PRSP-2 provides a strategy for DRC to benefit from international commitments to invest in these global public goods.

35. Staffs caution, however, that notably absent from the details of these priorities are (i) an explicit mention of measures to establish a national environmental impact assessment system, as required under the new environment framework law; (ii) an identification of measures to combat illegal logging; (iii) a reference to the adoption and implementation of legislation on community forestry, which will be essential for DRC's participation in REDD; and (iv) a mention of DRC's intention to establish a Conservation Trust Fund and implement agreed-upon reforms of the ICCN. Staffs recommend that the government renew its commitment to these critical matters, for which resources have already been identified under existing Bank-supported programs, as a priority for strengthening implementation of the PRSP-2 over the years ahead.

IV. MONITORING AND EVALUATION (M&E)

36. **The PRSP-2's M&E represents a step forward relative to the PRSP-1.** When implemented, the increased institutional focus on line units and more clearly-defined reporting arrangements should make for more structured monitoring. The new government's results-based approach is welcome but the implementation strategy deserves further clarification. Linking the budget to results is an important step that may serve as a transition towards programmatic management of the statistics budget in general and the National Statistics Institute (INS) budget in particular.

37. **More can, and should, be done.** The 2009 Kinshasa Agenda called for the completion of sector strategies in specific areas but did not establish monitoring and evaluation (M&E) frameworks to measure implementation progress. The PRSP-2 has some 200 indicators, and yet does not establish clear links to existing sector strategies thus limiting the ability to scale up successful priority actions. This may lead to redundant data collection and undermine the existing monitoring M&E.

38. **Risk management.** The PRSP-2 rightly notes the challenges of strengthening data collection and analysis. Staffs note that units such as the National Health Information System and the National Agricultural Statistics Unit may be able to generate these data. However, other units that are assigned key tasks may require additional financial, human, and institutional capacities to generate the specified data specified.

V. CONCLUSIONS AND ISSUES FOR DISCUSSION

39. Due to its abundant natural resources and underemployed low-cost workforce, DRC may have access to significant growth opportunities. Key sectors with high potential to drive growth in DRC include: agro-industry, processed wood from sustainably managed forests, construction materials, mining, and energy. The constraints and risks preventing investors from taking advantage of the high prices of imported goods, natural resources and the relatively large local market fall into four broad categories: deficient infrastructure, poor governance and complex business regulations, high financing costs and a lack of trained workers.

40. The government has made progress, and successful government initiatives should be scaled up and better integrated to make a significant dent in underemployment and poverty. In particular the Government should draw lessons from the implementation of the first PRSP. The implementation of the PRSP-1 failed largely because the budget execution was poorly aligned with the PRSP objectives. Allocation of DRC's own resources consistent with the PRSP-2 priorities is a precondition for its effective implementation. It will also send a powerful signal to development partners to support the implementation of the PRSP-2. Staffs welcome the continued efforts to improve the investment climate and to limit the role of the state to focus on providing public goods, including by pursuing more firmly and credibly the unfinished agenda to establish good governance, operational viability and service delivery of SOEs/ public enterprises. Furthermore, staffs stress the importance of explicitly prioritizing the inclusiveness of youth and women in job creation and economic development.

41. In considering the PRSP-2 and the associated JSAN, staffs would like to consult Executive Directors' views with respect to:

- The areas identified by the staffs as priorities for strengthening the PRSP and its implementation.
- The areas identified as key implementation risks.

DEMOCRATIC REPUBLIC OF THE CONGO

GROWTH AND POVERTY REDUCTION STRATEGY PAPER

SECOND GENERATION

GPRSP2
2011 - 2015

VOLUME 1

OCTOBER 2011





Democratic Republic of the Congo



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

VOLUME 1

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ABBREVIATIONS AND ACRONYMS

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

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

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS.....	4
TABLE OF CONTENTS.....	6
PREFACE	9
FOREWORD	11
EXECUTIVE SUMMARY	14
INTRODUCTION	21
CHAPTER 1. RECENT SOCIO-ECONOMIC SITUATION.....	27
POVERTY PROFILE.....	27
1.1.1. Monetary Poverty	27
1.1.2. Non monetary poverty.....	29
1.3. MAIN CAUSES OF POVERTY.....	44
1.3.3. Employment gap	49
1.4. CHALLENGES TO OVERCOME WITHIN THE NEXT FIVE YEARS	53
CHAPTER 2. STRATEGIC PILLARS OF THE GPRS 2	54
2.1. DEVELOPMENT VISION AND OPPORTUNITIES	54
2.2. MAIN OPTIONS OF THE STRATEGY	55
2.3. PILLAR 1: STRENGTHENING GOVERNANCE AND PEACE.....	57
2.3.1. Strengthening State authority	57
A. Strengthening political and democratic institutions	57
B. Strengthening the intervention capacity of the army and the police to ensure national security	59
C. Accelerating the reform of the judicial system and promoting human rights.....	61
2.3.3. Pursuing the public finance reform.....	63
2.3.4. Improving the business climate and promoting the private sector	66
A. Improving the business climate	66
B. Promoting the private sector	66
C. Improving the financial intermediation	67
D. Reforming investment companies	68
2.3.5. Building institutional and human capacities and modernizing the public administration.....	69
2.3.6. Supporting the planning set up and the national statistics system	70
2.3.6. Restructuring the Central Bank of Congo.....	71
2.4. PILLAR 2: DIVERSIFYING THE ECONOMY, ACCELERATING GROWTH AND PROMOTING EMPLOYMENT	72
2.4.1. Boosting agriculture and ensuring food security and the well-being of rural dwellers.....	72
2.4.2. Developing support infrastructure for production activities.....	74
A. Strengthening the transport sector	74
B. Increasing electricity production and improving the population's access to electricity	75
C. Developing the Post, Telecommunications and Information and Communication Technologies sector	76
D. Promoting tourism	77
E. Promoting other areas of the tertiary sector	77
A. Developing the forestry sector.....	78
B. Boosting mineral production	79
C. Increasing the production of hydrocarbons.....	80
D. Promoting industries	80
2.4.4. Promoting foreign trade	81
2.4.5. Promote employment	82
2.4.6. Developing the country and cities.....	85
2.4.7. Formalizing the informal sector	85
2.4.8. Promoting spatial development	86
2.5. PILLAR 3. IMPROVING ACCESS TO BASIC SOCIAL SERVICES AND STRENGTHENING HUMAN CAPITAL.....	86
2.5.1. Strengthening human capital	86
A. Improving access to education and vocational training	87
B. Improving health condition and nutritional status.....	91
C. Promoting youth and sports	93
D. Promoting culture and arts	93
2.5.2. Fighting against HIV/AIDS.....	94
2.5.3. Reducing inequalities and vulnerability.....	97
A. Ensuring gender equality	97
B. Ensuring social security	98
2.5.4. Improving the living conditions of populations and access to services	98
A. Pursuing land reforms, building roads and improving housing	98
B. Improving access to potable water, hygiene and sanitation	99
2.5.5. Promoting community dynamics.....	101
2.6. PILLAR 4. PROTECTING THE ENVIRONMENT AND FIGHTING AGAINST CLIMATE CHANGE	102
CHAPTER 3. IMPLEMENTATION FRAMEWORK OF THE STRATEGY	118
3.1. MACROFISCAL FRAMING AND PRIORITIES OF ALLOCATION OF CREDITS	110
3.1.1. Scenario of the macroeconomic strategy (GPRSP Scenario)	110
3.1.2. PEG Scenario	114
3.2. FINANCING STRATEGY	117
3.3. MONITORING-EVALUATION MECHANISM	118

3.2.1. Challenges and opportunities	119
3.2.2. Information system	120
A. Subsystems of the monitoring-evaluation system	120
B. Methods of data collection	121
C. Reporting tools	122
D. Monitoring-evaluation indicators	124
E. Priorities to ensure the smooth functioning of the system.....	124
3.2.3. Institutional architecture	124
A. At the political level.....	125
B. At the technical level	127
3.4. CONSTRAINTS AND RISKS FOR IMPLEMENTING THE GPRSP 2.....	128
3.4.1. Domestic risks	128
A. Weak institutional and human capacities	128
B. Ownership of the strategy.....	129
C. The fragility of peace and security	129
3.4.2. External risks.....	129
A. The country's dependence on foreign financing	129
B. Economic and financial crises.....	130
C. The energy crisis and world prices.....	130
D. Hunger crisis	130
ANNEXES	131

List of Boxes

Box 1. Reminder on the GPRSP 1 process in DRC.....	17
Box 2. What is a PRSP?	21
Box 3. Simulation of Poverty in the DRC: Methodology of Simulatio	23
Box 4. Progress towards the MDGs	34
Box 5. Main obstacles to economic growth in the DRC.....	37
Box 6. Vision 26/25	44
Box 7. Key actions of the Strategic Plan for Public Finance Reform	52
Box 8. Performance indicators	53
Box 9. Why the performance?.....	54
Box 10. DRC Statistics: Problems of data comparability	58
Box 11. Forestry Code	64
Box 12. Job creation and achievement of MDGs	69
Box 13. Accompanying measures to free primary education	73
Box 14. Mitigating measures of the environmental impact of Pro-Routes project	88
Box 15. Government's Economic Program (PEG-II), 2009-2012.....	94
Box 16. The implications of the development of national accounts according to the 1993 SNA on the main macroeconomic indicators	95

List of tables

Table 1. Distribution of mortality of Congolese children according to the socio-economic group	24
Table 2. Fairness in access to health services in the DRC.....	26
Table 3. Evolution of indicators of MDGs	35
Table 4. Doing Business (DB) Indicators for 2010-2011	37
Table 5. Evolution of social expenditures (as a % of total expenditure)	42
Table 6. Global and sector objectives of the strategy	46
Table 7. Evolution of sectoral growth from 2010-2015 (in % GDP)	90
Table 8. Evolution of revenues and expenses (in % GDP)	91
Table 9. Budget deficit financing (in % GDP)	92
Table 10. Sectoral distribution of annual budget allocations over the period 2011-2015	93
Table 11. Major macroeconomic indicators of the PEG scenario (In % GDP, unless otherwise indicated)	94
Table 12. Sectoral distribution of annual budget allocations over the 2011-2015 period	95
Table 13. Reporting tools	104
Table 14. Key structures and responsibilities within the monitoring-evaluation system of the GPRSP	104

List of figures

Figure 1. Operationalisation framework of the Poverty Reduction Strategy	19
Figure 2. Mortality of Congolese children.....	24
Figure 3. Net Primary enrollment rate	29
Figure 4. Appreciation of households	33
Figure 5. Evolution of the economic growth rate and inflation rate	39
Figure 6. Indicators of flow-of-funds table of the State and balance of payment (in % of GDP).....	39
Figure 7. Sources of growth in the DRC	40
Figure 8. Value added of sectors at provincial level	40
Figure 9. Evolution of rate and average employment.....	42
Figure 10. Customs duties on consumer goods per centile of Revenue Distribution	43
Figure 11. Implementation, monitoring-evaluation device (institutional framework)	102

"... 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.

PREFACE

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

FOREWORD

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

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 +¹ 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

¹ 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.

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.

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

40. 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.

41. 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.

42. 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).

43. 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.

44. 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

45. 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.

46. 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.

47. 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.

48. 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.

49. 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

50. 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:

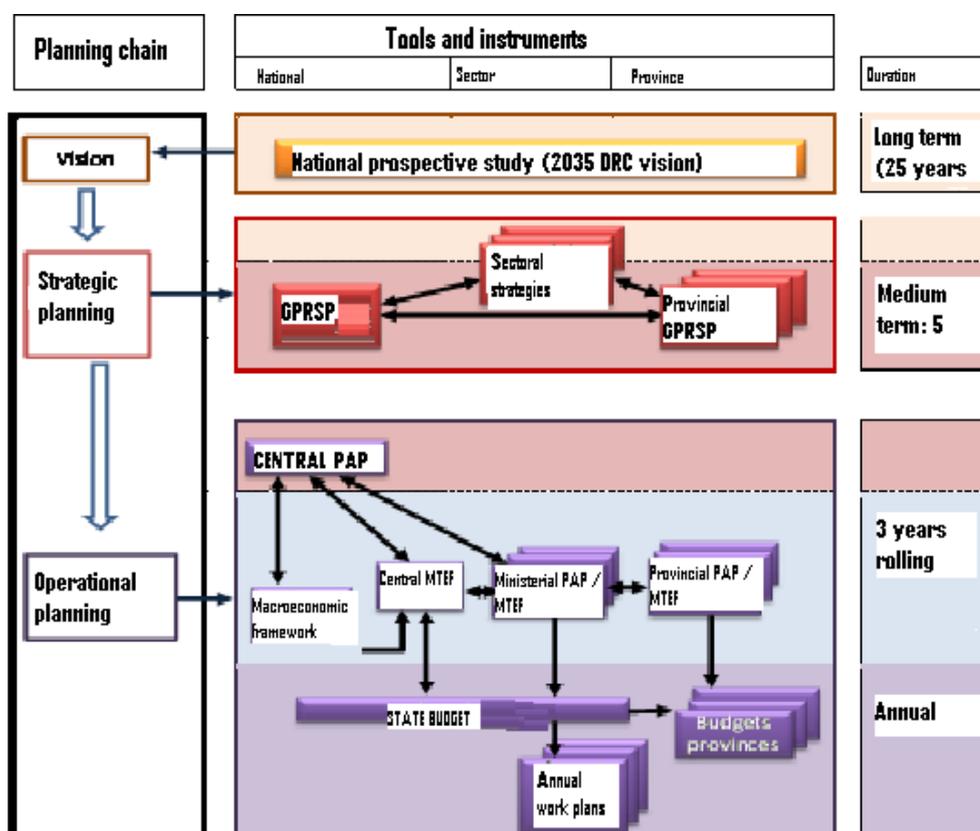
- **The Growth and Poverty Reduction Strategy Paper:** A five year strategic planning framework. It is a consensual framework of national guidelines for accelerated and sustainable development that can effectively reduce poverty and inequalities. Based on an appraisal of national development and an analysis 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.

51. 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

52. 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.

53. 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

54. 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.

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.

CHAPTER 1. RECENT SOCIO-ECONOMIC SITUATION

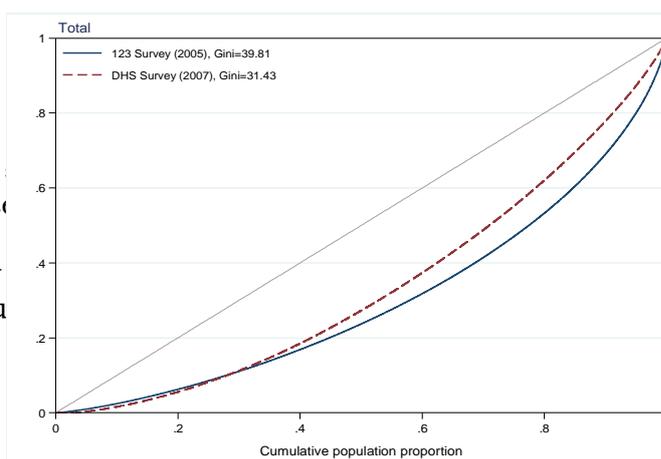
55. This chapter analyzes the situation of poverty stemming from the direct results of macroeconomic and sector policies as well as measures and actions implemented within the framework of the GPRSP 1. Before analyzing the poverty situation in the DRC, it describes the situation of governance and recent 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 GPRSP12. Based on this analysis, this chapter will identify the main causes of poverty and the main challenges for the next five years.

56. 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

57. Simulations based on data from the same consumption behavior of households indicate that poverty fell slightly from 71% in 2005 to 70% in 2007. The change in inequality was very small. The data prepared will allow for an update of the cumulative distribution function (CDF) of household consumption.



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

58. 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;

² For more information, refer to the implementation report of the DSCRPI, May 2010

³ Data from this survey are expected in December 2012.

- 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.

59. 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.

60. 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.

61. 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"⁴. 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.

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

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

62. 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-up⁵.**

1.1.2. Non monetary poverty

63. **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

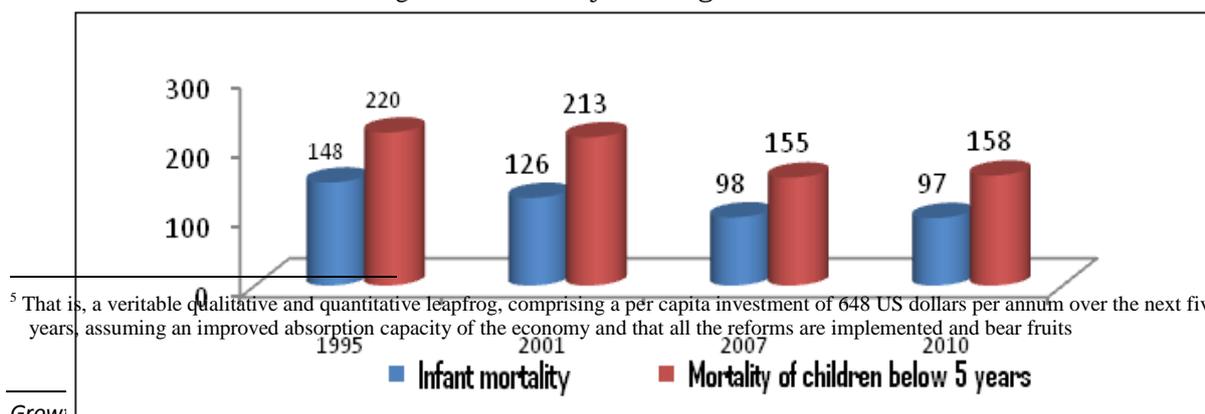
64. **Demography has been discussed above as a major cause of monetary poverty.** On average, a Congolese home comprises 6 members. In the absence of recent census operations, the population of the DRC is estimated at about 67.8 million inhabitants in 2010. The Congolese population increases annually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

65. **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

66. **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.

67. **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
Concentration index	-0.1	-0.09	-0.08	-0.11	-0.1	-0.1

Source: INS.

68. **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 168th out of 169.

69. **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 Infections⁶. Another major cause is the poor and inadequate child nutrition⁷. 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 consultations⁸.

⁶ 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).

⁷ 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.

⁸ 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,

70. **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.

71. **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 margin⁹. According to the EDS survey, this ratio was estimated at 549 deaths¹⁰ per 100,000 live births in 2007, while the MICS 2 survey estimated this ratio at 1,289 deaths in 2001.

72. **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 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 foliate tablets.

73. **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

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.

⁹ 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.

¹⁰ 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.

to the shortage of basic training institutions for midwives, gynecologists and obstetricians.

74. **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.

75. 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-statals spent 142 million USD on their health services.*

76. 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*

77. **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).

78. 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.

79. **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.

80. **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.

81. **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.

82. **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.

83. **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

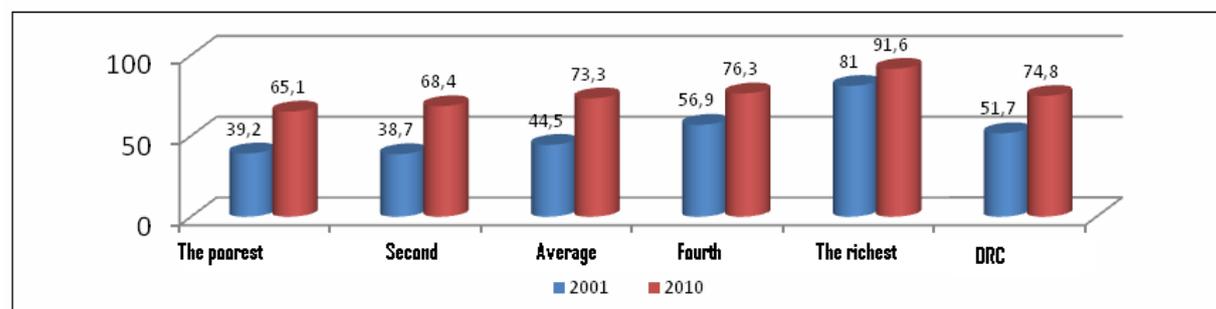
accessibility, (v) shortcomings in the collection and use of strategic information, (vi) problems of availability, data quality and functionality of information systems, (vii) weaknesses of health systems and institutional and technical capacity for implementation, particularly those of community health 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*

84. **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.

85. 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

86. 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.

87. **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.

88. **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).

89. **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).

90. **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.

91. **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

92. **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.

93. **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).

94. **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 ministries¹¹), (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.

95. **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

¹¹ 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.

land-use planning and the effectiveness of cities as a tool 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.

An environmental degradation with multifaceted causes and effects

96. **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.

97. **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).

F. Gender equality that is yet to be accomplished

98. **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 low¹². 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.

99. 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.

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

100. 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.

101. **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 2007¹³. 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

102. **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.

103. **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

¹³ 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.).

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.

104. **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.

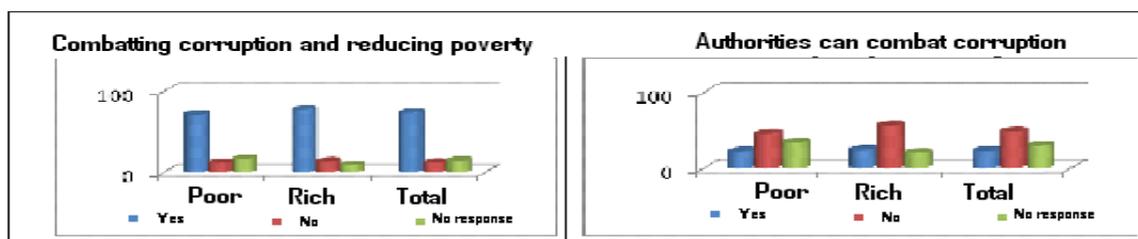
105. **Although the implementation of the first generation GPRS as well as sector-specific policies and strategies to fight against poverty, between 2006 and 2010, has improved the quality and supply of essential public services, there is still much to desire.** In the health sector, results indicate that the vast majority of households (80 percent) are satisfied with the availability of health personnel and three-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.

106. **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.

107. **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).

108. **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

109. 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.

110. 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 problems and historical patterns observed in

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).

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
GOAL 1: Eradicate extreme poverty and hunger	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
GOAL 2: Achieve universal primary education	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
GOAL 3: Promote gender equality and empower women	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
GOAL 4: Reduce child mortality	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
GOAL 5: Improve maternal health	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
GOAL 6: Combat HIV/AIDS, malaria and other diseases	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
GOAL 7: Ensure environmental sustainability	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

GOAL 8: Develop a global partnership for development	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

111. **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.

112. **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"¹⁴.

113. **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

114. **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.

115. 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.

116. **The business environment in the DRC today is among the least attractive in the world.** In 2011, the country was ranked 175th out of 183

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

countries in the “Doing Business” report. Nevertheless, the country had made progress compared to 2010 when it was ranked 179th. 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.

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

CATEGORY	2011 DB RANKING	2010 DB RANKING	VARIATION IN RANKING
Total	175	179	+ 4
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

117. **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.

118. **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).

119. **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.

120. **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.

121. **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

122. **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.

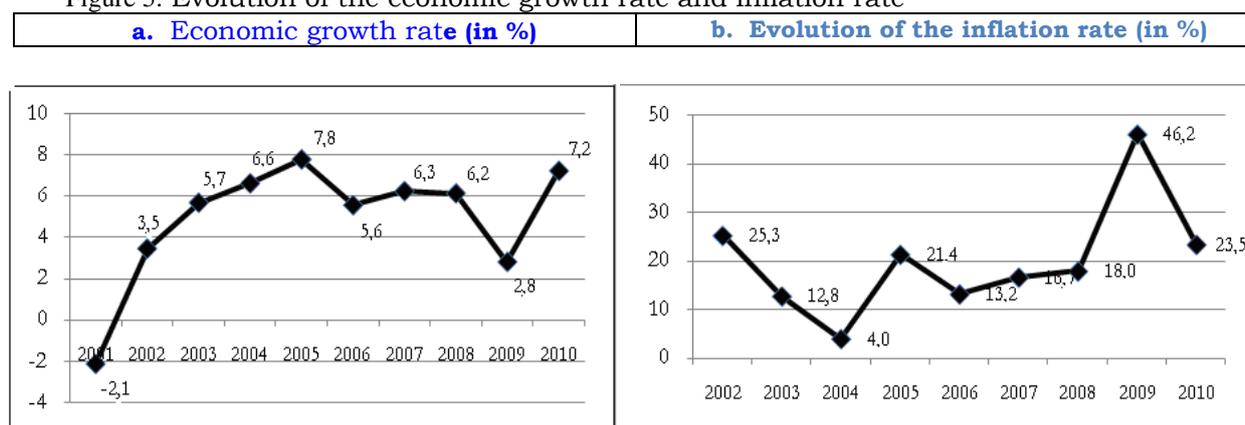
Box 5. Main obstacles to economic growth in the DRC

What prevents the DRC from reaching and exceeding an economic growth rate of 8 percent? A recent study¹⁵ 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.

¹⁵ World Bank. Country Economic Memorandum. CEM. 2011

123. **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.

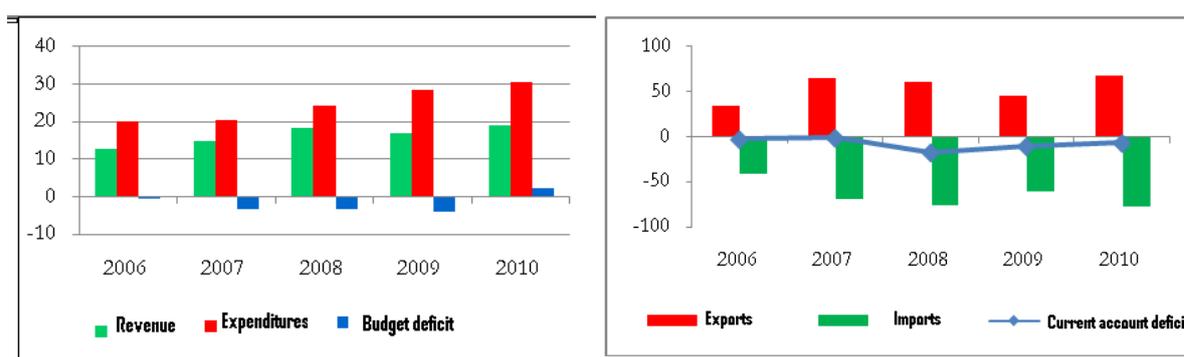
Figure 5. Evolution of the economic growth rate and inflation rate



Source: CPCM, 2011

124. **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

125. **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.

126. **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.

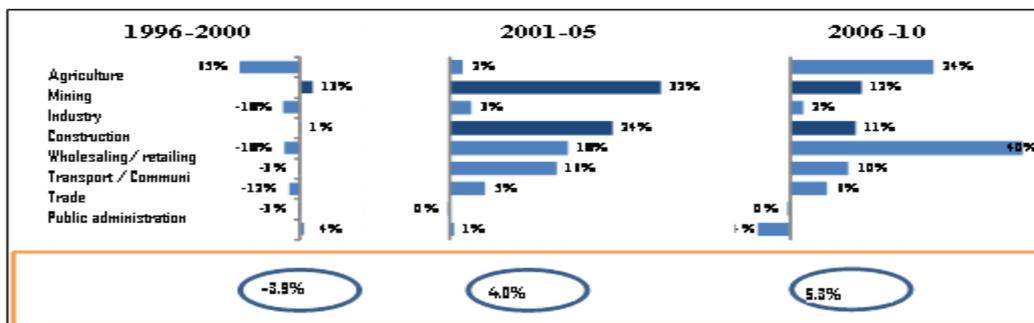
127. **The current account deficit of the balance of payments of Congo deteriorated over the period 2006 to 2010 due to accelerated investments since 2008.** An improvement of this deficit was, however, recorded during the period thanks to the resumption of mining exports and an increase in grants (budget 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.

128. **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.

129. **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.

130. **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.

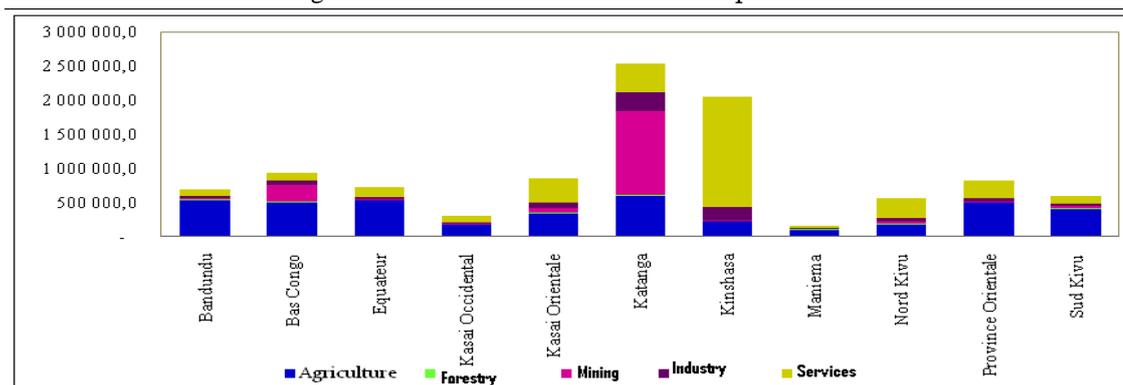
Figure 7. Sources of growth in the RDC



Source: World Bank, CEM, 2011.

131. **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



Source: World Bank, macro-economic Framework in provinces, 2010.

1.3.3. Employment gap

132. **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.

133. **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.

134. The same survey reveals that the 15-35 age brackets 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.

135. 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.

136. 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).

137. **Similarly, according to a recent study¹⁶, 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 completely absorb the additional demand on the labor market. The graph below illustrates the relationship between employment and overall growth.

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

Figure 9. Evolution of rate and average employment



Source: WDI, World Bank.

138. **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

139. **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.

140. **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 studies¹⁷ 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.

141. **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.

¹⁷ 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

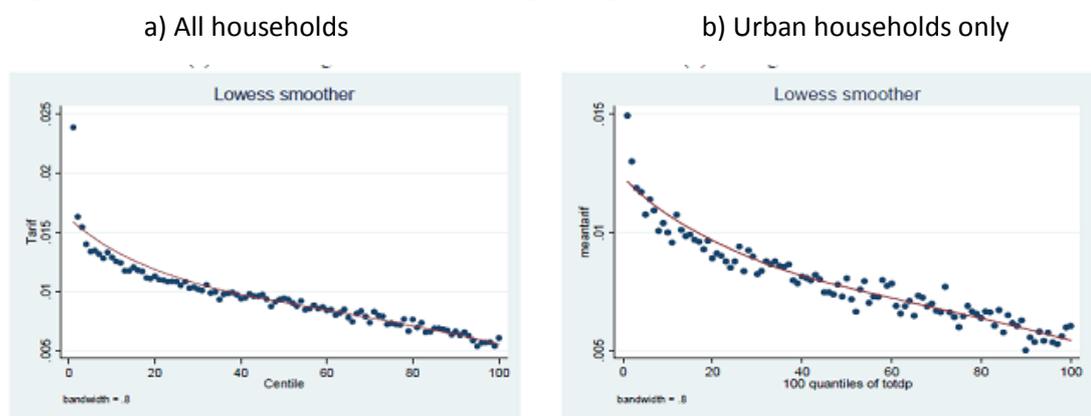
Table 5. Evolution of social expenditures (as a % of total expenditure)

	2006	2007	2008	2009	2010
Health					
Functioning	5.1	5.7	5.6	5.6	5.8
Investment	9.9	6.6	5.1	11.4	10.6
Education					
Functioning	29.4	21.9	26.1	24.5	21.1
Investment	2.9	8.7	6.5	4.2	4.9
Other social sectors					
Functioning	2.2	4.1	3.6	3.6	3.9
Investment	1.3	0.7	2.9	0.1	1.3
Total					
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.

142. **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 rich¹⁸. 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).

¹⁸ World Bank EDIC Report, 2010.

1.4. Challenges to overcome within the next five years

143. 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.

CHAPTER 2. STRATEGIC PILLARS OF THE GPRS 2

144. 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

145. 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."

146. 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

147. **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 years¹⁹ 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.

¹⁹ 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.

148. 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.

149. 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.

150. 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.

151. 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.

152. 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

153. 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.

154. 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.

155. 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

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

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

156. 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

157. 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

158. 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

159. 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.

160. 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.

161. 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.

162. 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, grassroot 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.

163. 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.

164. **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.

165. **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.

166. 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.

167. 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.

168. 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

169. 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.

170. 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.

C. 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.

171. 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.

172. 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.

173. 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.

174. 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.

175. The Police Reform Monitoring Committee (CSRP), 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.

176. 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.

D. Accelerating the reform of the judicial system and promoting human rights

177. 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.

178. 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.

179. 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.

180. **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.

181. **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.

182. 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.

183. **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).

184. **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

185. 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.

186. 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.

187. 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.

188. 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

189. 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

190. 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.

191. **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.

192. 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.

193. **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.

194. 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.

195. 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.

196. **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.

197. 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.

198. 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.

199. 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.

200. 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

201. 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

202. 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.

203. . 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

204. 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.

205. 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).

206. 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.

207. 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

208. 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

209. 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.

210. 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).

211. **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

212. 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.

213. 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.

214. 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.

215. **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.

216. **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.

217. 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.).

218. 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

219. 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.

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

220. To meet the **needs of steering the economy and monitoring the GPRS and the MDGs**, Government undertakes

in their methodology and survey design. A comparability problem arises and we invite our readers to keep this in mind throughout this document.

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).

2.3.6. Restructuring the Central Bank of Congo

221. 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."

222. 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.

223. 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.

224. 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.

225. **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

226. 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.

227. 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

228. 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.

229. 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)²⁰ 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.

230. **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.

231. **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.

232. **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.

233. **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.

²⁰ 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).

2.4.2. Developing support infrastructure for production activities

A. Strengthening the transport sector

234. 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 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.

235. Government's vision in the transport sector²¹ 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.

236. 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.

237. **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.

238. **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.

²¹ Transport sectoral strategy note of 4 December 2009, p. 21.

1. **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.
2. **In the railway sector**, the great priority is the financial and operational restructuring of the SNCC²² whose role is strategic to the mining sector; a comprehensive recovery plan is committed to this effect.
3. **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.
4. **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.
5. 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 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

239. 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.

240. 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).

241. The achievement of these goals is through the reform and liberalization of the sector (production et/or distribution), and increased public and private

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

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.

242. 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

243. 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.

244. 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.

245. 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

246. 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.

247. 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

248. 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

249. 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).

250. 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.

251. 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.

252. 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.

253. 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 peoples²³, (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

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.

²³ 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.

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.

B. Boosting mineral production

254. 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.

255. 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.

256. 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).

257. 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.

258. 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.

259. 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

260. 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.

261. 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.

262. 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

263. 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.

264. 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.

265. 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.

266. 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

267. 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.

268. 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.

269. 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.

270. 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.

271. 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

272. 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.

273. 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.

274. 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.

275. **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).

276. **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	1 531 894
Secondary sector	52 291	52 711	84 820	95 170	87 795	372 787
Tertiary sector	316 198	418 383	711 163	528 332	603 702	2 577 778
Administration	154 964	154 312	155 051	153 318	153 715	771 360
Total jobs created	719 079	706 207	1 153 502	923 928	979 743	4 482 459
Number of persons brought out of poverty	680 916	2 514 063	2 496 178	2 838 209	2 711 469	11 240 836
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
Total direct jobs created	156 469	155 979	156 887	155 330	155 912	780 578

277. **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.

278. **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

279. 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.

280. 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.

281. 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.

282. 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.

283. 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

284. 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.

285. **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

286. 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.

287. 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

288. 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

289. 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

290. 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.

291. 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 estimates²⁴), 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.

292. 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 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.

293. 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 electricity²⁵. 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.

294. 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

²⁴ 2011 Preliminary report on studies on children and adolescents out of school.

²⁵ 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.

secondary school with 15.9 percent for girls. A little over 65 percent of teachers are under-qualified.

295. 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.

296. 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.

297. 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.

298. 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 and informal education of youths and adults.

299. 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.

300. 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**

301. 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.

302. **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.

303. **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.

304. **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**

305. 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.

306. **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.

307. **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.

308. 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

309. 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).

310. **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).

311. **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.

312. **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.

313. 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**

314. 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.

315. 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

316. 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-Saharan 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.

317. 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).

318. 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.

319. **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.

320. 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.

321. **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.

322. **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.

323. 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.

324. ***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

325. 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.

326. 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

327. 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.

328. 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.

329. 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.

330. 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.

331. 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

332. 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**).

333. 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.

334. 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.

335. 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.

336. **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).

337. 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.

338. **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.

339. 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.

340. 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.

341. 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”.

342. 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.

343. 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

344. In 2009, the Government adopted the National Gender Policy²⁶, 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).

345. 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.

346. 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.

347. **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.

348. 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).

²⁶ 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.

B. Ensuring social security

349. 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)²⁷. 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.

350. 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.

351. 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 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

352. 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

353. **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

²⁷ 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.

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.

354. 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.

355. **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.

356. 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.

357. 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.

358. 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

359. 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.

360. 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.

361. 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.

362. **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.

363. **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 (soap) at critical moments.

364. **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.

365. 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

366. 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.

367. 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.

368. 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.

369. **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.

370. **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.

371. **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.

372. **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**

373. 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.

374. 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).

375. 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.

376. 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

377. 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

378. 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).

379. 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

380. 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.

381. ***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.

382. ***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.

383. 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.

384. 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.

385. **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.

386. Government's policy in this sector seeks to evaluate the country's water resources, increase their value and ensure their quantitative and qualitative sustainability.

387. 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.

388. **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.

389. 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.

390. 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.

391. 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

392. 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.

393. 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

394. 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.

395. 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.

396. 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.

397. 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

398. 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.

399. Climate change in the DRC should be manifested by an increase in temperatures of about 3°C at the end of the XXIst 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.

400. 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.

401. 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.

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.

402. 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.

403. 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).

404. 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.

405. **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.

406. **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 area²⁸; (vi) adopting the draft Code of agriculture currently being discussed in parliament; and (vii) organizing and supervising farmers particularly through CARG and CDL.

407. **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 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.

408. 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.

409. 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.

410. At the level of **water** and sanitation, priorities are those mentioned in Pillars III and IV.

411. **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

²⁸ 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.

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.

412. **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.

413. **Concerning tourism**, priorities retained are the same as those outlined in Pillar II.

414. **In the industrial sector**, priorities will be industrial waste management and control of air, soil and water pollution.

415. 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 CREDITS²⁹

416. 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)

417. 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.

418. 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.

419. 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.

420. 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.

²⁹ More developed elements are contained in the 2011-2015 budget programming report

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

	2011	2012	2013	2014	2015	2006-2010	2011-2015
Primary Sector	5.5	3.6	5.4	4.4	4.2	4.4	4.6
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
Secondary Sector	9.3	9	13.8	14.5	12.5	5.4	11.8
Tertiary Sector	6.4	7.9	12.5	8.2	8.6	7.1	8.7
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
GDP (base 2000)	6.5	6	9.1	7.4	7.2	5.6	7.2

Source: CPCM, May 2011

421. **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.

422. **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.

423. 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.

424. 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.

425. **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
Revenues and grants	29.0	28.2	31.4	31.2	31.4	30.2
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
Total expenditure	36.0	33.6	35.6	35.0	33.3	34.7

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
Fiscal balance, payment order basis	-7.0	-5.4	-4.3	-3.8	-2.0	-4.5

Source: CPCM, May 2011

426. 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.

427. 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.

428. 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.

429. **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
Total financing	7.5	6.0	4.3	3.8	2.0
Foreign financing	6.6	4.7	3.0	2.7	2.4
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
Domestic financing	0.8	0.0	0.0	0.0	0.0
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
Financing to be sought	0.0	1.4	4.4	4.3	3.9
<i>For the memory</i>	0.0	0.0	0.0	0.0	0.0
Grants	8.6	8.4	9.9	9.2	9.1
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

430. **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.

431. **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, credits³⁰ 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.

432. 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.

433. 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.

³⁰ 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
Pillar 1: Strengthening governance and peace	40.1	19.6	20.2	19.9	20.2	20.5
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
Pillar 2: Diversifying the economy, accelerating growth and promoting employment	30.7	47.4	46.7	45.6	44.7	43.3
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
Pillar 3: Improving basic social services and strengthening human capital	25.7	29,6	29,5	30,9	31,7	32,9
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
Pillar 4: Protecting the environment and fighting against climate change	3.6	3.4	3.6	3,5	3,4	3,2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CPCPM, May 2011

434. 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

435. 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.

436. 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

437. 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
Pillar 1: Strengthening governance and peace	40.1	28.9	28.6	28.8	29.5	30.6
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
Pillar 2: Diversifying the economy, accelerating growth and promoting employment	30.7	44.3	44.2	43.3	42.0	40.2
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
Pillar 3: Improving basic social services and strengthening human capital	25.7	21.8	22.2	22.7	23.3	24.1
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
Pillar 4: Protecting the environment and fighting against climate change	3.6	5.0	5.1	5.1	5.1	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CPCM, May 2011

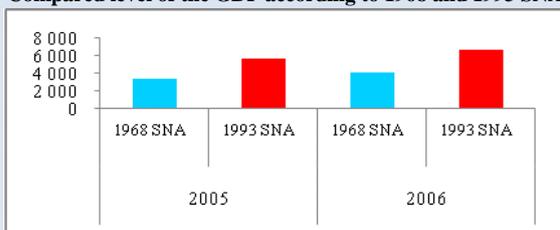
438. The implementation of the macroeconomic framework of the PEG scenario will be expressed by a relatively low allocation to pillars 2 and 3 in favor of pillar 1. With such allocation, the Government cannot create conditions for sustainable, job creating economic growth favorable to the achievement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

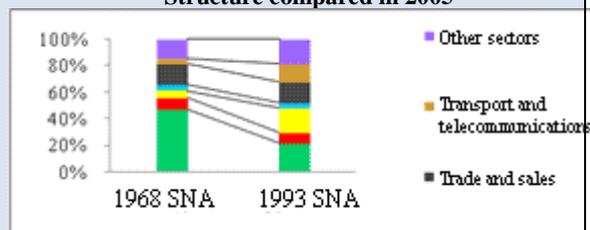
The National Institute of Statistics undertook since 2008 to develop a new set of national accounts according to the 1993 System of National Accounts (SNA). These new national accounts which will be published during the 3rd quarter of 2011, will replace the current set of national accounts prepared according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

439. 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.

440. 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.

441. Also, it is also considered:

- **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 saving; (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.
- **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.
- **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).
- **to increase direct foreign investment and other private capital flows 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.
- **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

442. 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.

443. 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 levels³¹. Drawing lessons from the 2006-2010

³¹ See the GPRSP 1 (2010) implementation report.

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.

1.1.1. Challenges and opportunities

444. 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.

445. **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.

446. **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.

447. **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.).

448. **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.

449. **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.

450. 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.

1.1.2. Information system

451. 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

452. The monitoring-evaluation system depends on the three subsystems recommended by CRESMIC³²:

- **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...).

³² 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.

- **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.

B. Methods of data collection

453. 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;**

454. **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.

455. 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.

456. 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.

457. 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.

458. 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

459. 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

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

460. 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...).

461. 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.

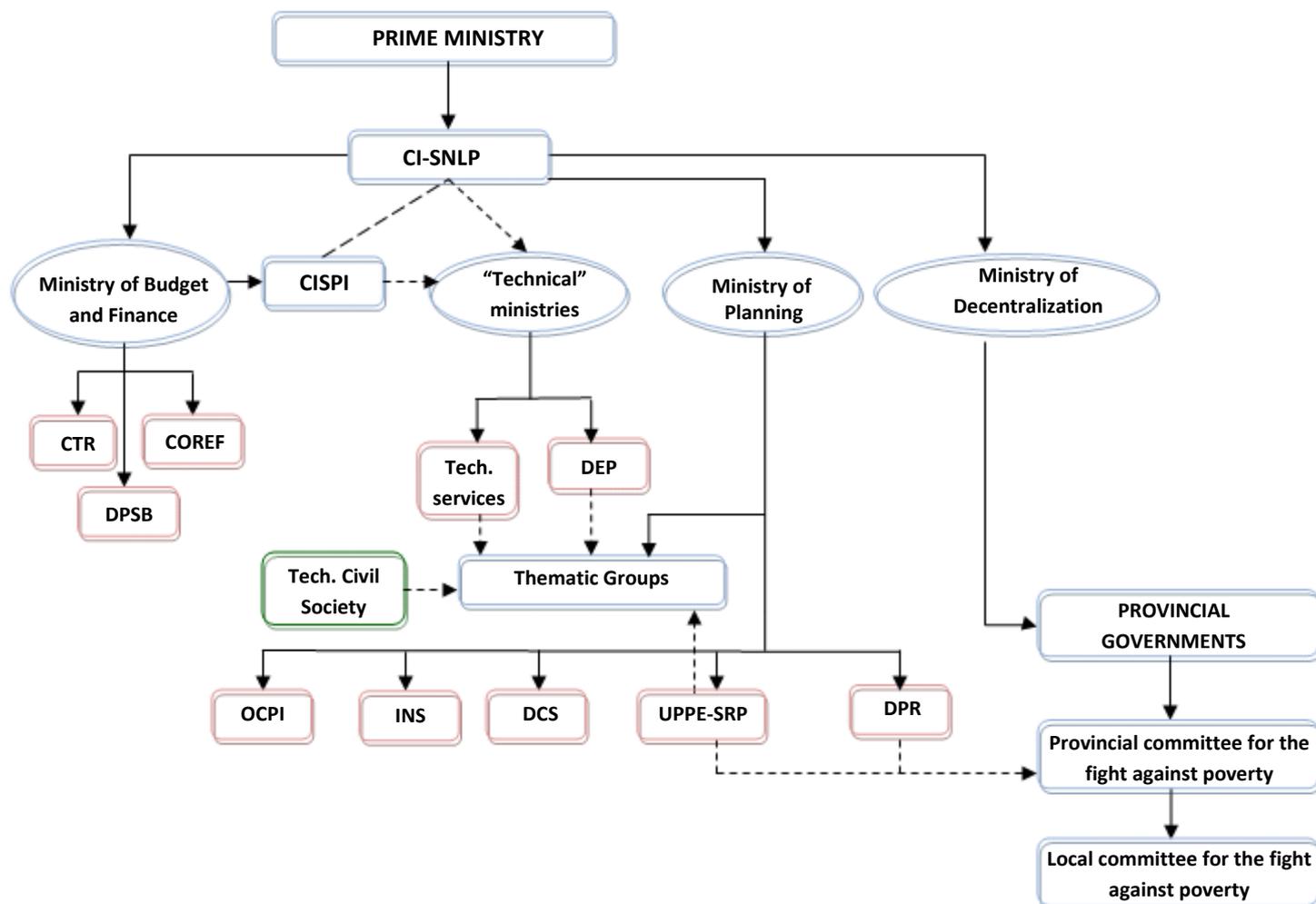
E. Priorities to ensure the smooth functioning of the system

462. 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.

1.1.3. Institutional architecture

463. 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)



465. **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.

466. **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.

467. **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.

468. **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.

469. **The Ministry of Decentralization and Regional Planning.** It ensures the implementation of measures related to decentralization and regional planning.

470. **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.

471. **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.

472. **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

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

Committees for the Fight against Poverty	<ul style="list-style-type: none"> • responsible for designing and monitoring-evaluation of the strategy (both national and provincial) for poverty reduction; • serves as interface between the UPPE-SRP and provincial development actors like provincial Governments; • supervise the preparation and updating of operational programming documents at the provincial level; • ensure the monitoring of implementation of PAP/MTEF.
Local Committees for the Fight against Poverty	<ul style="list-style-type: none"> • Coordinate the designing, implementation and monitoring-evaluation of local strategies and action plans for the fight against poverty; • Develop monitoring–evaluation reports and transmit them to provincial committees for centralization and consolidation at the provincial level.
Provincial Directorates of the INS	<ul style="list-style-type: none"> • Carry out provincial surveys; • formulate dashboards of provincial indicators for monitoring-evaluation of provincial GPRSP
Provincial Division of Planning	<ul style="list-style-type: none"> • Coordinates the development, implementation and monitoring-evaluation of provincial GPRSP.

3.4. CONSTRAINTS AND RISKS FOR IMPLEMENTING THE GPRSP 2

474. 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

475. 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.

476. 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.

477. 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

478. 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.

479. 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

480. 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.

481. 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

482. 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.

483. 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

484. 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

485. 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

486. 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 5. Government Action Plan

Annex 1: Key monitoring-evaluation indicators

Indicator	Source of data
I. Macro-economy	
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
II. Poverty and Social Inequalities	
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)
III. Household living environment	
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
IV. Employment	
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
V. Education	
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

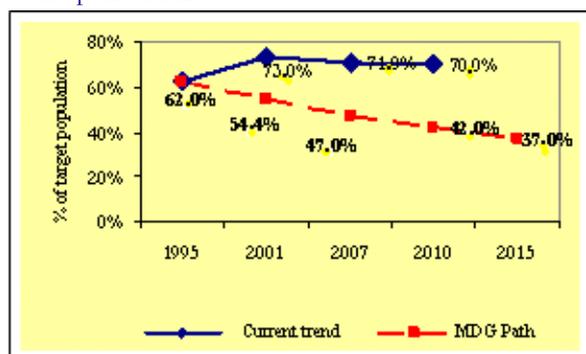
54. Proportion of villages having a primary school within one kilometer	FINEAD, Survey 1-2-3
55. Proportion of villages with secondary school less than 5 km	FINEAD, Survey 1-2-3
VI. Health	
56. Infant and child mortality rates	EDS
57. Infant mortality rate	EDS
58. Child Mortality Rate	EDS
59. Proportion 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
VII. Environment	
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	
VIII. Agriculture and Rural Development	
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
IX. Infrastructure and Public Works	
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
X. Mines and hydrocarbons	
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
XI. Industry	
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
XII. Communication and information	
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

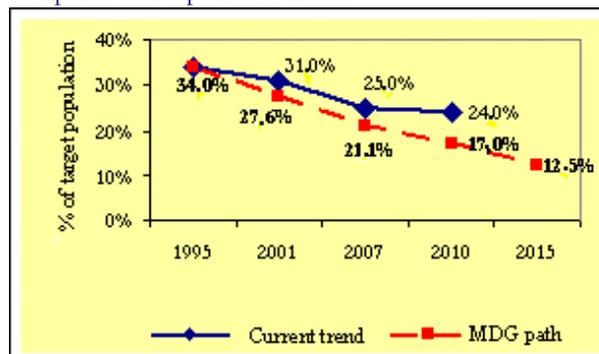
Proportion of the population with an electronic address	RGPH, Survey 1-2-3, MICS, EDS
XIII. Governance and participation	
162. Proportion of women parliamentarians and senators	National Assembly, DEP-Gender, OCPI
163. Proportion of the State budget allocated to provinces	DPSB
164. Satisfaction rate of 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
XIV. Trade	
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
XV. Business climate	
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

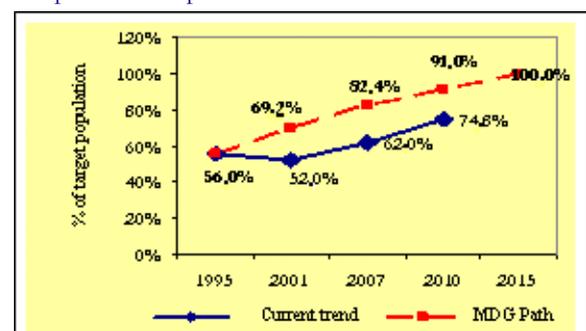
Evolution of the incidence of income poverty compared to the path of MDGs



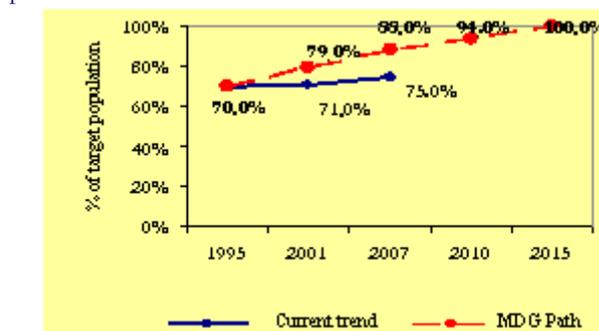
Evolution of the proportion of underweight children compared to the path of MDGs



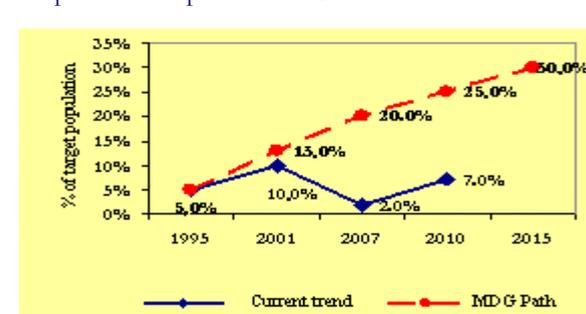
Evolution in net enrolment in primary education compared to the path of MDGs



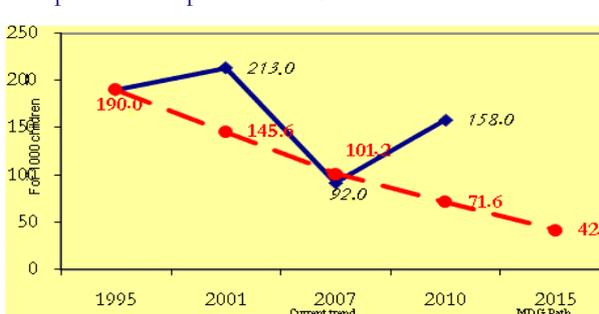
Evolution adult literacy rate (15-24 years) compared to the path of MDGs



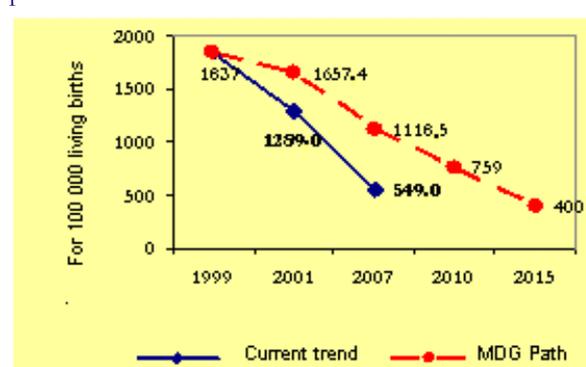
Evolution of the proportion of women elected compared to the path of MDGs



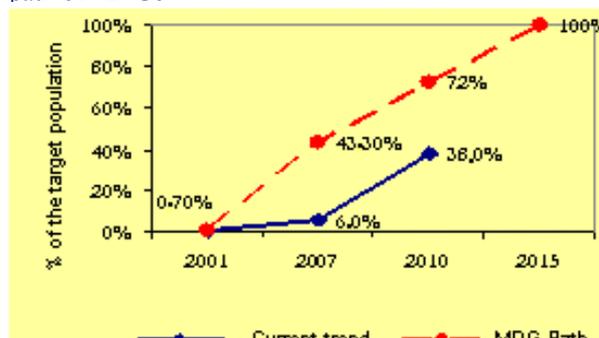
Evolution of mortality rate of children under 5 years compared to the path of MDGs



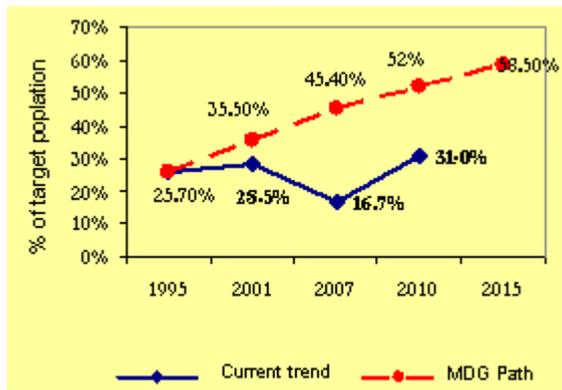
Evolution of maternal mortality rate compared to the path of MDGs



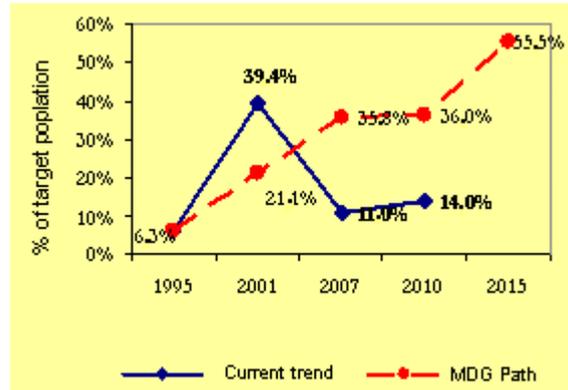
Evolution of the proportion of children under 5 years who slept under a treated mosquito net (MII) compared to the path of MDGs



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	2015
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>						
Production and price						
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%
Government						
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%
Foreign sector						
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>						
Money and credit						
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%
MDG indicators						
MDG1: Reduce extreme poverty						
Poverty Incidence	69.6%	69.6%	67.3%	65.1%	62.7%	60.6%
MDG2: Ensure universal primary education						
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%
MDG4-5: Reproductive health						
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
Exchange rate						
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
GDP per capita							
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
Real GDP (annual growth)	7.2%	6.5%	6.0%	9.1%	7.4%	7.2%	7.2%
Price							
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%
	Annual growth						
GDP RESOURCES							
Real GDP (market price)	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%
Agriculture	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%
EMPLOYMENT GDP							
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>						
Revenues and grants	3929.3	4274.9	4919.0	6780.9	8270.3	9998.7
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
Total expenditure	3647.3	5308.6	5866.2	7703.1	9271.3	10634.4
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	-	88.7	51.0	55.4	64.1	74.0
Balance and financing	282.0	1033.6	947.3	922.2	1001.0	635.7
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
Revenues and grants	32.2%	29.0%	28.2%	31.4%	31.2%	31.4%
Tax and non-tax revenues	18.5%	20.4%	19.8%	21.5%	22.1%	22.3%
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%
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%
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%
Capital spending	13.7%	16.3%	16.3%	19.9%	20.6%	20.1%
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%
Balance and financing	2.3%	-7.0%	-5.4%	-4.3%	-3.8%	-2.0%
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%
Total financing	3.5%	6.6%	4.7%	3.0%	2.7%	2.4%
Foreign financing						

Balance of payments: Scenario of the strategy

	Est.	Projections				
	2010	2011	2012	2013	2014	2015
	<i>(In millions of USD)</i>					
CURRENT ACCOUNT	-897.75	-418.93	-108.55	2079.43	2324.35	2738.21
TRADE BALANCE	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
BALANCE OF SERVICES	-1644.59	-1796.12	-1793.01	-1011.85	-868.89	-579.58
INCOME BALANCE	-881.14	-1491.31	-1572.66	-675.51	-750.02	-821.03
BALANCE OF CURRENT TRANSFERS	1107.60	958.09	973.29	951.16	1013.75	1 083.16
CAPITAL AND FINANCIAL ACCOUNTS	1644.50	509.33	335.26	3 205.51	3 034.08	3 806.68
OVERALL BALANCE	746.74	90.40	226.71	0.00	0.00	0.00
FINANCING	-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>					
CURRENT ACCOUNT	-6.7%	-2.7%	-0.6%	10.6%	10.4%	10.8%
TRADE BALANCE	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%
BALANCE OF SERVICES	-8.3%	-8.4%	-7.7%	-16.0%	-15.4%	-15.0%
INCOME BALANCE	-12.3%	-11.7%	-10.6%	-5.2%	-3.9%	-2.3%
BALANCE OF CURRENT TRANSFERS	-17.0%	-17.1%	-15.7%	-10.2%	-8.6%	-6.8%
CAPITAL AND FINANCIAL ACCOUNTS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
OVERALL BALANCE	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%
FINANCING	-0.2%	-0.1%	-0.1%	-1.2%	-1.2%	-1.1%
FINANCING REQUIREMENT BEFORE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXCEPTIONAL AID	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%
Ratios at the start of the fiscal year							
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

Democratic Republic of the Congo



THE GOVERNMENT

GOVERNMENT
ACTION PLAN

2012 – 2016



May 2012

1. INTRODUCTION

2. DIAGNOSIS OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION OF THE COUNTRY

- 2.1. Evolution of the political, economic and social situation of the country
- 2.2. Structural constraints hindering the development of the Congolese economy

3. PROGRAM OBJECTIVES

- 3.1. Motivation and choice of goals
- 3.2. Program objectives
 - 3.2.1. Pursuing institutional reforms to strengthen State efficiency
 - 3.2.2. Consolidating macroeconomic stability and accelerating growth and job creation
 - 3.2.3. Pursuing the construction and modernization of basic infrastructure
 - 3.2.4. Improving the living environment and social conditions of the population
 - 3.2.5. Strengthening human capital and citizenship education
 - 3.2.6. Strengthening diplomacy and development cooperation.

4. OBJECTIVES, STRATEGIES AND ACTIONS

Objective I: PURSUING AND FINALIZING INSTITUTIONAL REFORMS TO ENHANCE STATE EFFICIENCY

- 4.1.1. Improving the public decision-making process
- 4.1.2. Pursuing the decentralization process
- 4.1.3. Reforming the Public Service
- 4.1.4. Reforming the Army, the Police and security services
- 4.1.5. Reforming the judicial system
- 4.1.6. Promoting human rights
- 4.1.7. Fighting against corruption and impunity
- 4.1.8. Promoting gender equality and improving the status of women and children

Objective II: CONSOLIDATING MACROECONOMIC STABILITY AND ACCELERATING GROWTH AND JOB CREATION

- 4.2.1. Pursuing structural economic reforms
- 4.2.2. Developing processing industries and structuring industries
- 4.2.3. Promoting policies favorable to job creation
- 4.2.4. Promoting the middle class and protecting petty trade
- 4.2.5. Consolidating and expanding micro-finance activities
- 4.2.6. Promoting growth of key economic sectors:
 - 4.2.6.1. Agricultural, Livestock and Fisheries Sector
 - 4.2.6.2. Electric Power Sector
 - 4.2.6.3. Mining sector
 - 4.2.6.4. Oil and Natural Gas sector

4.2.6.5. Telecommunications and New Information and Communication Technology sector

4.2.6.2. Electric Power Sector

4.2.6.6. Forestry, Tourism and Environment sectors

Objective III: PURSUING THE CONSTRUCTION AND MODERNIZATION OF BASIC INFRASTRUCTURE

4.3.1. Intervention framework and priorities

4.3.2. Roads

4.3.3. Highways

4.3.4. Ports and Airports

4.3.5. Rail transport

4.3.6. Ports, navigable seas and inland waterways

4.3.7. Other growth support infrastructure

4.3.8. Institutional reforms in the sector

Objective IV: IMPROVING THE LIVING ENVIRONMENT AND SOCIAL CONDITIONS OF THE POPULATION

4.4.1. Improving the living environment:

4.4.1.1. Drinking water.

4.4.1.2. Rural Electricity Supply

4.4.1.3. Sanitation

4.4.1.4. Habitat - Town Planning - Property

4.4.1.5. Public transportation

4.4.1.6. Health

4.4.1.7. Education

4.4.1.8. Sports, Leisure and Culture

4.4.2. Improving social conditions of the population:

4.4.2.1. Income levels and purchasing power

4.4.2.2. Social protection: social security reform and retirement plan

4.4.2.3. Reducing inequalities and vulnerability

4.4.2.4. National employment policy

4.4.2.5 Vocational training and capacity building

4.4.2.6 Community dynamics

Objective V: STRENGTHENING CAPITAL AND CITIZENSHIP EDUCATION

4.5.1. Strengthening human capital

4.5.2. Introduction to the new citizenship

Objective VI: STRENGTHENING DIPLOMACY AND DEVELOPMENT COOPERATION

4.6.1. Redesigning a new foreign policy

4.6.2. Strengthening regional and international cooperation

5. FUNDING OF THE PROGRAM

5.1. Domestic resources

5.2. Public-private partnership and private investments

5.3. Partnership with bilateral and multilateral institutions

6. STEERING, IMPLEMENTATION, MONITORING AND EVALUATION OF THE PROGRAM

6.1. Program steering mechanisms

6.2. Program implementation mechanisms

6.3. Program monitoring and evaluation system

1. INTRODUCTION

In his inaugural address of December 20, 2011, the President of the Republic presented his vision and key ideas for the development and emergence of the DRC by 2030, structured around the concept of a revolution of modernity. This entails turning the Democratic Republic of the Congo by that date into a think tank and a pool of know-how, a breeding ground for a new kind of citizenship and a middle class, an agricultural breadbasket, an energy-producing and environmental power to be reckoned with, an economic and Industrial pool, a land of peace and well-being and a regional power within Africa.

Consequently, while building on the achievements of the preceding mandate, this program, based on the goals stated above, is relying on innovative processes.

The Program revolves around the following axes representing objectives to be achieved:

- pursuing and finalizing institutional reforms to strengthen State efficiency;
- consolidating macroeconomic stability and accelerating growth and job creation;
- pursuing the construction and modernization of basic infrastructure;
- improving the living environment and social conditions of the population;
- strengthening human capital and turning Congolese society into a breeding ground for a new type of citizenship;
- strengthening diplomacy and development cooperation.

For each goal to be achieved, the program provides a brief overview of the status of the main theme, determines the strategy and lays down the main actions/measures to be taken.

The program also addresses the issue of how it is to be financed. It does not give the exact cost but indicates the main funding sources:

- internal resources (ordinary State budget) of which it is crucial to enhance the mobilization capacity and improve the quality of the quality and composition of its spending quality;
- additional resources: HIPC, Multilateral Debt Relief Initiative (MDRI), cash bonus, etc;
- public/private partnership resources in the form of concessions and BOT;
- infrastructure construction contracts in exchange for natural resources;
- resources from partnerships with multilateral institutions (IMF, WB, AfDB)

Lastly, the program defines the steering, implementation, monitoring and evaluation mechanisms representing the keystone for its success.

2. DIAGNOSIS OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION OF THE COUNTRY

2.1. Evolution of the political, economic and social situation of the country

Overview of the Congolese economy before 2001

The Congolese economy before 2001 was a battered economy, characterized by a dilapidated industrial fabric, a completely destroyed basic socio-economic infrastructure, mass unemployment, galloping inflation of about 4,000 percent per annum, a substantially declining growth rate of -14 percent on average per year during the 1990s, per capita annual income of about USD 80, a faltering currency that had lost a number of its primary functions and a

differential between the official exchange rate and the parallel exchange rate of about 150 percent.

This poor performance was very costly to the national economy in terms of loss of competitiveness and decreased production.

Developments since 2001

Beginning in 2001, the DRC undertook an ambitious multi-year economic recovery and national reconstruction program initiated by the President of the Republic. This program is structured around three core areas as follows:

- establishment of the rule of law, consolidation of peace and social cohesion through the establishment of institutions of the Republic and the reform of the army, the police and security services;
- stabilization of the macroeconomic framework through the implementation of structural economic reforms of the economy, public finances and economic governance; and
- building of basic socio-economic infrastructure within the framework of the 5 construction sites program.

After ten years of implementation of this program, it should be noted that:

- peace has been restored in the national territory and State authority has been strengthened and extended to all the provinces of the country;
- the macroeconomic framework has stabilized in a sustainable manner, as reflected by a single-digit inflation rate and a stable exchange rate;
- the economic environment has improved significantly, as reflected by a relatively large flow of foreign direct investments and the restoration of confidence of the private sector in the Government;
- positive and continued economic growth throughout the 2000s with an annual average of 5 percent;
- a number of infrastructures have been rehabilitated and/or constructed within the five construction sites program;
- the domestic supply of basic local products has gradually increased, following the improvement of roads of national and local interest;
- infant mortality has been significantly reduced from 126 per 1,000 births in 2001 to 89 in 2008. Maternal mortality dropped from 1289 to 944 per 10,000 births during the same period. Access to ARVs for PLWHA increased from 12,000 in 2006 to 43,000 in 2011. There has been a significant reduction in the prevalence of endemic diseases like malaria and tuberculosis and the primary enrollment rate has increased from 64 percent in 2006 to over 80 percent in 2008;
- concerning water and electricity, although the current service rates remain below expectations, several capacity-building initiatives for SNEC and REGIDESO are underway. This work will significantly improve water and electricity supply in the medium term.

These good results have led to an improvement of the credibility and image of our country with regards to bilateral and multilateral partners. They have also resulted in a 90 percent reduction of the country's external debt stock.

However, this growth has not been accompanied by a sufficient increase in productive employment. Worse still, the redistribution of the fruits of this growth has failed to address the problems of poverty and food insecurity.

Recent developments in the political and economic situation of the country

Despite some imperfections related to the youthfulness of democratic practice within the context of consolidation of the State, significant progress has been made in the political sphere as particularly shown by the holding of free and democratic presidential and parliamentary elections, for the second time. Similarly, several basic infrastructures have been set up, thereby making it possible to link up various physical locations and create the necessary conditions for increased production and trade.

Despite the effects of the food, energy and sovereign debt crises in developed countries that have seriously affected the Congolese economy, the macroeconomic framework remained stable and strong in 2011. The outlook remains promising.

2.2. Structural constraints that are hindering the development of the Congolese economy

For over five decades, the takeoff of the Congolese economy has been hindered by a combination of several factors, particularly:

- inadequate mastery of political and economic governance, reflected by a low level of State efficiency;
- poor integration of the Congolese economy into international trade, characterized by non-diversification of exports and strong dependence of local industry on imported inputs;
- development difficulties faced by the private sector, particularly SMEs/SMIs that constitute major vectors of growth and job creation in modern economies;
- low public revenue mobilization capacity that prevents the State from providing public goods in sufficient quality and quantity;
- insufficient flows of foreign direct investment owing to uncertainties and cautiousness of investors who think that the business climate is still unattractive, in spite of the efforts made;
- serious infrastructure deficits that are hindering the development of trade between the different economic regions of the country and the possibility of creating a large domestic market;
- the decline of civic values such as respect for human life, the sense of patriotism, the primacy of the general interest, respect for private property, solidarity and citizenship.

3. PROGRAM OBJECTIVES

3.1. Motivation and choice of objectives

The Congolese economy recorded an average growth rate of 5 percent during the decade 2000-2010. This performance has unfortunately not resulted in a corresponding improvement in the

employment and well-being enjoyed by the Congolese population. Furthermore, the constraints noted above still persist, despite the great strides made since 2001 in the economic, social and legislative spheres.

To remedy this situation, the President of the Republic has decided to tackle the steering of the economy from a long-term perspective. Consequently, he has redesigned as part of his long-term vision, a new growth model as well as new development strategies capable of sustaining inclusive and shared growth that can provide sustainable jobs and social welfare for all.

That is why the objectives targeted in the 2012-2016 program will mainly be tripartite in nature: growth, employment, improved income and welfare of the population.

3.2. Program Objectives

The goal of the 2012-2016 Five Year Program of the President of the Republic is to increase the annual economic growth rate to double digits, to consolidate such growth sustainably in order to raise the DRC to the level of middle-income countries within a reasonable timeframe and to prepare the required conditions for the emergence of the country by 2030. To achieve this, the DRC intends to implement policies that promote growth, employment and the improvement of the income and welfare of the population.

These policies take into account the expectations of the people as expressed throughout the last election campaign. These expectations mainly deal with social concerns related to access to water and electricity, employment, especially of youths, women's empowerment, access to credit, health care, education and housing. Similarly, issues related to the fight against impunity and citizenship education have been taken into consideration.

On this basis, the main objectives are:

- 3.2.1. Pursuing institutional reforms to strengthen State efficiency;
- 3.2.2. Consolidating macroeconomic stability and accelerating growth and job creation;
- 3.2.3. Pursuing the construction and modernization of basic infrastructures:
roads, highways, railways, waterways, sea ports and airports, schools and hospitals;
- 3.2.4. Improving the living environment and social conditions of the population;
- 3.2.5. Strengthening human capital and citizenship education;
- 3.2.6. Strengthening diplomacy and development cooperation.

4. OBJECTIVES, STRATEGIES AND ACTIONS

This chapter presents the salient features of the Government's action program and the strategies and detailed actions to achieve the stated goals. There are six goals in all.

Objective I: Pursuing institutional reforms to strengthen State efficiency

Improving governance remains a major challenge for the country. Without a clearly stated political will for change, the revolution in attitude needed in this situation will remain an illusion.

The institutional reforms needed for this are based on the following axes:

- improving the decision-making process within institutions;
- pursuing the decentralization process;
- reforming the Public Administration;
- reforming the Army and the Police;
- reforming the judicial system;
- promoting human rights;
- fighting against corruption and impunity;
- promoting gender equality and improving the status of women and children.

4.1.1. Improving the public decision-making process

The institutions that evolved from the first free, transparent and democratic elections in 2006 have operated normally, respecting the separation of powers. In addition, institutions supporting democratic practices have also been established and rendered operational.

To improve the performance of all these institutions, Government will take the following measures:

- improve the capacities of the Government and its services in the field of policy analysis, formulation, management, execution and monitoring of programs;
- support projects to train newly elected officials on the ins-and-outs of parliamentary work in order to improve legislative output and parliamentary control, both qualitatively and quantitatively;
- allocate the necessary funding to the Independent National Electoral Commission (CENI) to continue the electoral process at provincial and local levels;
- ensure the effective disbursement of funds allocated by the Budgetary Authority for the operation of each of these institutions;
- build the capacity of public services including the National Institute of Statistics (NIS) so that Government and other institutions can be provided with reliable data for effective decision-making;
- develop new information technologies to improve inter-institutional and intra-institutional cooperation and ensure the effective delivery of services to the public;
- strengthen the capacities of non-State actors (i.e. churches, trade unions and professional bodies) to ensure their civic participation in the formulation and implementation of national policies at the social and cultural levels;
- set up the Economic and Social Council.

4.1.2. Pursuing the decentralization process

Provincial policy institutions operate in the 11 provinces. But the decentralized local authorities do not yet have elected officials. The population is far from feeling the impact of local governance.

For this reason, the following actions will be undertaken:

- finalizing the adoption by Parliament and promulgation by the Head of State of the following eight core laws:
 - ✓ organic law on provincial boundaries and those of the city of Kinshasa;
 - ✓ law on scheduling of decentralization to lay down the terms and conditions for setting up new provinces;
 - ✓ organic law defining the organization and functioning of the national adjustment fund;
 - ✓ law defining the nomenclature of duties, taxes and royalties of the central government, provincial governments and decentralized local governments;
 - ✓ law on the status of traditional rulers;
 - ✓ framework law on primary and secondary education;
 - ✓ framework law on regional planning;
 - ✓ law defining the organization and functioning of public services of the central government, provincial governments and decentralized local governments.
- establishment of a program to strengthen the system of accountability for provincial executive officers to ensure a better allocation of resources received;
- take the necessary regulatory steps to accompany the process of voluntary association of villages where conditions so allow;
- ensure the progressive transfer of powers and duties;
- finalize the process of creating and maintaining the civil status database.

4.1.3. Reforming the Public Service

Significant progress has been made within the framework of reform (draft legislation, launch of clean-up of the civil service). However, bottlenecks exist at three levels:

- low output by State agents and civil servants;
- persistent corruption and bribery within the civil service;
- precarious physical working conditions and wages.

Based on the foregoing, the Government has decided to give new impetus to the Civil Service reform already initiated through the clean-up process, monitoring of the rejuvenation and modernization of the civil service, training and improvement of the salary and working conditions of Government civil servants.

To this end, the Government will need to:

- continue the general census of State agents and civil servants in the provinces and the sector-based census of State agents and civil servants within sectors that fall under the exclusive jurisdiction of the provinces (Agriculture, Rural Development, Primary, Secondary and Vocational Education, Health), and the retirement of

employees who have fulfilled the legal requirements for an honorable end of service;

- establish a National Retirement Fund through a bill to be submitted to Parliament;
- continue the clean-up of the civil service and the promotion of professional ethics through appropriate disciplinary action against dishonest officials;
- continue the implementation of the national capacity building program through the National School of Administration (ENA) by providing continuing education activities for agents in charge of training and providing continuing education activities for civil servants;
- revise the overall legal public service framework in preparation for the modernization of the legal texts governing the civil service, namely:
 - ✓ the law establishing the general status of Civil Servants and Career Public Servants of the central government, provincial governments and decentralized local authorities;
 - ✓ the organic law on the national, provincial and local civil service; and
 - ✓ the law on the social welfare scheme.

4.1.4. Reforming the Army, the Police and security services

Major progress has been recorded, first, with the promulgation of Organic Law No. 11/012 of 11 August 2011 on the organization and functioning of the Armed Forces and, second, of Organic Law no. 11/013 of 11 August 2011 on the organization and functioning of the Congolese National Police.

However, in the operational sphere, there are still some challenges related to the persistence of activism by armed groups (in the East of the country) and the precarious living conditions of soldiers and policemen.

To address this issue, the following measures should be taken:

- adoption and promulgation of laws to determine the status of soldiers and policemen;
- adoption and promulgation of the programming law on investment spending;
- ensuring the effective implementation of these laws through budgetary allocations corresponding to the various rights of soldiers and policemen;
- pursuing the reorganization of the Army particularly by the redeployment of trained troops all over the Republic, mainly in the still troubled areas;
- adoption and promulgation of the programming law, notably on investment spending and operational spending for the implementation of the national police reform;
- continuing to equip the Army and National Police;
- adoption of the legal, regulatory and logistical framework for greater professionalism within the security services with the exception of the national police and the army (ANR and DGM). This reform should also pay particular attention to the training and continuing education of soldiers and officers of the army, the police and security services, to ensure efficiency.

4.1.5. Reforming the judicial system

Despite significant progress in judicial reform, some major concerns persist in this sector, particularly related to corruption, which has a negative impact on the quality of justice meted out.

It is therefore necessary to continue the clean-up and modernization of the judiciary to enhance its independence and effectiveness. The aim will be to make this power an indispensable instrument at the service of the fight against corruption and the cleaning-up of the business climate.

For this purpose, the following measures should be taken, namely:

- improving the salaries and working conditions of judges;
- setting up the Higher School of Magistracy for the training and continuing education of judges;
- reorganizing and strengthening the administrative structures of the Ministry of Justice;
- strengthening the operational capacity of the Higher Judiciary Council in general and of the disciplinary boards in particular;
- preparing the roadmap for the rational and sequential establishment of High Courts following the break-up of the Supreme Court of Justice;
- humanizing living conditions in prisons and making prisoners productive.

4.1.6. Promoting human rights

Just as much progress has been recorded on several fronts in this sub-sector. Several organic law texts were enacted in the area of defense and security, emphasizing the need for the military and the police to respect human dignity whatever the circumstances. Progress in the area of security throughout the Republic has been strengthened, enhancing State authority and substantially reducing threats to the inviolable rights of the human person. Furthermore, the exercise of freedom of expression, as a result of the normalization of democracy in the country, has improved the general human rights protection environment.

Nevertheless, there is still a need to put a complete stop to the continuing violence due either to the activism of armed groups or to the indiscipline of some misguided FARDC or PNC members.

Program objectives in this sub-sector include:

- promoting respect for human dignity;
- improving the country's image around the world;
- promoting fundamental freedoms in order to consolidate democracy.

To this end, the Government's priorities would target:

- raising the awareness of FARDC and PNC members on requirements concerning respect for human dignity and the fundamental rights of citizens contained in Organic Law No. 11/012 of 11 August 2011 relating to the organization and functioning of the Armed Forces and Organic Law No. 11/013 of 11 August 2011 relating to the organization and functioning of the Congolese National Police;
- strengthening the operational capacities of the Military Prosecutor's office and military courts for the promotion of military discipline;
- protecting and enhancing the capacity of national NGOs for human rights protection by finalizing and implementing the law on the subsidization of NGOs and the protection of their leaders;
- finalizing the law on the creation, organization and/or functioning of the National Commission on Human Rights;
- designing a master plan to rehabilitate prisons and modernize the penitentiary system in order to humanize detention conditions;
- actively participating in the sessions of the Human Rights Council and those of the Assemblies of the States Parties to the Rome Statute;
- tabling before Parliament for examination and adoption the bill amending the Penal Code to withdraw imprisonment sentences for press offences which shall be punishable only by fines.

4.1.7. Fighting against corruption and impunity

A program to fight against impunity was initiated and implemented by the Government during the past five year term, through the zero tolerance strategy. However, the results fell far short of expectations.

In the new five-year term, the following actions will be carried out:

- there will be a proposal made to the National Assembly to revise certain provisions of the Constitution to enable the prosecution of senior public officials guilty of fraud and corruption;
- the necessary means will be provided to secure the autonomy of structures in their operations to regulate and fight against all kinds of fraud; they include the Public Contracts Regulatory Board (ARMP), the General Inspectorate of Finance (IGF), the State Auditors Office, the National Financial Intelligence Unit (CENAREF) and the Congolese Observatory of Professional Ethics (OCEP).

4.1.8. Promoting gender equality and improving the status of women and children

Program objectives in this sub-sector include:

- promoting the status of women and children;
- improving the image of the country at regional and international levels;
- harmonizing domestic legislation with international standards.

In this sector, the Government's priorities will target:

- strengthening the operational capacity of services attached to the Ministry of Gender, Family and Children;

- finalizing the establishment of the institutions provided for in the law on the protection of children;
- actively taking part in meetings of the Commission on the Status of Women, the Committee on the Elimination of Discrimination against Women and other relevant international and regional forums;
- tracking progress made by Parliament in finalizing the reforms underway concerning family rights and equality;
- pooling energies by supporting women's civil society organizations and those promoting the interests of children to engage in synergized action with the efforts of the Government.

Objective II: STRENGTHENING THE STABILITY OF THE MACROECONOMIC FRAMEWORK AND ACCELERATING GROWTH AND JOB CREATION

The development models adopted by the DRC over the last forty years have always relied primarily on the exploitation of primary products. This makes the national economy highly vulnerable to external shocks and dependent on international aid. The 2008 international financial crisis and the 2009 energy and food crises are clear examples of this.

In his new vision, the President of the Republic proposes a development approach described as “self-reliant and integrated”, consisting of the balanced deployment of economic and industrial centers of growth throughout the national territory. This approach is based on the opportunity to develop processing and manufacturing industries depending on the comparative and competitive advantages of each economic area, especially in the agro-processing and natural resources development sectors and the structuring or industrializing industries.

The implementation of these growth poles will be the main focus of the growth and employment policy of the 2012-2016 program. The program will be backed by reforms and State support to key economic sectors including agriculture, mining, energy, hydrocarbons, telecommunications, forestry and the environment.

The ultimate goal is to create thousands of long-term and better paying jobs, reduce poverty and vulnerability and make the DRC an emerging economic and industrial power inside Africa.

Thus, the broad guidelines of the growth and employment policy during the period 2012-2016 will focus on the following areas:

- consolidating macroeconomic stability;
- pursuing structural economic reforms;
- developing processing industries and structuring industries;
- promoting employment-friendly policies;
- promoting the middle class and protecting small businesses;
- consolidating and extending micro-finance activities;
- promoting grassroots economic growth;
- promoting the growth of key economic sectors.

Public and private investment for the implementation of growth poles and sustainable development of economic activity will only be attractive if the macroeconomic framework remains stable and the business environment is cleaned up. This is why special emphasis will be laid on cautious fiscal and monetary management and the implementation of pro-growth economic policies; this will require both successfully managing and moving beyond the stabilization phase, which is a transitional phase towards real financing of development.

During the 2012-2016 five-year period the Government is committed to ensuring the transition from stabilization to shared growth and the real development of the Congolese nation.

To this end, the macroeconomic framework that will underpin the 2012-2016 five-year program has been projected as follows:

- increasing the economy's growth rate from 7 percent in 2012 to 15 percent in 2016;
- reducing inflation from 15 percent in 2011 to 8 percent in 2013 and then to 4 percent in 2016;
- containing the volatility of the exchange rate to a maximum of 1.5 percent of the equilibrium rate. In any case, the exchange rate between the US dollar and the Congolese franc should remain within the range of CF 900 to CF 1000 maximum throughout the 2012-2016 period;
- tripling public revenues by 2016 in relation to the current level;
- containing the public deficit within the acceptable standards of 0 to 3 percent of GDP throughout the program period.

The fiscal policy will target, firstly, the tripling of government revenues by 2016 (minimal assumption) and secondly, the rationalization of expenditure and the improvement of the quality and content of its spending.

Achieving these objectives will be supported and guided by the following measures and actions:

- modernizing the institutional framework and budgetary management, monitoring and evaluation tools. To achieve this, there are plans to effectively implement all the provisions of the new Law No. 11/011 of 13 July 2011 on public finances, strictly enforce the law on public procurement and implement the Public Finance Reform Strategy Plan (PSRFP);
- implementing more effective strategies for improving the quality and content of public spending, as well as increased mobilization of government revenues;
- managing effectively the taxation of economic sectors with a high potential to contribute to the State budget, notably mining, hydrocarbons, forests, and telecommunications;
- pursuing the implementation of VAT reform;
- ensuring strict compliance with the procedures of the spending chain;
- establishing an integrated electronic one-stop window in border customs posts to secure customs revenues;
- continuing the fight against tax fraud, tax avoidance and corruption by strengthening cooperation between the Ministry of Justice and the Financial Authorities, and the strict application of the sanctions provided;
- pursuing the campaign for tax compliance;

- establishing a Tax Court responsible for dealing with cases relating to tax fraud and tax avoidance;
- maintaining economic and financial cooperation with multilateral institutions (IMF, WB, AfDB) for the continuation of ongoing programs.

A cautious monetary policy will continue to be pursued throughout the period and will focus mainly on stabilizing prices as part of a floating exchange scheme and the preservation of both the positivity and flexibility of the Congolese Central Bank's prime rate.

The following measures and actions will be taken to achieve these goals:

- in-depth reform of the Congolese banking and financial system through the creation of specialized financial institutions and operational universalization of the existing banks. A capacity-building plan for the banking sector will also be developed to facilitate the creation of specialized banks (agricultural bank, housing bank, etc.), the finalization of the Investment Code of the banking sector, the revision of the Banking Act and the implementation of incentives to encourage existing banks to grant loans to core sectors;
- creation of a stock exchange to support long-term investments;
- consolidation and expansion of micro-finance activities and their deployment in provinces to support economic activity in rural areas;
- better supervision of the pricing structure, especially the prices of staples and oil products;
- restriction of expansion of liquid assets to actual financing needs of the economy;
- better coordination of monetary and fiscal policies.

The debt policy will continue to be cautious and will be limited to growth and employment-supporting investments. A new debt policy will be defined taking into account the following four factors: the economic and financial cost-effectiveness of the project to be financed, the extent of loan concessionality, the compatibility of the project to be financed with the priorities of the five-year program, and the sustainability/viability of the country's total debt.

The growth and employment policy will be geared more towards greater job creation and consolidation of growth.

To achieve these goals, there are plans to:

- develop strategies and set up an institutional framework conducive to growth, job creation, redistribution of income and improvement of the living conditions of the population. These strategies will focus on the following actions and measures:
 - establishment of the Economic and Social Council as a body charged with defining the country's social and economic policies within a consultative framework;
 - substantially increasing the rate of public investments with particular emphasis on growth sectors such as agriculture, mining, oil, telecommunications and forestry;

- developing a strategy to diversify the economy by identifying high-growth sectors based on dialogue with the private sector;
- developing an economic policy on crisis prevention and mitigation;
- strengthening economic and financial cooperation with multilateral financial institutions (WB, IMF, ADB) for the pursuit of ongoing programs.

4.2.1. Pursuing structural economic reforms

Sustained and sustainable growth is only possible in an environment that is conducive to business development. This is why the implementation of structural reforms to improve the efficiency of the economy has been envisaged under this program. The main structural reforms planned include:

- reforming our payment system and our financial and banking system including that of the Congolese Central Bank. The aim of this reform is to significantly reduce the excessive dollarization of the economy and improve banking intermediation to enable the Congolese banking and financial system to play its role in financing the economy and supporting the private sector;
- establishing an effective financial market (stock exchange market) to support long-term investments, as this is the only way to a sustainable growth recovery. Feasibility studies covering 2013 should be finalized;
- reexamining public enterprise reforms to ensure that they are, firstly, effective and efficient and , secondly, that they are of public usefulness;
- implementing the second and third roadmaps of measures to improve the business and investment climate;
- finalizing the process to launch the OHADA legislation and the establishment of the electronic one-stop window for foreign trade.

4.2.2. Developing processing industries and structuring industries

The development of processing industries, especially in the agribusiness and primary products processing sectors, and of structuring or industrializing industries, is the keystone of our country's social and economic progress.

The development strategy of the industrial sector will focus mainly on the creation of Special Economic Zones (SEZ), in which processing industries and/or structuring industries will be set up, depending on the specificities of each region (availability of raw materials, workforce qualification, etc.).

The advantage of creating SEZs is justified by three factors: the need to rebalance the country's development, the ease of attracting capital and advanced technology because of the related advantages (micro-climate conducive to business) and the integration of the Congolese economy in regional and international trade dynamics.

The program therefore intends to create 5 Special Economic Zones:

- the West Zone, along the Kinshasa-Matadi-Inga-Banana axis, for the development of core activities focused on hydroelectric power, oil, bauxite and manufacturing industries around the Matadi, Boma and Banana seaports;

- the Center Zone, along the Ilebo-Tshikapa-Mbuji-Mayi-Kananga axis, for the development of transport logistics and food processing industries;
- the South Zone, along the Lubumbashi-Kolwezi-Likasi-Sakania axis for the development of heavy and manufacturing industries dealing with copper, cobalt and others;
- the East Zone, along the Uvira-Bukavu-Goma-BeniBunia axis, for the development of manufacturing and food processing industries;
- the North-West Zone, along the Bumba-Kisangani-Mbandaka axis, for the development of timber and agricultural industries.

The program also intends to develop and/or strengthen existing structuring industries and create new ones. Particular emphasis will be laid on structuring industries providing upstream support services to the reconstruction process. These include particularly:

- the cement industry, to step up the supply of cement for infrastructure reconstruction and building;
- the timber industry, to increase the added value of the timber currently being exported and to help meet local demand;
- the copper industry, to produce electric cables and construction material;
- the steel industry, to promote the production of steel and mechanical materials;
- the silica sand industry, to produce flat glass, solar panels, electronic components and appliances;
- the road and bridges construction industry, to facilitate the production of building materials and the construction of roads, bridges, pavements, dams, etc.;
- the railway construction industry, to promote the construction of railway lines and vehicles.

Finally, it will be necessary to facilitate the supply of basic commodities, including fuel and grey cement in the hinterland of the country.

4.2.3. Promoting policies favorable to job creation

According to official statistics, the unemployment rate in the DRC is around 80 percent of the population of working age (15 to 64 years) excluding informal workers and smallholder farmers. Similarly, the poverty rate in rural areas is about 76 percent. Based on these statistics, it is clear that the proportion of youth who are unemployed and poor is increasing because of rapid population growth. It is therefore urgent to adopt appropriate policies to absorb these unemployed youths and lighten the burden of poverty.

To achieve these goals, the program proposes to:

- develop and create innovative employment initiatives for unemployed youths, the poor and villagers (e.g. manual work, agriculture, workers' cooperative, micro-credit establishments, etc.);
- set up and strengthen incubation centers to promote job creation through training and mentoring of small and medium-sized private business initiatives;
- finalize the process to draft the national policy to promote employment and vocational training;

- put into operation institutional microfinance mechanisms to stimulate entrepreneurial initiatives in rural and semi-urban areas;
- ensure the regular payment of salaries of civil servants (respecting of payment dates);
- provide public and private agencies (e.g. INPP) responsible for the promotion of employment and the fight against poverty with the necessary resources;
- strengthen the technical and financial capacities of institutions that supervise and support SMEs, so as to support private initiative and employment in both urban centers and rural areas;
- substantially increase the rate of access to long-term loans by SMEs/SMIs operating in the hinterland.

4.2.4. Promoting the middle class and protecting petty trade

Economic activities in the DRC have always been controlled, to a large extent, by foreign businessmen (Europeans, Asians, etc.). The national middle class is virtually non-existent. In this sphere, the program's goal is to provide for the emergence of a middle class of Congolese businessmen and protect petty trading.

To achieve this goal, the following actions have been envisaged:

- reforming and updating the legal framework for conducting economic activities in the DRC;
- prohibiting foreigners from carrying out petty trading and small-scale business activities;
- facilitating access to credit for SMEs and SMIs or even setting up a Guarantee Fund for them.

4.2.5. Consolidating and expanding micro-finance activities

To meet the challenge of poverty, the President of the Republic announced his intention in his speech to Congress to set up a national micro-credit mechanism to support the initiatives of the most socially vulnerable (women and youths) who are excluded from the traditional banking system.

The goal of the program in this sector is to make the National Micro-Finance Fund (FNM) fully functional and ensure that it rapidly extends its activities to the provinces.

To achieve this goal, the program will:

- implement the reform of the micro-finance regulatory framework, particularly by the development and adoption of framework laws to govern micro-finance institutions and savings and loan co-operative societies;
- facilitate the implantation of micro-finance structures in major cities and rural areas and provide technical and financial support to small-sized MFIs;
- seek medium-term and long-term financial resources from bilateral and multilateral donors to improve response capabilities in favor of the poor and vulnerable;
- set up a flexible and less restrictive funding mechanism for vulnerable economic agents.

4.2.6. Promoting the growth of key economic sectors

Over the past decade, the Congolese economy has experienced an average economic growth rate of 5 percent, driven primarily by the mining, agriculture, infrastructure, wholesale and retail sectors. This rate is still too low to enable the country to take off economically and create enough jobs.

To strengthen this growth, there are plans to revamp and/or, as appropriate, to develop key economic sectors (agriculture, electrical energy, mining, oil and natural gas, telecommunications and new information technologies, forestry, environment and tourism) and reform them in order to improve their contribution to GDP and create jobs and income.

4.2.6.1. Agricultural, Livestock and Fisheries Sector

With 80 million hectares of arable land, 4 million hectares of irrigated land and several rivers with substantial water resources, the DRC has great assets that could enable it to become a world agricultural power.

Today, although agriculture contributes 36 percent of GDP and accounts for more than 60 percent of job creation, it is still unable to provide food self-sufficiency for the country and generate sufficient income and sustainable employment.

The program aims to:

- strengthen its contribution to economic growth;
- restore the country's food security;
- reduce poverty and insecurity in rural areas;
- increase the production of sustainable food crops.

To achieve these objectives, the program must comply with the agricultural and rural strategies and policies relating to the creation of awareness and to production, evacuation, storage, processing and marketing. The program plans:

a) In the Agricultural Sub-sector of crop production to:

- intensify food crop production to achieve food self-sufficiency in staples by 2015 by strengthening the agricultural mechanization program, improving the agricultural research infrastructure, making agricultural inputs available to farmers and promoting appropriate post-harvest technology;
- revamp agriculture at the grassroots level through the mobilization and supervision of rural populations, in such a way as to reach a target of 1 ha of farming land per household;
- promote the professionalization of agricultural actors (training centers), jobless youths, retired persons and demobilized soldiers in agricultural production to enable them to be capable of becoming self-sufficient).

In this context the program is to initiate:

- the extension of the experiment to revamp agricultural production in the Katanga hinterland using large blocks of mechanized fields developed in collaboration with private individuals and thanks to the provision of substantial budgetary support by the Provincial Government to the agricultural sector for increased maize production at Mweka in Kasai-Occidental, in the Kabinda and Ngandanjika District in Kasai-Oriental, the Sud-Ubangi District, and the Businga territory in the Equateur Province as well as in the northern part of the Katanga Province;
- the mobilization and supervision of farmers in the rice production terraces of Maniema, in the Mongala District in Equateur Province, of Tshopo in the Oriental Province, of Sankuru in Kasai-Oriental and in the Ruzizi Valley in South Kivu;
- intensification of cassava production in the Eastern, Equateur, Maniema, Bas-Congo and Bandundu Provinces through the provision of improved planting material coupled with processing;
- increased production of potatoes and beans in North Kivu province.

Strengthening of the agricultural mechanization program will focus on:

- continuing the annual acquisition of new batches of 750 to 1000 tractors per year with accessories and spare parts, as well as pairs of oxen for animal traction;
- creating mechanized agricultural brigades by the end of 2012 in all provinces, with the sensible target of working 100 hectares on average per tractor per crop season;
- development from January 2013 of industrial crops, by:
 - revamping the 1790 existing and/or abandoned agribusiness farms; encouraging private individuals to create new units and develop small and medium-sized village farms.

To this end, the program will focus particularly on:

- revamping coffee production in the Orientale, North Kivu and Equateur Provinces, resuming rubber production in the Equateur and East Provinces and sugar production at Kiliba in South Kivu and Lotokila in Orientale Province;
- restructuring and providing support to the National Service and the General Strategy Reserve with agricultural equipment and inputs by late June 2012 to set up major intensive agricultural production centers across the country;
- establishing a special program in each Province to rehabilitate and maintain at least 50 km of rural roads in each Territory.

b) In the Fisheries Sub-Sector

- revive industrial fishing, with the support of the private sector, at Moanda (N'Siafumu fishing center), on Lake Albert (Tchomia and Kasenya), Edouard (Vitchumbi), Tanganyika (Kalemie, Moba, Uvira), Kivu, Moero (Pweto and Kashobe) as well as in the Kamalondo depression in the Katanga Province (Lakes and Nzilo Upemba);
- raise the awareness of fishermen on the sustainable management of fisheries resources through the use of nets with recommended meshes, ensure the respecting

of non-fishing periods (November-February) for fish reproduction and the protection of spawning areas.

c) In the Livestock Sub-Sector

- intensify the production of short-cycle animals: poultry, sheep, goats, pigs and expand the activities of DAIPN to other major urban centers of the country by supporting the creation and development of private farms and smallholdings;
- revive the production of large livestock (cattle) by repopulating, by 2013, the cattle ranches that were destroyed by the war in Katanga Province (Kundelungu plateau), North Kivu (Masisi), South Kivu, Kasai-Occidental, Kasai-Oriental, Bandundu (Feshi and Kikwit) and Orientale Province (Ituri), thanks to facilities to be granted for the importation of breeding stock.

4.2.6.2. Electric Power Sector

The inadequacy of the energy supply is one of the greatest constraints upon the economic and industrial development of the DRC. Numerous studies show that about 40 percent of installed industrial capacity of the DRC is underutilized owing to lack of electricity. Yet Congo's hydroelectric potential is estimated at 100,000 MW, i.e. 13 percent of global potential and 37 percent of Africa's potential, 44,000 MW of which are concentrated at the Inga site alone.

The revival of the electrical energy sector is an absolute priority of the program as it is the keystone for the economic and industrial development of the country.

Program targets include:

- substantially increasing the production and transmission capacity of electrical energy to ensure the optimum coverage of the country's energy needs, especially for the industrial sector and the Special Economic Zones;
- developing infrastructure for the supply of electricity in order to improve the coverage rate for households;
- diversifying and developing (renewable) alternative energy sources, including wind, biomass and solar energy, as well as micro-hydroelectric and gas power stations;
- increasing the export potential of the country, by developing new lines and/or strengthening existing electrical interconnection networks with neighboring countries, including SAPP (South African Power Pool);
- completing energy sector reform.

The specific goals to achieve include:

- increasing the access rate to electricity from 9 percent to 19 percent;
- completing the restructuring of SNEL by 2013 to improve its economic, financial and technical governance .

Strategies to achieve those goals centre on:

- increasing public investments (by about 2 percent of GDP per year over the whole period), private investment and loans from development partners;
- rehabilitating existing thermal and hydro-electric power stations and strengthening existing power transmission lines, building new lines (second line from Inga to Katanga and Inga to Kinshasa, and constructing new hydro-electric power stations: Zongo II (140mW), Katende (64 MW), Kakobola (9 MW), Inga III (3,000 MW), Bendera (17 MW), Ivugha (2.5 MW), Semuliki (72 MW), Busanga (240 MW), Nzilo II (120 MW), Kamimbi (60 MW);
- ensuring carbon funding through the Development Mechanism for clean and renewable energy;
- improving SNEL's cash-flow situation through the regular payment of bills owed by Official State Authorities, which represent about 40 percent of company's turnover.

4.2.6.3 Mining Sector

To date, the mining sector has been regarded as the leading sector of the Congolese economy. In 2010, its contribution was 12 percent of GDP, 9 percent of the State budget and 50 percent of export earnings. However, its contribution to growth and the State budget is still low compared to the potential it represents.

The main goal of the program will be to revive mining production by existing firms or those in the pipeline to support growth and employment. In this regard, the targets for each mineral product are as follows:

- Copper: 500 000 T in 2011 to 1.5 million T by the end of 2015
- Cobalt: 120 000 T in 2011 to 180,000 T in 2015;
- Zinc: 19 000 T in 2010 to 60 000 T in 2015;
- Gold: 5,000 Kg in 2011 to 12,000 kg in 2015;
- Diamonds: 22 million carats in 2011 to 27 million carats in 2015;
- Coltan: 500 T per year between 2012 and 2016;
- Wolframite: 1200 T per year between 2012 and 2016;
- Cassiterite: 10 000 T per year between 2012 and 2016.

The program also intends to increase the mining sector's contribution to the State budget from 9 percent in 2010 to 25 percent in 2016 and its contribution to GDP from 12 percent to 20 percent by 2016.

Strategies to achieve these goals include:

- increasing the level of public and private investment in the mining sector of 10 percent of GDP on average per year during the period 2012 – 2016;
- improving governance and transparency in the management of the sector as well as the traceability of government revenue. To this end, the following actions will be undertaken:
 - assessing, revising and popularizing Law No. 7/2002 of 11 July 2002 on the Mining Code;
 - setting up a national geological service;
 - rehabilitating the CRGM and providing it with laboratory equipment;
 - evaluating already granted mining authorizations with a view to cleaning up the mining land register;

- building human resources capacities in the mining sector;
 - setting up provincial mining cadastral survey units; and
 - deploying specialized services of the Ministry of Mines (SAESSCAM, CEEC)
- developing the integration of mining activities, especially by the transformation of:
 - trading posts into treatment and/or processing units to step up the added value of products destined for export;
 - small-scale mining units into cooperative societies before their transformation into small mining holdings.
 - developing cooperation with certain countries to establish an inventory of the potential of certain minerals that have not yet been tapped, such as nickel, chromium, bauxite, iron, and magnesium.

4.2.6.4. Oil and Natural Gas Sector

The DRC abounds with tremendous under-tapped potential. Since the 1970s, oil production has been stagnating below 30,000 barrels per day and natural gas production has never started. This level of production is far below potential.

The priority of the program is to boost the production of oil, natural gas and bio-fuels to reduce the present energy deficit and foster growth.

The targets include:

- accelerating the exploration, mapping and development of all the sedimentary basins of the country including the coastal basin, the central basin and the Albertine, Tanganyika, Moero and Upemba Grabens;
- starting natural gas production by tapping the Lake Kivu gas deposit;
- starting bio-fuel production;
- scaling up processing capacity by constructing a modern refinery in the West of the country and conducting feasibility studies for another refinery in the East of the country;
- improving the transportation, storage and supply network by building a network of pipelines linking production areas to exporting points and a national network of pipelines;
- improving the supply of petroleum products in the country (especially in the hinterland);
- accelerating the adoption and promulgation of the Hydrocarbons Code;
- restructuring State enterprises in the hydrocarbons sector.

Specific objectives include the following:

- increasing the oil production rate from 25,000 barrels per day in 2010 to 225,000 barrels per day by 2014;
- increasing the supply rate of oil products from the current 70 percent to 98 percent;
- increasing the proportion of bio-fuel consumption to 10 percent by 2016;
- increasing the volume of refined oil to 100,000 barrels per day by 2016.

To achieve these goals, the program intends to:

- improve governance and transparency in the sector by establishing an appropriate legal framework and by organizing an operational and financial audit of oil companies working in the DRC;
- increase the production of hydrocarbons in the Atlantic coastal basin, by finalizing the case of the maritime borders between the DRC and Angola, and of Graben Albertine whose Production Sharing Contracts (PSC) have already been approved;
- develop the Lake Kivu gas deposit;
- step up the level of public and private investment in the sector;
- develop a national policy on bio-fuels and develop bio-fuel crops such as the castor oil plant, moringa, maize, soybean, sunflower and jatropha.

4.2.6.5. Telecommunications and New Information and Communication Technology Sector

The telecommunications sector is one of the areas of the Congolese economy that has recorded a very high growth rate over the past decade. Its contribution to the State budget and GDP has grown steadily since the 2000s.

The liberalization of services in the early 1980s and the issuing of licenses to private international operators on a competitive basis from 1998 resulted in a significant increase in private investment in the sector, with a significant improvement in the quality of services and an increase in the rate of access to mobile telephony and new information technologies.

However, this sector's potential, given its market scope and the present and future needs of Congolese companies, is still not sufficiently developed.

To increase this sector's contribution to growth, employment and the state budget, the program has set the following goals:

- to build a modern national infrastructure for telecommunications (mobile phone and broadband internet access) through a public-private partnership;
- to improve the access rate to telecommunications and new technologies;
- to strengthen the liberalization and competitiveness of the sector to attract private investments.

The specific goals set are as follows:

- to increase the tele-density of fixed or mobile telephones to 40 lines per 100 inhabitants by 2016;
- to lay 5,000 km of fiber-optic cable across the national territory (national fiber-optic network or Back Bone) by 2016;
- to connect about 30 million fixed and mobile lines (metropolitan network) by 2016;
- to computerize government and specialized State services, as well as border posts.

To achieve these goals, the following actions have been envisaged:

- improving governance and competition in the sector, by reorganizing the frequency spectrum;

- updating the telecommunications legal and regulatory framework and strengthening the capacity of the Regulatory Authority (ARPTC);
- increasing the rate of public investment in the sector and promoting public-private partnerships;
- completing construction of the Moanda coastal water station to ensure the connection of the fiber-optic cable transmission network with the WACS consortium submarine cable;
- ensuring the commercial utilization of the first phase of the national Back Bone between Moanda and Kinshasa;
- continuing construction of the national Back Bone between Kinshasa and Kasumbalesa;
- finalizing the transition from analog to digital television (DTT);
- restructuring public operators like RENATELSAT and SCPT.

4.2.6.6. Forestry, Tourism and Environment Sectors

The DRC has nearly 145 million hectares of forests, covering 62 percent of its territory and incalculable water resources made up mainly of waters in the Congo River basin. Out of these vast forest areas, nearly 12 percent are considered protected areas.

With this potential, the DRC has great assets at the global level with respect to the fight against climate change. In addition, its forests teem with countless commercial timber species and its waters have enormous fish resources.

Thus, to increase the contribution of the forestry and tourism sectors to economic growth and to improve the incomes and living conditions of as many of the population as possible, the main goals of the program per sub-sector have been determined as follows:

- **Tourism:**

- develop and support the eco-tourism sub-sector to make it an important link in the tourism sector in Congo, which generates income, provides jobs and protects the environment;
- rehabilitate tourist sites on the list of threatened World Heritage assets and all tourist facilities (hotels and restaurants, modes of transport, roads, etc.);
- rehabilitate and/or develop protected areas, especially the Salonga, Virunga, Maiko, Garamba, Kahuzi Biega and Lomami national parks.

- **Forestry and Environment:**

- support projects that will help in the planting of about 3 million hectares of forest by 2025 as part of afforestation and reforestation programs; this would make it possible to sequester approximately 3 million tons of equivalent CO₂ and generate about 30,000 long-term jobs and 300,000 temporary jobs;
- increase the growth rate of the forestry sector from 3 percent on average for the period 2007-2010 to 5 percent for the 2012-2016 period;

- increase the production volume of logs and semi-processed wood at the rate of 10 percent per year over the 2012-2016 period.

To achieve these goals, there are plans to:

- provide the country with a framework law on tourism and an integrated national master plan for the development of tourism;
- promote public-private partnership in the tourism sector;
- increase the public investment rate in the sector;
- implement the framework law on environmental protection;
- carry out the forestry zoning of the country;
- create an environmental scientific research academy;
- mobilize more trust funds from bilateral and multilateral partners for various projects;
- finalize the remediation of forest concession titles;
- create a Green Climate Fund;
- build the institutional, human, logistic and financial capacities of the sector.

Objective III: PURSUING THE CONSTRUCTION AND MODERNIZATION OF BASIC INFRASTRUCTURE

4.3.1. Intervention framework and priorities

The development and/or construction of reliable and good quality basic infrastructure (roads, railways, waterways, pipelines, etc.) are vital for the development of economic activity. In 2011, the infrastructure and building sector represented approximately 8 percent of GDP. Investments in this area exert leverage on other economic sectors (agriculture, mining, etc.).

In this sector, the strategy adopted in the 2012-2016 program is based mainly on major targeted investments in the various infrastructure sub-sectors and on the reform of the entire infrastructure and transport companies management system.

The ultimate goal is to develop an integrated and international transport system capable of linking all the country's economic centers (Provinces or Regions) to promote the emergence of a huge domestic market and ensure the interconnection of these centers with external markets at competitive prices.

The first priority will be the mobilization of major corridors of inter-provincial multi-modal transport (road-rail-waterways) and import and export corridors. Specific investments in some intra-provincial priority networks and urban roads will also be made. Special emphasis will also be laid on the construction of other support infrastructure, including the provision of electrical energy for railway lines.

The second priority will be to construct modern airport and port facilities commensurate with the size of the country.

Reform of the management system for infrastructure and transport companies will be implemented by 2013. Indeed, to promote the mobilization of financing, new legal or regulatory provisions will be taken to encourage public-private partnerships, concession

contracts and Build-Operate-Transfers (BOT), for the construction and management of infrastructure (ports, airports, pipelines).

4.3.2. Roads

The goals adopted under this program are:

- the rehabilitation and modernization by 2016 of approximately 17,000 km of roads, nearly 2,000 km of which will be tarred roads and 15,000 earth-surfaced roads;
- the rehabilitation by 2016 of approximately 25,000 km of rural roads;
- the completion of works launched under the 5 construction sites on major highways and roads in some cities (Kinshasa, Lubumbashi, Goma, Bukavu, Kisangani, Mbandaka, Gemena, Bunia, Butembo, Uvira, Kindu, Kananga, Tshikapa, Kenge, Kikwit, Mbuyi Mayi, Matadi, Likasi, etc.);
- the upgrading of roads that make up the national ring road so as to progressively transform it into a highway network;
- the modernization of interconnection highways with neighboring countries;
- the progressive tarring of roads linking provincial headquarters and those between the various headquarters and major towns.

To achieve these goals, there are plans, in addition to the possibilities of BOT, PPP or concessions, to substantially increase the rate of public investment in the infrastructure sector, strengthen the National Road Maintenance Fund and set up a labor-intensive mechanism for rural roads under the supervision of SMEs or Local Development Organizations to ensure maintenance at reduced cost while optimizing the use of local labor.

4.3.3. Highways

The goals selected are aimed at:

- rehabilitating and modernizing by 2016 about 30 km of highways in each provincial capital and major city of the country;
- equipping OVD brigades with materials needed to execute these projects (asphalting and concreting workshops).

To achieve these goals, the program intends to reinforce the release of provincial public revenues so that provinces can allocate a significant share to the realization of these investments.

4.3.4. Airports

The goals adopted under the program are that of:

- improving national aviation infrastructure and airport safety and security facilities for air navigation;
- strengthening the regulatory framework;
- modernizing the airports in Kinshasa, Lubumbashi, Kisangani, and Goma by 2016;
- rehabilitating all airports in provincial capitals by 2016;

- restructuring the RVA to improve its financial and operational status.

To achieve these goals, the program plans to finance the modernization of airports through the rigorous and transparent management of the “Border Development Infrastructure” (IDF) tax and the possibility of privatizing airport commercial areas as part of the PPP. As issues relating to runways and air safety are sovereign responsibilities of the State, they will continue to be managed by the State.

4.3.5. Rail transport

The goals here are to:

- increase the volume of rail freight to 1000 million tons-km by 2016 and reduce the price of rail freight to 0.05 US dollars per ton-km by the same date;
- rehabilitate and modernize the Uélé railways and the West and South railway networks;
- financially restructure the SNCC and operationally improve its intervention capacity.

To achieve these goals, the program plans to intervene economically in the SNCC to help it recover. It also intends to increase the volume of public investment in the sub-sector. Opening up to public-private partnership is also being considered.

4.3.6. Ports, navigable seas and inland waterways

The goals adopted here are to:

- maintain, develop and mark out 150 km of ocean waterways;
- maintain, develop and mark out 4,500 km river and lake waterways by 2016, as well as some major river docks;
- build the first phase of the BANANA deep seaport by 2016;
- redevelop and rehabilitate all provincial river and lake ports;
- restructure the SCTP financially and operationally in order to improve its intervention and recovery capacities, as it represents the backbone of our water transport system, as well as the CVM;
- acquire a cutter dredger for the CVM to develop and maintain the sea navigation route.

To achieve these goals, the program intends to increase the rate of public investment in this sector and finalize negotiations with South Korea for the funding of the BANANA deep seaport.

4.3.7 Other growth support infrastructure

(Electricity, pipelines, telecommunications)

The goal adopted here is to:

- build new electricity transmission lines and fuel pipelines, and telecommunications infrastructure to optimize the use of road, rail, port and airport networks.

To achieve this goal, the program intends to synchronize investments in these sectors with the infrastructure sector.

4.3.8. Institutional reforms in the sector

The success of this ambitious program to modernize infrastructure will be underpinned by an institutional reform of the transport and transport infrastructure construction sector. Without being exhaustive, the program plans to:

- enact new laws to facilitate the opening of the sector to private partners and potential public-private partnerships, concessions, BOTs, etc. for port, airport, rail and highway infrastructure;
- develop a governance plan applicable to the entire sector;
- completely overhaul public companies in the sector (Onatra, SNCC, RVM, RVF, RVA), on the basis of new rules to be defined.

Objective IV: IMPROVING THE LIVING ENVIRONMENT AND SOCIAL CONDITIONS OF THE POPULATION

Under the aegis of the President of the Republic, continuous efforts were made for nearly ten years (2001-10) to improve the living environment (the population's access to basic social services) and their social conditions (improving the level of income, social welfare, gender equality). Per capita income increased from USD 80 in 2001 to USD 210 in 2010. The population's access rates to health services and education are increasing, reflected particularly by the significant reduction in infant and maternal mortality rates, the prevalence rates of endemic diseases like malaria, tuberculosis, and the significant increase in the rates of primary and secondary school attendance. Spending in the areas of health and education increased fivefold in ten years and considerable investments were made to increase water and electricity supply capacity.

Despite these encouraging results, there is still a great deal to be done. Indeed, the access rate to drinking water and electricity and the coverage rate of other basic services such as decent housing, environmental sanitation, and access to improved sanitation facilities still fall very far below African standards.

The poverty rate in the DRC, estimated at 71 percent, is among the highest in Africa. And the Human Development Index (HDI) was estimated at 0.239 in 2010 against an average of 0.389 for sub-Saharan African countries.

The overall goal of the program is to:

- improve the population's access rate to basic social services, to consolidate their living environment;
- increase the level of social welfare, to improve social conditions. In concrete terms, the program aims at reducing by half the poverty rate by 2016, in order to achieve by that date the average level of the Human Development Index in Africa which is 0.389.

4.4.1. Improving the living environment

Improving the living environment of the population will be based on improved access to basic social services, notably:

- good quality drinking water in both urban and rural areas;
- decent habitat and/or housing, in an environment rehabilitated and developed in compliance with modern urban regulations;
- quality healthcare services in modern and well-equipped hospitals;
- quality primary and secondary education in appropriate infrastructures, with well-trained teachers, who are kept up to date with refresher courses;
- well-developed and equipped recreational and cultural areas.

4.4.1.1. Drinking water:

The availability of drinking water is a major problem for the population in both urban and rural areas. Here are some observations about this sector:

- lack/insufficiency of drinking water treatment plants;
- low supply of water to the population (24%);
- poor quality of services characterized by cuts in water supply.

The main goals targeted in this sub-sector include plans to:

- increase, by 2016, the rate of drinking water supply, currently around 24 percent;
- increase the number of Regideso operating centers from 71 in 2010 to 94 in 2013;
- improve the yield rate of the national network from 58 percent in 2010 to 75 percent in 2016;
- set up modern drinking water supply facilities in both the urban and rural areas;
- promote integrated Water Resources Management;
- finalize the restructuring of Regideso by 2013 to improve its economic, financial and technical governance.

Specific actions will be undertaken to achieve these goals. They will aim to:

- increase public investment in the sector, about 2 percent of GDP per year from 2013 to 2016;
- strengthen Regideso's capacity to collect, treat, store and supply water by rehabilitating existing installations and constructing others, in particular: the Tshikapa center (50,000 m³/day), the Lisala center (5,000 m³/day), the Kasangulu center (1,500 m³/day), the Ngaliema Plant (30,000 m³/day), the Lukaya collection plant (1,500 m³/day), the Lubumbashi center (15,000 m³/day), the Matadi center (10,000 m³/day), the soon-to-be launched collection site of N'sele (510,000 m³/day), the 5 centers of Bandundu (10,840 m³/day), the Lukelenge pumping station (68,400 m³/day), the Kinshasa Ozone Plant (110,000 m³/day), the 5 centers of Kasai (5,040 m³/day), the Lemba-Imbu plant (200,000 m³/day) and the Lufimi Plant in the Bateke Plateau (2,000,000 m³/day);

- improve governance of the sector by finalizing the Water Code, to include particularly aspects of protection and integrated management of water resources, as well as defining the role of private operators;
- ensure the regular payment by the State of the water bills of official authorities (about 40 percent of turnover), in order to increase Regideso's resources for action;
- pursue and intensify the installation of water drilling units especially in rural areas;
- encourage the establishment in rural areas, as part of the decentralization and rural development policy, of autonomous community water management systems open to NGOs, civil society associations and grassroot communities.

4.4.1.2. Rural electricity supply

The rate of access to electricity in rural areas, where more than 70 percent of the population lives, is about 1 percent, against an average of 17.5 percent in urban areas. The main source of energy in this area is unquestionably wood and charcoal. This notable energy challenge compromises the entire rural development process and collaterally affects the efficiency of the production apparatus and educational and health systems.

The goal of the 2012-2016 program is to ensure greater accessibility by all social strata of the rural population to reliable and non-polluting energy, at affordable prices.

In the short/medium term, the program plans to gradually replace wood and charcoal, which are highly polluting and environmentally destructive, with sustainable and renewable energy sources, particularly solar, wind, bio-fuels, biogas, small hydroelectric and thermal plants, if necessary. In the long run, the program's goal will be to develop medium-size hydroelectric plants for the provinces and transmit energy from the country's large power plants to the rural areas.

Actions envisaged to achieve these goals are:

- the pursuance of the implementation of the rural electrification program with a precise schedule of activities;
- the rehabilitation of small hydroelectric plants across the provinces;
- the development of alternative and/or renewable energy including solar, biogas, wind and small hydroelectric plants, through public funding and/or in partnership with grassroots communities, civil society organizations and interested private stakeholders;
- the development of bio-fuels, by cultivating maize, jatropha and other crops;
- the creation of community energy cooperatives in rural and suburban areas;
- the construction, in the long term, of power lines to transmit electricity from the country's large power stations to the provinces short of electricity and to rural areas.

4.4.1.3. Sanitation

The situation at national level in this sector is characterized by:

- the inability of households to have access to a system or disposing of solid and liquid wastes, sewage and household garbage;
- the low accessibility of households to sanitary latrines or improved health facilities;

- the non-existence of suitable landfill sites;
- the poor state of wastewater drainage works in urban and rural areas;
- the absence of any appropriate system for the disposal of hazardous waste (biomedical waste, plastic waste, scrap metal, etc.);
- sound and air pollution levels that exceed the standards required in large cities;
- poor access by the rural population to quality drinking water.

According to a WHO study, this poor state of the environment is to blame for over 80 percent of illnesses diagnosed in the DRC.

The main goals of the program in this sector will be to:

- increase the rate of household access to improved latrines;
- improve the sewage and waste disposal system in large cities;
- increase the access rate of the rural population to quality drinking water.

To achieve this goal, the following specific actions will be carried out:

- develop a comprehensive sanitation plan for the country's major cities, in close collaboration with civil society organizations, NGOs and grassroots communities;
- increase the Roads and Drainage Authority's (OVD) means of action to develop efficient drainage and sewage disposal systems for large cities;
- strengthen the financial, operational and technical capacities of Government services responsible for environmental sanitation;
- install and equip municipal and territorial sanitation brigades;
- install primary, secondary and tertiary sanitary collection systems in urban and suburban centers; establish sewage systems and ventilated pit latrines, public toilets septic tanks, waste collection and treatment in urban areas, construction of quality public latrines, improved traditional latrines for rural households;
- develop a hygiene and sanitation education program;
- open public landfills managed by the private sector in compliance with terms to be agreed upon with the Government;
- develop sources and boreholes for water wells in villages of over 500 inhabitants;
- adopt less polluting and less expensive methods for producing energy resources;
- prohibit the use of non-biodegradable bags.

4.4.1.4. Housing – Town Planning – Property

The DRC has a significant shortage of decent housing. Some studies put the shortage at over 12 million homes. The lack of availability of decent housing has given rise to other problems such as the uncontrolled development of shanty towns and the unauthorized occupation of land, with its corollaries such as problems of waste management and destruction of the physical environment by erosion.

Unplanned urbanization, characterized by the occupation of undeveloped land and risky areas, the spread of non-serviced villages at national level and recurrent land problems, negatively affect the living environment of the population.

The goal of the program in this area will therefore focus on:

- increasing the population's rate of access to decent housing;
- improving land management to reduce the growth of shanty towns;
- expanding cities and modernizing some neighborhoods of large cities;
- creating economically viable villages. In this context, the actions will be geared towards:

a) Regarding property:

- ✓ rehabilitating the sector through the land law reform, the destruction of unregulated housing, upgrading and securing title deeds, as well as rendering real estate title registrars accountable for any wrongdoing in the exercise of their duties;
- ✓ regrouping villages on a voluntary basis (to begin with, and in the future, if the experiment is successful) to make them economically viable. Such regrouping will help optimize the use of collective assets provided by the State (schools, hospitals, government, etc.)

b) Regarding town planning and housing:

- ✓ making an inventory and securing the private State property assets to rehabilitate, modernize and make them profitable;
- ✓ equipping the country with a general regional planning plan and a specific plan for each province and major city;
- ✓ encouraging private initiatives and public/private partnership in the construction of social housing and, to that end, building 30,000 social housing units during the 2011-2016 period;
- ✓ conducting a feasibility study for the creation of a housing bank and finalizing the law on leasing;
- ✓ defining a policy for slum clearance and unhealthy housing.

4.4.1.5. Public Transportation

For several decades, the structural imbalance between supply and demand for public transport was supported by a combination of several factors, the main ones being the lack of private investment in the sector following the policy of regulated prices, the absence of a national policy on public transport, the massive exodus from the countryside to major cities, the meteoric development of cities and the poor condition of urban roads.

For the city of Kinshasa alone, demand for public transport is estimated at 4 million passengers per day compared with a supply of 400,000 seats per day, or a deficit of 3.6 million passenger seats per day (about 90 percent). The number of buses available (in the public and informal sectors) does not exceed 400 units.

Under the leadership of the President of the Republic, efforts have been made for close to 5 years now to:

- improve urban road conditions (such as the on-going construction of 30 km of road in every provincial capital) to reduce vehicle depreciation costs and ease traffic;
- increase the vehicle fleet of public transport companies (400 buses for City-Train and 200 buses for STUC purchased three years ago);
- encourage the private sector to invest in the sector through public-private partnerships, especially in the sphere of mass transportation.

The program plans to absorb the deficit in a sustainable manner. The following specific actions will be taken to modernize our public transportation system: the first priority will be the development of a new public transport policy reconciling efficiency and profitability with the social aspect and will provide incentives to attract private investment in the sector, particularly in mass transport systems like the urban railway, the streetcar and urban waterway transport; the second priority will focus on capacity building in rolling stock and spare parts of City-Rail public transporters and STUC with nearly 1500 buses in 5 years, at the rate of 300 buses per year; and the third will focus on creating a national fund for promoting public transport, financed by tolls levied on some national roads and public parking in large cities.

Other specific actions will be undertaken to complete the above priorities, including in particular:

- rehabilitating and modernizing the ONATRA urban railway;
- developing the SCTP urban river transport system to reduce land transportation;
- granting an equilibrium subsidy, if prices are not liberalized;
- making diesel tax-free to enable transporters to charge social prices (diesel prices at present represent 40 percent of operating costs);

4.4.1.6. Health

Improving the health status of the population is both an economic and social development goal and a poverty reduction goal.

The main goals in this sector will be to:

- ensure access by the public and particularly vulnerable groups to quality primary healthcare and at affordable costs;
- combat major pandemics;
- progressively develop health zones to increase access by the population to quality care;

The specific goals of the program in this sector will aim primarily to:

- fight against the persistence of pandemics such as malaria, diarrheal diseases, acute respiratory infections, tuberculosis, childhood transmissible diseases (measles, polio, neonatal tetanus), trypanosomiasis and onchocerciasis;
- halt the spread of HIV/AIDS;
- improve maternal and child health;

- improve the effectiveness of the current health system;
- build modern health infrastructures and equip them with modern materials and essential drugs.

The actions to be undertaken to achieve these goals are to:

- increase public spending related to health, which should reach at least 5 percent per year from 2012 to 2016;
- rehabilitate existing health facilities: General Referral Hospitals, health centers and pharmacies;
- build new hospital infrastructure that meet quality standards. Thus, the construction of General Referral Hospitals in 40 new health zones is planned;
- produce essential drugs locally by constructing pharmaceutical plants in partnership with the private sector;
- ensure the regular supply of basic pharmaceutical products and equip hospitals, health centers and university clinics;
- re-equip the National Institute for Biological Research (INRB);
- improve immunization coverage of children and the fight against endemic diseases: distribution of mosquito nets, free screening and treatment of tuberculosis and HIV/AIDS;
- implement the 2010-2014 National Strategic Plan for the fight against HIV/AIDS, for an AIDS-free generation by 2035 as advocated by the President of the Republic;
- develop national strategic plans to fight against other endemic diseases (malaria, tuberculosis, etc.);
- set up health and health insurance organizations in all provinces;
- rehabilitate existing health structures: General Referral Hospitals, health centers, pharmacies, provincial hospitals in 11 former provinces, drug distribution centers, medical technical institutes and medical institutes.

4.4.1.7. Primary and secondary education

The main goal of the program in this area will be to contribute to economic growth and the fight against poverty by establishing a system of inclusive high-quality primary, secondary and technical education, offering the same opportunities to girls and boys.

The strategy and actions to be undertaken in this sector to achieve the above goal are included in the section on building human capital (cf. 4.5.1).

4.4.1.8. Sports, leisure and culture

Sports and leisure contribute to the physical and mental health of a people. And culture is their memory. These must be developed.

The five-year program plans to promote sports, leisure and culture through the construction of modern sports centers, the creation of specialized sports schools in all areas, the construction of recreational areas open to the general public, the organization of sports training sessions abroad, and the construction of a modern national library where everything concerning the nation will be recorded.

Appropriate mechanisms will be established to encourage and stimulate the practice of sports in Congolese primary and secondary schools, universities and also for training young people who have distinguished themselves in various sporting disciplines.

A special law will be enacted by 2012, with the participation of creative individuals (artists, painters, musicians, sculptors, etc.), to protect intellectual work.

4.4.2. Improving the social conditions of the population

4.4.2.1. Income levels and purchasing power

Improving the welfare of the people and their social conditions is the ultimate goal of any program. Consequently, the 2012-2016 five-year program will lay special emphasis on protecting the purchasing power of the population and improving incomes.

In this regard, the main actions will be aimed at:

- pursuing the stabilization of the macroeconomic framework to safeguard the purchasing power of the population;
- defining, in cooperation with social partners, a new wage policy, authorizing wage adjustments in response to changing macroeconomic parameters beyond a certain threshold to be defined by mutual agreement;
- developing a policy to support farmers and rural farmers to improve productivity and agricultural production and marketing of income-generating products;
- reviving local production to increase domestic supply of goods and services and influence prices.

4.4.2.2.. Social welfare: social security reform and retirement plan

Our welfare system is failing. It is handicapped by several factors including: the low contribution rate, the low level of formal employment, the absence of many sectors such as health insurance and deficient State governance that ignores social partners, etc.

The program will therefore seek to strengthen our social security and retirement system and provide better social welfare to retired persons and other beneficiaries.

In this context, there are plans under this program to:

- establish a system of co-management with social partners (employees, employers and government) so as to improve transparency and efficiency in management;
- increase the tax rate, from the current 7 percent to 12.5 percent by 2016;
- create a health insurance sector, through a mutualized risk system, to ensure access to healthcare for all;
- organize a Convention on Employment and Social Security;
- establish a single social security number;
- invest funds collected in real estate using the system of building in series through pre-financing by banks for a first phase of an average of 10,000 medium-sized houses.

4.4.2.3. Reducing inequalities and vulnerability

a) Promoting equal rights and opportunities

It has been established that poverty in the DRC affects women more than men, whereas women have significant potential, both in the countryside and in cities, to ensure growth and development.

The goal here will be to increase women's participation in economic, political and social activities.

The following actions are planned:

- to fight against the violation of women's rights and discrimination against them in all areas of economic life, particularly by reviewing legal provisions that discriminate against women;
- to enhance women's self-reliance and economic power by developing self-reliance activities, such as micro-credit activities;
- promotion of access by young people to education for all;
- education of women and young girls to be aware of sexual and reproductive health problems;
- to improve women's participation in politics.

b) Protecting vulnerable persons

The existing welfare system does not allow a significant proportion of the population to benefit from its advantages, as its coverage is very limited. In this context, vulnerable people including children in difficult situations, widows, orphans, people with disabilities and senior citizens will benefit from the protection of the state.

There are plans under the 2012-16 five-year development program to:

- effectively implement the National Strategy for the Social Welfare of Vulnerable Groups put in place in 2008;
- strengthen social support structures for improving social care benefits for vulnerable people;
- develop and implement targeted specific programs for vulnerable groups;
- exempt all persons identified as vulnerable from the payment of tuition fees, healthcare charges and judicial fees.

4.4.2.4. National employment policy

It is planned:

- to create a national fund for promoting employment to be financed by workers of the public and private sectors for the funding of job creation.

4.4.2.5. Vocational training and capacity building

This will:

- focus on training;
- provide INPP with appropriate resources to train and make available skilled personnel to government services and companies in every province.

4.4.2.6. *Community dynamics:*

Local communities (NGOs, the private sector and religious organizations) play a crucial role in the fight against poverty. Owing to their proximity to the grassroots level and their experience in the field, they are the privileged partners of the State in implementing strategies for the fight against poverty in rural areas.

Support to community dynamics will be aimed at:

- strengthening the institutional and technical capacities of community organizations to make them fully involved in decentralized national development;
- making the grassroots communities participate effectively in poverty reduction programs;
- developing community micro-projects;
- promoting a process for civic participation in the implementation, monitoring and evaluation of development programs;
- initiating capacity building programs and/or projects for these organizations;
- supporting these organizations financially and logistically to improve their capacity to intervene in the implementation of projects;
- ensuring the inclusion of youths in the functioning of these organizations.

Objective V: BUILDING HUMAN CAPITAL AND CITIZENSHIP EDUCATION

In his keynote address of September 14, 2011 at Kingakati, the President of the Republic said that high quality human capital is essential for the emergence and development of a country, together with respect for moral and civic values, as this is the guarantee of its social cohesion and good governance. However, nobody is unaware that the collapse of our educational system has led to the significant deterioration of the quality of our human capital, thereby dragging the level of our capacities downwards. The decline of civic values has resulted in the decadence of the moral fabric of our society, while inhibiting our sense of duty and responsibility, and developing a culture of predation.

Creating conditions for the emergence of intelligence and a new citizenship for development will be the prerequisite for our social and economic fabric to take off.

Consequently, strengthening human capital will be a priority of the 2012-2016 program.

4.5.1. Strengthening human capital

Strengthening will be based on the following two important axes:

- adaptation of our education system to the real needs of the country and of business to ensure a match between education and training and the world of work;
- access to education for all.

The first axis is aimed at creating conditions for the emergence of qualified national expertise for development and the second at promoting access to primary and secondary education for all on the one hand, particularly by young people and girls and improving the quality of teaching and teachers, on the other.

In this context, the main strategies needed to give concrete form to these axes are as follows:

4.5.1.1. For the emergence of qualified national expertise:

- the development of (secondary, tertiary and university) courses of a technical, technological and vocational nature adapted to the needs of the country and business;
- the development of an academic research policy and the promotion of centers of excellence at the levels of higher education and scientific research in up-and-coming sectors, such as applied technology, environment and climate change, research on medicinal plants, etc.;
- strengthening national capacities for planning, implementation and management of literacy education programs and non-formal education;
- strengthening technical and vocational education by rehabilitating, constructing and equipping classrooms, reviewing curricula, retraining teachers and transforming some general secondary schools into technical and vocational schools, particularly in rural areas;
- increasing access and equity to the various levels of education and particularly in basic education, especially for girls and vulnerable and disadvantaged children;

4.5.1.2. For access to primary education for all and secondary education:

- spreading the measure to abolish school fees at primary level to all provinces;
- reviewing academic counseling so as to direct a significant proportion of pupils, State certified individuals and students towards technical and vocational courses or engineering;
- increasing the “public education spending in relation to GDP” ratio from 3 percent in 2010 to 7 percent by 2016;
- increasing the gross enrollment rate in primary schools to 110 percent by 2016;
- increasing the proportion of girls enrolled in primary schools to 50 percent;
- improving primary school completion rate by increasing it to 75 percent by 2016;
- reducing the illiteracy rate to less than 10 percent by 2016, for both men and women;
- periodically reviewing the content of school and university curricula and teaching techniques to adapt them to the changing world and business needs;
- developing up-and-coming academic training fields such as applied technology, information and communication technologies, and agricultural research.

4.5.2. Introduction to the new citizenship

This training will primarily reconcile the State and society, the State and its citizens. The aim is to create awareness among citizens and make them conscious of the fact that the State is their instrument, a resource to be used for their development.

This training will first take the form of introducing training modules into the standard curricula that highlight republican and moral values, as well as courses on civics; secondly, it will oblige every 18-year old, for a period to be determined, to rekindle his/her patriotism and inculcate in him/her a sense of the general good, respect for public assets, loyalty to the nation, the sense of accountability and duty, and many other civic and republican values.

Thus, the following strategies and actions will be implemented:

- training and/or educating Congolese citizens, especially young people, to respect moral and republican values including rigor, honesty, punctuality, humility, development, responsibility, courtesy, impartiality, competence, national consciousness and respect for the public interest, loyalty to the nation, sacrifice for their country and the sense of responsibility and duty;
- promoting the development of citizenship through the media;
- maximizing civic participation in the decision-making process and in the development of public policy and civic responsibility;
- establishment of compulsory public service for young people aged 18 years, to revive their patriotism through active participation in the supervision, training and leadership of community development structures.

Objective VI: STRENGTHENING DIPLOMACY AND DEVELOPMENT COOPERATION

Strengthening Congolese leadership in regional and international structures, the policy of good relations with neighboring countries, the search for innovative partners, particularly with emerging countries, the promotion of foreign direct investment, the provision of continuous support to Congolese exports, the maintenance of peace and security in the Central African sub-region, the strengthening of diplomatic ties with member countries of the Security Council, the Francophonie International Organization and development partners will form the bedrock of Congolese diplomacy during this 2012-2016 five-year development plan.

In this perspective, Congolese diplomacy will be thoroughly reformed to achieve its rehabilitation and modernization. A new foreign policy based on peace and development, proactive and supportive of sovereignty, independence, identity, freedom and the place of the Congo on the international scene will be defined by the end of 2012. In like manner, a new approach to strengthening regional and international cooperation, mainly oriented towards strengthening economic ties, developing trade and mutually beneficial partnerships will be implemented within the same period.

Reforms to be undertaken in these sectors during the five-year period will be based on the above-mentioned two pillars, i.e. (a) the redefinition of a new foreign policy reaffirming Congo's place in the community of nations, and (b) strengthening regional and international cooperation.

4.6.1. Redesigning a new foreign policy

Diplomatic strategies, policies and actions will focus on the following areas:

4.6.1.1. At the level of diplomacy

- setting up as soon as possible a platform or a committee to conduct studies, analyses and strategic planning to define a new bilateral and multilateral foreign policy based on the principles of the sovereign equality of States and reciprocity, thereby restoring the country to its place in the community of nations;
- reorganizing, modernizing and professionalizing Congolese diplomacy so as to make it a showcase for the country abroad;
- clearly defining the criteria for recruiting and promoting diplomats, as well as profiles and skills needed to access some specific diplomatic functions;
- actively supporting the appointment and promotion of Congolese individuals in international and sub-regional organizations. Consequently, it will be necessary to establish a permanent structure responsible for defining policy, strategy, procedures and employment of senior Congolese officials in these institutions and international organizations;
- designing, with the support of partners, training and updating programs for senior diplomatic staff to enable them to master the essential tools of their job and career;
- establishing a permanent structure (think-tank) to formulate and monitor Congolese diplomatic policy and strategies;
- consolidating diplomatic ties with member countries of the Security Council of the United Nations and emerging and influential countries of the Francophonie International Organization (OIF);
- directing practices, activities and all initiatives of Congolese diplomacy towards the economic and social development goals of the country;
- strengthening economic sections within our embassies;
- promoting innovative partnerships, particularly with emerging countries in various areas, through an active diplomatic policy. The pillars of this policy will be our economic sections within our embassies and consuls chosen on the basis of their ability to mobilize investors;
- promoting foreign direct investment destined for Congo, through an attractive diplomatic policy and explanatory campaigns on our investment opportunities, facilities granted foreign investors, and efforts undertaken by the Government to improve the business climate;
- optimizing the participation of the DRC in international and regional meetings by clearing arrears and paying the country's contributions to all international and regional organizations when they fall due.

4.6.1.2. At the level of organization and functioning

- reducing the current format of our diplomatic representations in order to adapt it to new priorities;
- appointing career diplomats on the basis of meritocracy, and improving their professional and social conditions;
- permanently strengthening the capacity of diplomats through continuing training;
- repatriating diplomats at the end of their term and regularly rotating them among diplomatic posts and between such posts and the central government;
- establishing honorary consulates where an embassy cannot be set up;

- conducting an inventory of the real estate of our embassies and consulates, ensuring the regularity of their title deeds and taking any other measures that will help secure the said property and restore the rights of the State where they have been despoiled.

4.6.2. Strengthening regional and international cooperation

The broad outlines of the policy on regional and international cooperation in the five-year plan will revolve around the following core policies and actions:

- optimizing and streamlining the country's participation in the various sub-regional organizations to which it belongs, setting clear goals to be achieved in each of them;
- developing the policy of good neighborliness with all neighboring countries by signing non-aggression pacts and mutually beneficial economic and trade agreements with them;
- developing a dynamic and effective regional diplomatic axis around Regional Economic Communities (SADC, COMESA, ECCAS, CEPGL, ICGLR, etc.) and promoting frequent meetings, large joint committees, meetings of border authorities, army staff, intelligence services, etc.;
- setting up with partners a standing technical and practical training program for diplomatic and cooperation staff in procedures and mechanisms for the design, budgeting, implementation and submitting the accounts of programs funded by bilateral or multilateral cooperation;
- paying attention to economic factors in the formulation of foreign policy as it must take into account not only our vital interests but also those of our neighbors and Western partners;
- developing the rule of mutually beneficial partnership and the policy of regional stability, cooperation and regional integration, in relations with the outside world;
- strengthening military cooperation ties with neighboring countries and participating in peace-keeping operations on behalf of sub-regional organizations.

Achieving results in the fields of diplomacy and cooperation will depend on two major actions: (i) allocating a budget equivalent to 1 percent of GDP per year from 2012 to 2016 (approximately USD 130 million per year compared with roughly 35 million today) to the Ministries of Foreign Affairs and of International and Regional Cooperation, and (ii) the political will of the country's leaders.

5. FUNDING OF THE PROGRAM

The cost of this five-year program will be precisely assessed later. However, on the question of its financing and to avoid the debt trap and delays due to conditionalities and lengthy multilateral institution disbursement procedures, it will be advisable to consider the possibility of financing the bulk of the program using domestic resources (regular State budget). As for major industrial and infrastructural projects, the option would be to resort, if necessary, to public-private partnerships and/or to trade in our natural resources under rigorous terms to be defined.

5.1. Domestic resources (regular State budget)

The fiscal potential of the DRC should be over USD 20 billion, according to several experts. Large scale tax evasion, delay in the implementation of key reforms, difficulties in expanding

the private sector, particularly SMEs/SMIs, and the still imperceptible effect of several measures to improve the business and investment climate, to name just a few, are said to be the causes of the crumbling of the tax base and consequently, the insufficient mobilization of public revenue.

The program's goal in terms of mobilization of regular public resources for this five-year period is very ambitious. Every effort will be made to mobilize for 2012 about USD 5 billion in current revenue, USD 7 billion for 2013, USD 10 billion for 2014, USD 12 billion for 2015 and USD 14 billion for 2016 or about USD 48 billion cumulatively for the 2012-2016 period.

These results will be achieved through the implementation of several measures already mentioned in the program, the most important of which are:

- the restoration of Value Added Tax (VAT);
- VAT reform;
- the introduction of an integrated and electronic one-stop window at the borders;
- the pursuance of the customs reform begun under the new Customs Code;
- the finalization of the implementation of measures to improve the business and investment climate;
- the implementation of drastic measures to fight against fraud;
- mastering the financial system of key economic sectors (telecommunications, mining, hydrocarbons, forestry, etc.).

Towards 2013, a substantial increase in public revenues in the mining sector is also expected. Investments launched about 3 to 5 years ago by the "majors" will begin to bear fruit from 2013. Approximately USD 500 million per year are expected from this sector with effect from this year.

There are also other sources of additional revenues worth mentioning. These include:

- budget savings resulting from the Heavily Indebted Poor Countries (HIPC) relief and the Multilateral Debt Relief Initiative (MDRI), estimated at USD 500 million per year. These savings can be mainly oriented towards social investments;
- additional revenue resulting from the increase in the economy's growth rate;
- additional resources expected from the opening up of the capital of non-strategic commercial public companies (e.g. CINAT, CCT, LMC, etc.) and cash bonuses for new investors in the mining, oil and forest sectors.

5.2. Public-Private Partnerships and private investments

The funding of some major industrial and infrastructural projects by the 2012 - 2016 five-year program would be done under public-private partnerships and/or as concessions and BOT (Build, Operate and Transfer). New legal provisions will be enacted with regard to this by 2013.

Private investments will also be encouraged in areas open to the private sector such as mining, oil, gas, forestry or industry. Specific facilities provided within the framework of Sectoral Codes and the Investment Code will be set up to attract foreign direct investment.

Infrastructural construction contracts for trading in natural resources will also be encouraged for specific cases and under very strict conditions to be defined. The Chinese contract will generate approximately USD 3 billion during this five-year period in the form of direct input and a few billions through Sicominex. Other partners in emerging countries like India, South Korea and Brazil have also pledged several billion USD for the period. And all of these occur within the framework of certain projects such as the Banana deep seaport, the Katende hydroelectric plant.

5.3. Partnership with bilateral and multilateral institutions

To avoid the debt trap and the delay due to conditionalities and lengthy procedures of disbursement by multilateral financial institutions, the contribution of these institutions, far from being overlooked, will be minimized but not neglected. About USD 600 million is expected from the World Bank per year throughout the period under consideration to finance its portfolio of projects in the DRC and about USD 230 million from the IMF that has not yet been released in the PEG-2 supported by the Extended Credit Facility. These funds are likely to be carried forward during the 2012-2016 period.

Financial support from the European Union and other bilateral partners is also expected.

6. STEERING, IMPLEMENTATION, MONITORING AND EVALUATION OF THE PROGRAM

The establishment of an effective control system and a pragmatic and clear mechanism for implementation, monitoring and evaluation are the key to the success of this 2012-2016 five-year program.

6.1. Program steering mechanism

The steering of the program will be under the direct authority of the Prime Minister, Head of Government, whose role will be to define the overall dynamics for achieving the overall goals of the program and coordinate the implementation of the entire program in compliance with the scheduled timeframe. He will be assisted by the Deputy Prime Ministers at the level of the Central Government and by Provincial Governors at the level of provincial entities.

6.2. Program implementation mechanism

Responsibility for the operational implementation of the program in terms of execution will lie with each sectoral minister or, as the case may be, with the competent departments under their responsibility. For actions that require the participation of two or more ministries, the Prime Minister will issue instructions for their synchronization to ensure efficiency. A detailed matrix comprising the (quantitative and/or qualitative) goals to be achieved, measures and/or actions to be taken, the timeline, and actors responsible has been appended to this program and forms an integral part of it.

The Ministry of Planning will be responsible for the technical coordination of the implementation of the program in close collaboration with sectoral ministries and development partners.

The Ministry of the Budget will see to the programming and budgetary execution of actions in the five-year program in collaboration with sectoral ministries. It will take into account the priorities identified in the program and the timetable for implementing them.

The Ministry of Finance will be responsible for the financial execution of the program and for mobilizing domestic and foreign resources for its implementation. It will ensure, in the implementation of this program, that the stability of the macroeconomic framework is not disrupted. It will work in collaboration with development and bilateral partners to mobilize foreign resources.

The Ministry of the Interior and Decentralization will be mainly responsible for achieving program goals incumbent on provinces and decentralized territorial entities. Under its responsibility, provinces and ETDs will implement program actions incumbent on them.

6.3. Program monitoring and evaluation mechanisms

An effective monitoring and evaluation system will be established to assess the progress made at regular intervals and take corrective measures if necessary. The indicators selected will be the quantitative and qualitative goals for each sector in the program. In addition, the Ministry of Planning will develop a (much more refined) matrix of performance indicators that will serve as benchmarks for monitoring and evaluating the program in each sector. Preference will be given to Results-Based Management (RBM) in the measurement of each sector's performance. And the obligation of accountability will be imposed on all project managers.

Every 12 months, an external expert assessor will be appointed to evaluate program performance in each sector and propose the necessary corrective measures. Program evaluation will consist in comparing results with goals. The disbursement of new resources will be dependent on outcomes.

Conversely, every three months, a Program Steering Committee (CPP) to be set up, chaired by the Prime Minister and comprising the Ministers of Finance, Planning, Budget, Economy, Energy, Agriculture, Environment and Forestry, Hydrocarbons, Infrastructure and Cooperation and the Governor of the BCC will take stock of the status of the implementation of the program, remove the constraints hampering the proper implementation of the program and take the necessary corrective measures to get the program back on track.